

IHS Markit Benchmark Administration Limited Consultation on the iBoxx ChinaBond Asian High Yield Index

LONDON, MARCH 19, 2024: IHS Markit Benchmark Administration Limited (IMBA UK) is conducting a consultation with market participants on potential changes to the iBoxx ChinaBond Asian High Yield index.

BACKGROUND

The iBoxx ChinaBond Asian High Yield index is designed to reflect the performance of high yield bonds from Asian issuers, denominated in USD, CNY, and SGD. As of January 31, 2024, the index is made up of 383 bonds from 183 issuers.

Index Name	ISIN (TRi)	BBG Ticker (TRi)
iBoxx ChinaBond Asian High Yield (USD Hedged)	GB00BQNB2R27	IBXXAP1T
iBoxx ChinaBond Asian High Yield (USD Unhedged)	GB00BQNB2T41	IBXXAP2T
iBoxx ChinaBond Asian High Yield USD Sub-Index	GB00BQNB2945	IBXXAU1T
iBoxx ChinaBond Asian High Yield CNY Sub-Index	GB00BQNB2K57	IBXXAC1T
iBoxx ChinaBond Asian High Yield SGD Sub-Index	GB00BQNB2C73	IBXXAS1T

PROPOSALS

- 1) In order to align with the index methodology of the iBoxx SGD Index, IMBA UK proposes to make SGD-denominated zero coupon bonds and covered bonds eligible for the iBoxx ChinaBond Asian High Yield index.
- 2) To obtain a wider representation of bonds in the Asian High Yield bond market, IMBA UK proposes to reduce the minimum time to maturity from 12M+ to 6M+.
- 3) In order to address liquidity challenges in the CNY onshore market, IMBA UK proposes to increase the minimum notional of CNY-denominated bonds from CNY 1 billion to CNY 1.5 billion.
- 4) IMBA UK also proposes to exclude sub-sovereign bonds with an implied rating of BBB and above.

IMPACT ANALYSIS

Using data as of January 31, 2024, the following changes were observed with the proposed methodology updates:

- 40 CNY bonds would be removed that fall under CNY 1.5bn.
- One USD sub-sovereign bond would be removed that has an implied rating of BBB.
- 52 USD bonds, 10 CNY bonds, and three SGD bonds would be added due to the relaxation of minimum time to maturity from 1Y+ to 6M+.

As a result of the proposals above, the following weight changes were observed.

Currency	Weight Before Proposed Change	Weight After Proposed Change
USD	85.27%	88.06%
CNY	8.54%	5.71%
SGD	6.19%	6.22%

IMPLEMENTATION TIMING

IMBA UK is proposing to implement the previously described methodology changes, if adopted, in conjunction with the April 2024 month-end rebalancing, which takes effect prior to the market open on **Wednesday, May 1, 2024**. If adopted, the changes will first be visible to clients in preliminary membership files beginning on **Thursday, April 25, 2024**.

Additional data and analysis may be made available in the Client Resource Center www.spglobal.com/spdji/en/client-services/, which may be updated from time to time throughout the consultation without notice. Additional data and analysis may also be made available upon request.

QUESTIONS

Please answer the following questions and provide IMBA UK with the reasoning behind your answers:

- 1. Do you agree with the proposal to make SGD denominated zero coupon bonds and covered bonds eligible for the iBoxx ChinaBond Asian High Yield index?**
- 2. Do you agree with the proposal to reduce the minimum time to maturity from 12M+ to 6M+?**
- 3. Do you agree with the proposal to increase the minimum notional of CNY-denominated bonds from CNY 1 billion to CNY 1.5 billion?**
- 4. Do you agree with the proposal to exclude sub-sovereign bonds with an implied rating of BBB and above?**
- 5. Should these proposed methodology changes be adopted, do you agree with the proposed implementation date?**
- 6. Do you have any other comments or feedback regarding the proposed changes outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences on the proposal herein and the suggested timetable for its implementation. Please respond to this survey by **April 18, 2024**. After this date, IMBA UK will no longer accept survey responses. Prior to the Index Committee's final review, IMBA UK may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, IMBA UK makes no guarantees and is under no obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If IMBA UK decides to change the index methodology, an announcement will be posted on our website. IMBA UK reserves the right to make a final decision on the proposal.

Thank you for taking the time to complete this survey.

CONSULTATION

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