

Markit CDX LatAm Corp Index Rules

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Introduction

The Markit CDX Latin American Corporates Index (CDX LatAm Corp Index) is composed of credit default swaps on corporate debt of Latin American companies. The constituents selected must meet the criteria specified in these index rules.

I. General Rules Applicable to Voting (the “General Rules”)

- 1.1 Each party licensed by Markit North America, Inc. (“Markit”) for a particular index shall have the right at any time to designate itself as a participant in that particular index that is owned by Markit (each such index, a “Covered Index”) by notice to Markit or the administrator hired by Markit, from time to time (the “Administrator”). Each such licensed participant will be a Member of the index. Each Member shall have the right at any time to cease being a participant in any particular Covered Index by notice to Markit and the Administrator.
- 1.2 With respect to each vote to be conducted under this Index Methodology (other than a vote under the Pricing Rules), each participant in a Covered Index that is Eligible at the time of such vote (as Eligible is defined within the rules for the particular Covered Index) shall be entitled to participate in such vote. For the avoidance of doubt, any polling of Eligible Members by the Administrator provided for hereunder is considered to be a vote for the purposes of this Index Methodology.
- 1.3 With respect to each vote conducted under this Index Methodology, in any circumstance in which less than all Eligible Members have provided a response, the Administrator will attempt to re-solicit Eligible Members with the objective of receiving a response from as many Eligible Members as possible. Without limiting the foregoing sentence, seventy-five percent (75%) of Eligible Members who have designated themselves as participants with respect to a particular Covered Index will constitute a quorum for the purpose of making any determination with respect to such Covered Index under this Index Methodology. Except as expressly stated otherwise, (i) all votes conducted pursuant to this Index Methodology require participation by a quorum of the Eligible Members for the applicable Covered Index; and (ii) the votes of a majority of the Eligible Members participating in a particular vote shall determine the outcome (a “Quorum Majority”).
- 1.4 With respect to each Roll Date (as defined within the rules for the particular Covered Index) for a Covered Index, the Administrator will provide notice to each Member specifying the date of the commencement of the process to determine the composition of such Covered Index no later than fifteen (15) Business Days prior to such Roll Date.
- 1.5 All references to “Business Days” in this Index Methodology refer to business days on which the Securities Industry and Financial Markets Association declares the fixed income markets to be open. All times referred to in this Index Methodology refer to local time in New York, New York.

II. Rules for Member Eligibility to Vote (the “Eligibility Rules”)

- 1.1 With respect to each Covered Index for which a Member has declared itself to be a participant, it is the obligation of such Member to provide within the time frame specified by the Pricing Rules end of day prices, and other periodic prices, that are duly solicited by the Administrator on each Business Day.
- 1.2 The Administrator shall monitor and maintain a record of such participation by the Members. At the end of each day that the Administrator has solicited prices from a Member, the Administrator will send a written notice to such Member informing such Member whether it has met its obligation to provide

prices for such day, and if it has not met such obligation, briefly stating how it has failed to meet such obligation. If over any ninety (90) day period a Member has failed more than ten percent (10%) of the time to provide prices with respect to a Covered Index by the applicable deadline, the Administrator shall send such Member a written warning notifying such Member of its failure to perform its obligations. If over any ninety (90) day period a Member has failed more than fifteen percent (15%) of the time to provide prices with respect to a Covered Index by the applicable deadline, the Administrator shall send such Member a written notice advising that such Member has been “Suspended” and may not vote with respect to such Covered Index (including providing responses to polls in connection with the roll of such Covered Index). Such Member shall remain “Suspended” until such time that the Member has provided prices by the applicable deadline at least eighty five percent (85%) of the time during the immediately preceding ninety (90) day period. For the avoidance of doubt, the first ninety (90) day period during which a Member shall be obligated to provide prices in accordance with this Index Methodology shall begin on the first day after this Index Methodology is approved by the Board of Directors of Markit and no Member shall be “Suspended” due its failure to provide prices prior to such date.

