

# **iBoxx USD Fallen Angels Index Methodology**

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# Introduction

The iBoxx USD Fallen Angels Index is designed to provide a balanced representation of the USD denominated Fallen Angels high yield market. The index covers securities with an outstanding amount of above or equal to 500 million USD, that previously had an iBoxx rating of investment grade as well as newly issued high yield bonds from these downgraded issuers. The index is rebalanced on a monthly basis and is market-value-weighted. The index is an integral part of the global iBoxx index family, which provides the marketplace with accurate and objective indices by which to assess the performance of bond markets and investments.

The index is rebalanced once a month at the month-end (the “rebalancing date”) and consists of high yield USD denominated bonds issued by corporate issuers rated by at least one of three rating services: Fitch Ratings, Moody’s Investors Service, or S&P Global Ratings.

The bonds in the index must meet all criteria described below as of the close of business three business days prior to the rebalancing date, provided that the relevant information can be verified as of such date (“bond selection cutoff date”). The new index composition becomes effective on the first business day of the next month.

All iBoxx indices are priced based on multiple data inputs. The index use multi-source prices as described in the document *iBoxx Pricing Methodology* publicly available on [www.spglobal.com/spdji](http://www.spglobal.com/spdji) under *Methodology*.

# Bonds selection rules

The following selection criteria are used to determine the index constituents:

- Bond type
- Maximum holding period
- Credit rating
- Issuer eligibility
- Time to maturity
- Amount outstanding
- Lockout period

## **Bond type**

Only fixed-rate bonds whose cash flow can be determined in advance are eligible for the index. The index is comprised solely of bonds. T-Bills and other money market instruments are not eligible.

In particular, the following bond types are eligible:

- Fixed coupon bonds
- Callable and puttable bonds
- Amortizing bonds and sinking funds with fixed sinking schedules
- Step-ups and event-driven bonds such as rating-driven or registration-driven bonds
- Fixed-to-floater hybrid bank/insurance capital bonds
- Senior fixed-to-float bonds issued by banks with a call option up to 2 years prior to maturity
- Perpetual callable bonds
- Secured bonds:
  - Secured bonds issued by insurance companies
  - First mortgage bonds/ first priority security interest
  - Secured bonds issued by an SPV with known cash-flows

The following bond types are specially excluded:

- Extended bonds as defined under section 'Maturity extension' in this document
- Floating Rate Notes
- Zero coupon bonds and zero-coupon step-up bonds
- Fixed to floater bonds issued by non-financial issuers
- Fixed to floater senior bonds issued by non-banking financial issuers
- Convertibles
- Inflation and other index-linked bonds

- Bonds cum or ex-warrant
- Bonds whose complete coupons are paid at maturity, as they are similar to zero-coupon bonds with only one cash flow
- New bonds entering the index that have already been called prior to rebalancing
- Optionally and mandatory convertible bonds
- Subordinated bank or insurance debt with mandatory contingent conversion features that are based on an observable trigger
- AT1 or RT1 debt that does not have an explicit capital ratio or solvency/balance-sheet-based trigger, or with conversion features based solely on regulatory discretion for conversion or write-down
- 144a and private placements
- Retail bonds
- Municipals

For retail bonds and private placements, publicly available information is not always conclusive and the classification of a bond as a retail bond or a private placement will be made at S&P DJI's discretion based on the information available at the time of determination. Any bond classified as retail or private placement is added to the list of excluded private placements and retail bonds. The list is published on [www.spglobal.com/spdji](http://www.spglobal.com/spdji) for future reference and to ensure decision's consistency.

In instances where a new bond type is not specifically excluded or included according to the published index rules, S&P DJI will analyse the features of such securities in line with the principles set out in this methodology. S&P DJI may consult specific Index Committees. Any decision as to the eligibility or ineligibility of a new bond type will be published, and the index rules will be updated accordingly.

### Maximum holding period

Identification for maximum holding period will not be on individual bond identifiers but will instead be grouped together based on the combination of the entity ticker and debt type associated with each bond. This combination will henceforth be referred to as ticker\_debt.

- There is a maximum holding period of 5 years for each distinct ticker\_debt combination.
- The maximum holding period is activated once the first bond with that ticker\_debt is downgraded to high yield and subsequently enters the index.
- All bonds that have the same ticker\_debt will leave the index once the 5 year maximum holding period is reached, regardless of each individual bond's time spent in the index.
- Once bonds with the same ticker\_debt leave the index, they are permitted to re-enter as long as they are downgraded again from IG to HY. In this case the maximum holding period for the ticker\_debt will be reset.
- If bonds with a specific ticker\_debt leave the index before the 5 year period is reached, the ticker\_debt will remain active for an additional 1 year period.

In the case of an issuer ticker change, the following will apply:

- Existing bonds with the ticker\_debt combination will remain unless the new ticker has already been discontinued or is a high yield entity which has never been investment grade originally.
- If the new ticker is **also** an active ticker, the closest future discontinuation date of the two maximum holding periods will be applied to all bonds with the new ticker.

## Credit rating

All bonds in the iBoxx USD Fallen Angels Index must have an iBoxx Rating of BB or B. Ratings from the following three credit rating agencies are considered for the calculation of the iBoxx Rating:

- Fitch Ratings
- Moody's Investor Service
- S&P Global Ratings

If a bond is rated by more than one of the above agencies, then the iBoxx rating is the average of the provided ratings. The rating is consolidated to the nearest rating grade. Rating notches are not used. For more information on how the average rating is determined, please refer to the *iBoxx Rating Methodology* available on [www.spglobal.com/spdji](http://www.spglobal.com/spdji) under *Methodology*.

