

IHS Markit Benchmark Administration Limited Consultation on the Markit iBoxx USD Emerging Markets Sovereigns Investment Grade EQW (Rating) Index

LONDON, MARCH 21, 2024: IHS Markit Benchmark Administration Limited (IMBA UK) is conducting a consultation with market participants on potential changes to the Markit iBoxx USD Emerging Markets Sovereigns Investment Grade EQW (Rating) index.

BACKGROUND

The Markit iBoxx USD Emerging Markets Sovereigns Investment Grade EQW (Rating) index is designed to reflect the performance of investment grade bonds from emerging market sovereign issuers, denominated in USD. The index is equal weighted by rating grades. As of February 29, 2024, the index is made up of 311 bonds from 22 issuers.

Index Name	ISIN (TRi)	BBG Ticker (TRi)
Markit iBoxx USD Emerging Markets Sovereigns Investment Grade EQW (Rating)	GB00BDCG3Q35	IBXXEMGT
Markit iBoxx USD Emerging Markets Sovereigns Investment Grade EQW (Rating) (EUR Hedged)	GB00BDCG3S58	IBXXEMG3
Markit iBoxx USD Emerging Markets Sovereigns Investment Grade EQW (Rating) (EUR Unhedged)	GB00BDCG3V87	IBXXEMG1

PROPOSAL

In order to align the index methodology of the Markit iBoxx USD Emerging Markets Sovereigns Investment Grade EQW (Rating) index with the [changes](#) to the iBoxx USD Emerging Markets Sovereigns Index effective April 30, 2024, IMBA UK proposes the following updates to the index rules:

- Lower the minimum amount outstanding for bonds from USD 500 million to USD 250 million
- Lower the minimum time to maturity at rebalancing from one year to zero
- Only include internationally clearable bonds
- Include rated bonds and bonds with issuer ratings
- Include payment-in-kind (PIK) bonds

IMPACT ANALYSIS

Using data from February 29, 2024, the table below details the changes observed with the proposed methodology update.

Index Rule	Markit iBoxx USD Emerging Markets Sovereigns Investment Grade EQW (Rating) index
Sovereign amount outstanding threshold reduced to USD 250m	8 bonds added with USD 2.4 billion notional
No minimum time to maturity for Sovereigns at rebalancing	14 bonds added with USD 17.6 billion notional
Internationally clearable bonds	--

Index Rule	Markit iBoxx USD Emerging Markets Sovereigns Investment Grade EQW (Rating) index
Issuer Rating	4 bonds added with USD 5.5 billion notional
Inclusion of payment-in-kind (PIK) bonds	1 bond added with USD 1.5 billion notional
Aggregate	25 bonds added with USD 26.1 billion notional (4.58% of current index uncapped notional)

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.

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**.

QUESTIONS

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

1. **Do you agree with the proposal to lower bonds' minimum amount outstanding from USD 500 million to USD 250 million?**
2. **Do you agree with the proposal to lower the minimum time to maturity at rebalancing from one year to zero?**
3. **Do you agree with the proposal to only include internationally clearable bonds?**
4. **Do you agree with the proposal to include rated bonds and bonds with issuer ratings?**
5. **Do you agree with the proposal to include payment-in-kind (PIK) bonds?**
6. **Should these proposed methodology changes be adopted, do you agree with the proposed implementation date?**
7. **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 17, 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.

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CONSULTATION

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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