III. Rules for CDX.LatAm Corp Index (the “LatAm Corp Rules”)

1. Administration of the Index

- 1.1 CDX LatAm Corp Index (the “LatAm Corp Index”) is composed of 20 corporate issuers from Latin America. The composition of the LatAm Corp Index shall be determined based on submissions by each Member that elects, as provided in the General Rules, to participate in the determination of the LatAm Corp Index on a continuing basis (the “LatAm Corp Members”). The Administrator shall from time to time publish an updated list of EM Members. Each EM Index will begin on September 20 (or the next Business Day in the event that September 20 is not a Business Day) and March 20 (or the next Business Day in the event that March 20 is not a Business Day) of each calendar year (each such date a “Roll Date”); provided that if a Quorum Majority votes to change the Roll Date, the Roll Date shall be the Business Day designated by such Quorum Majority.
- 1.2 Changes to the composition of a current LatAm Corp Index and the determination of the LatAm Corp Index will be administered by the Administrator based upon the rules and procedures as provided herein. All information submitted by LatAm Corp Members to the Administrator shall be received by the Administrator in confidence.
- 1.3 The Administrator has sole responsibility to interpret the Rules.
- 1.4 Upon the occurrence of an event that the Administrator determines materially impacts the integrity of CDX.LatAm Index-related transactions, including but not limited to trading interruptions; market instability; and/or force majeure events, the Administrator, acting in a commercially reasonable manner, may at its sole discretion determine that it is appropriate to depart from the methodologies, timelines and/or procedures set forth in the Rules in order to obtain a result that preserves the economic intent of the CDX.LatAm Index(es). Where the best course of action is not clear Markit will consult the Eligible LatAm Corp Members for guidance prior to making any such determination. The determined course of action will be documented, communicated to all stakeholders and published on the Markit website www.markit.com/Product/Indices under the CDX News page.
- 1.5 Each LatAm Corp Index that has a Roll Date of September 20 or the next Business Day following September 20 shall have a fixed rate published for the maturity date of December 20 of the fifth new

calendar year following such Roll Date.

- 1.6 Each LatAm Corp Index that has a Roll Date of March 20 or the next Business Day following March 20 shall have a fixed rate published for the maturity date of June 20 of the fifth new calendar year following such Roll Date.
- 1.7 Each constituent of the LatAm Corp Index will be equally weighted at 5% of the index. The weighting of all constituents will total 100%.

2. Eligibility Rules

- 2.1 At any time, an LatAm Corp Member shall be deemed not "Eligible" if any of the following criteria apply: (i) with respect to any vote under these LatAm Corp Rules, if at such time the LatAm Corp Member has been deemed to be Suspended with respect to the LatAm Corp Index for certain failures to provide daily pricing, as provided in the Eligibility Rules; or (ii) with respect to any vote to eliminate a particular Issuer from the LatAm Corp Index conducted pursuant to Section 3.1.1, where the LatAm Corp Member has failed to respond to the polling for a list of Issuers to be eliminated from the LatAm Corp Index pursuant to Section 3.1; or (iii) with respect to any vote to add a particular Issuer to the LatAm Corp Index conducted pursuant to Section 3.1.1, where the LatAm Corp Member has failed to respond to the polling for a list of Issuers to be added to the LatAm Corp Index pursuant to Section 3.1. In the event that a LatAm Corp Member becomes not Eligible for any of the foregoing reasons, the Administrator will provide the LatAm Corp Member that has become not Eligible a written notice informing it of the reason(s) it is not Eligible. Notwithstanding the foregoing, Markit shall at all times have the right to waive any or all of the foregoing criteria and to deem a LatAm Corp Member to be Eligible.

3. Polling Process in Connection with a Roll

- 3.1 Ten (10) Business Days prior to the Roll Date of a new LatAm Corp Index, the Administrator will solicit each Eligible LatAm Corp Member to identify: (i) those Issuers not in the then current LatAm Corp Index which such Eligible LatAm Corp Member wishes to be added to the next LatAm Corp Index, (ii) those Issuers in the then current LatAm Corp Index that in such Eligible LatAm Corp Member's judgment should be eliminated from the next LatAm Corp Index

An Eligible LatAm Corp Member shall propose the elimination of an Issuer from the LatAm Corp Index where in such Eligible LatAm Corp Member's judgment:

- a) Such Issuer's outstanding debt or credit default swap contracts in respect of such Issuer has/have become materially less liquid
- b) Such Issuer has undergone a merger or other such corporate action and is no longer suitable for inclusion
- c) Such Issuer has undergone a credit event, or such an event has been brought up to the Determinations Committee of the International Swaps and Derivatives Association for review
- d) Another Issuer not in the then current LatAm Corp Index is a more suitable addition to the next LatAm Corp Index as the debt and/or credit default swaps of the Issuer has/have gained material liquidity

If three or more Eligible LatAm Corp Members express a preference to eliminate an Issuer or add an Issuer to the LatAm Corp Index, the following provisions will apply:

- 2.1.1 No later than nine (9) Business Days prior to the Roll Date, the Administrator will solicit each Eligible LatAm Corp Member to vote: (i) with respect to each such proposal to eliminate an Issuer from the next LatAm Corp Index; (ii) with respect to each such proposal to add an Issuer to the next LatAm Corp Index.
- 2.1.2 The Administrator will eliminate from the LatAm Corp Index all Issuers that the Quorum Majority has voted pursuant to Section 3.1.1 to have eliminated from the LatAm Corp Index.
- 3.1.3 After Issuers have been eliminated from the LatAm Corp index pursuant to Section 3.1.2 above, the Administrator will add to the LatAm Corp Index Issuers that Eligible Members have voted for as additions pursuant to Section 3.1.1. The Administrator will add Issuers receiving the greatest number of votes till the number of Issuers in the index totals 20. In the event that the 20th and 21st Issuer ordered in such manner receive the same number of votes, then the Issuers receiving the same such number of votes will be submitted to each LatAm Corp Member and each LatAm Corp Member will indicate to the Administrator the order of preference for the inclusion of each such Issuer in the new LatAm Corp Index. The Administrator will add such Issuers to the new LatAm Corp Index based on the preference expressed by the greatest number of LatAm Corp Members until the new LatAm Corp Index totals 20 entities.
- 3.1.4 In the event that after the process described in Section 3.1.3, two or more Issuers are still equally preferred by LatAm Corp Members and the addition of at least one such entity to the LatAm Corp Index is necessary for it to total twenty 20 Issuers but the addition of all such Issuers to the LatAm Corp Index would cause it to total more than 20 entities, the Administrator will select, using its reasonable judgment, from those entities that are equally preferred, Issuers to be added to the LatAm Corp Index until it totals 20 Issuers.
- 3.2 No later than (6) Business Days prior to the Roll Date (the "Index Publication Date"), the Administrator will publish to the public and Eligible LatAm Corp Members the composition of the new LatAm Corp Index for that next six-month
- 3.3 After the composition of the new LatAm Corp Index for the next six-month period has been finalized, the Administrator will identify a single reference obligation of each Issuer in the LatAm Corp Index senior in priority of payment based on the Reference Entity Database ("RED"), which maintains verified reference data for the credit derivatives market. In the event that a reference obligation of such type for an Issuer in the LatAm Corp Index is not listed in RED, the Administrator will solicit each Eligible LatAm Corp Member to submit such a reference obligation for each such Issuer. The Administrator will select the reference obligation receiving the greatest number of votes for such Issuer. In the event that more than one reference obligation of an Issuer receives the greatest number of votes, the Administrator will re-solicit each Eligible LatAm Corp Member with respect to such Issuer until a single reference obligation receives the greatest number of votes; provided that if after re-soliciting each Eligible LatAm Corp Member three (3) times, more than one reference obligation continues to receive the greatest number of votes, the Administrator will select, using its reasonable judgment, a single reference obligation for such Issuer from those reference obligations that have continued to receive the greatest number of votes. Once the Administrator has identified a single reference obligation for each Issuer in the LatAm Corp Index, it will publish to the Eligible LatAm Corp Members a preliminary list of such identified reference obligations for each Issuer. If within one (1) Business Day of publishing such list, at least three Eligible LatAm Corp Members have

informed the Administrator in writing of an objection to a particular reference obligation for an Issuer on such list, the Administrator will submit such reference obligation to the Eligible LatAm Corp Members for a vote. If a Quorum Majority do not approve of such reference obligation for an Issuer, then the Administrator will identify a new reference obligation for such Issuer by following the process described above for identifying a reference obligation for an Issuer when an appropriate reference obligation is not listed in RED.

- 3.4 No later than three (3) Business Days prior to the Roll Date (the “Fixed Rate Determination Date”), the fixed rate for the maturity of the new LatAm Corp Index will be determined by the Administrator by soliciting each Eligible LatAm Corp Member to submit an average spread for such maturity (in increments of five (5) basis points). The Administrator will re-solicit Eligible LatAm Corp Members until at least seventy-five percent of the Eligible LatAm Corp Members have submitted such spreads. The Administrator will then select the median of such submissions rounded to the nearest multiple of five (5) basis points as the fixed rate. The Administrator will promptly notify the Eligible LatAm Corp Members and publicize such fixed rate after 5:00 p.m. on the Fixed Rate Determination Date.
- 3.5 Two (2) Business Days prior to the Roll Date, the Administrator will publish to the Eligible LatAm Corp Members a draft of the annex for the LatAm Corp Index. The final annex for the LatAm Corp Index will be published after 5:00 p.m. on the Business Day immediately preceding the Roll Date. Products based on the new LatAm Corp Index will begin trading on the Roll Date.
- 3.6 Products based on the new LatAm Corp Index will begin trading on the Roll Date.

4. Changes to a Markit CDX LatAm Corp Index

- 4.1 Removal of an Issuer. In the event that three or more Eligible LatAm Corp Members request that the Administrator remove an Issuer from the Index (specifying in writing the reason for such proposed removal), on the Business Day on which the Administrator receives the third such request, or on the following Business Day if such request is received after 11:00 a.m., the Administrator will solicit votes from each Eligible LatAm Corp Member to indicate whether such Eligible Member agrees that such Issuer should be removed from such LatAm Corp Index. In the event that a Quorum Majority agrees that the Issuer should be removed from such LatAm Corp Index, the Administrator shall remove such Issuer from such Index and immediately publicize such removal and the resulting new composition of such LatAm Corp Index with effect from the Business Day immediately following such publication. In addition, the Administrator will publish a new version of the annex for such LatAm Corp Index in which the weightings of the remaining Issuers in such LatAm Corp Index will remain constant and the removed Issuer will have a weighting of zero.
- 4.2 Replacement of a Reference Obligation. In the event that three or more Eligible LatAm Corp Members request that the Administrator replace the reference obligation associated with an Issuer in a LatAm Corp Index (specifying in writing the reason for such proposed replacement), on the Business Day on which the Administrator receives the third such request, or on the following Business Day if such request is received after 11:00 a.m., the Administrator will solicit votes from each Eligible LatAm Corp Member to indicate whether such Eligible Member agrees that such reference obligation should be replaced. In the event that a Quorum Majority agrees that the reference obligation should be replaced, the Administrator will identify a replacement reference obligation, senior in priority of payment, based on the reference obligation listed in RED for such Issuer. In the event that such a reference obligation for such Issuer is not listed in RED or RED lists for that Issuer only the reference obligation to be replaced, the Administrator will solicit each Eligible LatAm Corp Member to submit such a reference obligation for such Issuer. The Administrator will

select the reference obligation receiving the greatest number of votes. In the event that more than one reference obligation receives the greatest number of votes, the Administrator will re-solicit each Eligible LatAm Corp Member with respect to such Issuer until a single reference obligation receives the greatest number of votes; provided that if after re-soliciting each Eligible LatAm Corp Member three (3) times, more than one reference obligation continues to receive the greatest number of votes, the Administrator will select, using its reasonable judgment, a single reference obligation for such Issuer from those reference obligations that have continued to receive the greatest number of votes. The Administrator will immediately publicize the replacement reference obligation and update such LatAm Corp Index with effect from the Business Day immediately following such publication. In addition, the Administrator will publish a new annex for such LatAm Corp Index with the replacement reference obligation.

IV. CDX Index Daily Fixing Process and Calculation Rules (the “Pricing Rules”)

For each Covered Index set forth below, the Administrator will solicit closing mid prices from all Members that elect, as provided in the General Rules, to participate with respect to such Covered Index (a “Participating Member”). These prices will be submitted either by spreadsheet (or any other electronic delivery format designated as acceptable by the Administrator) or, later, via the Administrator’s automated mechanism by 4:30 p.m. each day other than Saturday, Sunday, and United States Federal Holidays; provided that on any day that the Securities Industry and Financial Markets Association recommends closing the fixed income markets early, prices will be submitted within thirty (30) minutes after the time set by the Securities Industry and Financial Markets Association for the closing of the fixed income markets. The Administrator will publish a list of Participating Members with respect to each Covered Index set forth below. A Member will be removed from such published list for a Covered Index during any period for which it has been Suspended with respect to such Covered Index in accordance with the Eligibility Rules.

The Administrator will employ a filtering process which entails taking the received quotes, discarding the top and bottom quartiles and taking the mean of what remains. The number of points q in each discarded quartile will be given by $q = \text{int}(N_c/4)$ where N_c is the total number of contributors. Examples are shown in the table below:

Table of Discarded Quartile Examples

Number of Contributors	Upper Quartile Discards	Lower Quartile Discards	Number of Quotes used in Fixing
1	0	0	No fixing calculated
3	0	0	No fixing calculated
4	1	1	2 but fixing only calculated where minimum acceptable no=4
5	1	1	3 but fixing only calculated where minimum acceptable no ≤5
7	1	1	5 but fixing only calculated where minimum acceptable no ≤7
8	2	2	4
11	2	2	7
12	3	3	6

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15	3	3	9
16	4	4	8
19	4	4	11
20	5	5	10

In order to calculate the official fixing value for a particular Covered Index, the Administrator must receive closing mid prices from at least the number of Participating Members listed in the table set forth below for the applicable Covered Index under the column entitled Minimum Number of Contributors. If the Administrator receives fewer closing mid prices for a Covered Index than the number listed in such column but at least the number of closing mid prices listed in the corresponding column entitled Publication Threshold, the Administrator will calculate and publish a fixing value for such Covered Index, but such value will not be an official value, and will be published together with an appropriate notice indicating that such value is only indicative and not official. If the Administrator receives fewer mid prices for a Covered Index than the number listed in the column entitled Publication Threshold, the Administrator will not publish a fixing value for such Covered Index. The numbers in the table below, and the list of Members that contribute closing mid prices for each Covered Index will be subject to periodic review by the Administrator and CDS. If a majority of Members vote to (i) collect closing mid prices for a Covered Index not listed in the table below, (ii) no longer collect closing mid prices for a Covered Index then listed in the table below, (iii) modify any of the numbers then listed in the table below, and/or (iv) otherwise modify the table below, the table below shall be amended to reflect the results of such vote and the Administrator shall follow such amended Pricing Rules.

Table of Minimum Contributor Numbers

Index	Minimum Number of Contributors	Publication Threshold
CDX.NA.HY Index	6	4
CDX.NA.HY.BB Index	6	4
CDX.NA.HY.B Index	6	4
CDX.NA.IG Index	8	4
CDX.NA.IG.HVOL Index	8	4
CDX.EM Index	6	4
CDX.LatAm.Corp Index	6	4
LCDX.NA Index	6	4

Disclaimer

The Administrator does not undertake any duty of care and will not be liable to any party to a transaction referencing a CDX.LatAm.Corp Index, or related Sub-Index, for any form of damages, whether direct, indirect, special, consequential or otherwise, that might arise in connection with the Administrator's performance of its duties under the Rules, except in the case of the Administrator's gross negligence, fraud or wilful misconduct.