Bonds must meet either of the two bulleted conditions to be eligible for the index:

- Previously held an iBoxx Rating of investment grade, were part of the iBoxx USD Benchmark Index and have an iBoxx Rating of BB or B on the rebalancing date.
- Newly issued bonds which meet the issuer eligibility requirements below and have an iBoxx Rating of BB or B on the rebalancing date.

Bonds with a rating downgrade to RD/SD will remain eligible until the second rebalancing after the downgrade. If such bonds have not been upgraded by T-3 of the second rebalance following the initial downgrade, they will be removed from the indices. This means RD/SD rated bonds remain eligible in the iBoxx USD Fallen Angels Index for the first rebalancing after their downgrade to allow for sufficient time to complete a distressed debt exchange or change of terms (assuming they meet all other criteria).

## Issuer eligibility

Only USD denominated debt is eligible, independent of country of risk or origin.

Newly issued high yield bonds will be eligible for the index provided they meet all other bond selection requirements as well as the following conditions:

- The maximum holding period for the ticker\_debt combination of the issuer is currently active and less than 4.5 years at the time of inclusion.
- The age of the new issue is not more than two months at the time of inclusion.

## Time to maturity

All bonds must have at the rebalancing day an expected remaining life:

- of at least one year, and
- all new insertions must have an expected remaining life of at least one year and 6 months.

The expected remaining life is expressed in years and calculated as follows:

- For plain vanilla bonds, the expected remaining life of the bond is its time to maturity, calculated as the number of days between the last calendar day of the current month and its maturity.
- For dated and undated callable hybrid capital bonds, the first call date is always assumed to be the expected redemption date. The expected remaining life is calculated as the number of days between the last calendar day of the month and the expected redemption date.
- For soft bullets, the expected remaining life of the bond is its time to the expected maturity and not to its final maturity date.
- For senior callable bank bonds, the first call date will be considered as the workout date if the

call date is more than 11 months prior to the final maturity. In case the first call date is 11 months or less prior to the maturity date, the final maturity date will be assumed as the workout date to calculate the time to maturity

### **Amount outstanding**

The minimum required amount outstanding is USD 500 million. The cutoff date to determine the amount outstanding is three business days before the rebalancing. Partial buybacks or increases affect the outstanding face value of a prospective bond. S&P DJI considers changes to the outstanding face value of a candidate bond as a result of partial or full buybacks or increases, provided that S&P DJI is aware of such changes as of the bond selection cut-off date.

### **Lockout period**

Bonds leaving the index cannot re-enter for 12 months.

# Bond classification

All bonds are classified based on the principal activities of the issuer and the main sources of the cash flows used to pay coupons and redemptions. In addition, a bond’s specific collateral type or legal provisions are evaluated. Hence, it is possible that bonds issued from different subsidiaries of the same issuer carry different classifications.

The issuer classification is reviewed regularly based on updated information received by S&P DJI, and status changes are included in the indices at the next rebalancing if necessary.

Where the sector classification of a specific entity is not clear due to the diversified business of the entity, a decision is made at S&P DJI’s discretion. S&P DJI assigns the classification according to its evaluation of the business risk presented in the security prospectus and annual reports, if available. S&P DJI also compares the classification to peers in the potential sectors. Membership lists including classification are published on the FTP server and in the *Indices* section of the webpage for registered users.

## Corporates

Corporate bonds are issued by public or private corporations. Corporate bonds are further classified into Financials and Non-Financials bonds, and then into multiple-level economic sectors according to the issuer’s business scope. The category insurance-wrapped is added under Financials for corporate bonds whose timely coupon and/or principal payments are guaranteed by a special mono-line insurer such as AMBAC or MBIA. The sector overview is as follows.

### iBoxx Corporates Sector Overview

	Economic Sector	Market Sector	Market Sub-Sector
Financials	Core Financials	Banks	Banks
		Insurance	Life Insurance
	Nonlife Insurance		
	Financial Services	Financial Services	Equity Investment Instruments
			General Financial
		Insurance-wrapped	*
	Real Estate	Real Estate	Real Estate Investment & Services
			Real Estate Investment Trusts

	Economic Sector	Market Sector	Market Sub-Sector		
Non-Financials	Basic Materials	Basic Resources	Forestry & Paper		
			Industrial Metals		
			Mining		
	Consumer Goods	Chemicals	Automobiles & Parts	Chemicals	
				Automobiles & Parts	
		Food & Beverage	Personal & Household Goods	Beverages	
				Food Producers	
				Household Goods	
		Consumer Services	Retail	Travel & Leisure	Leisure Goods
					Personal Goods
	Tobacco				
	Academic & Educational Services				
	Energy	Oil & Gas	Renewable Energy	Media	
				Oil Equipment / Services & Distribution	
	Health Care	Health Care	Health Care	Oil & Gas Producers	
				Renewable Energy	
	Industrials	Construction & Materials	Industrial Goods & Services	Health Care Equipment & Services	
				Construction & Materials	
				Pharmaceuticals & Biotechnology	
				Aerospace & Defense	
				Electronic & Electrical Equipment	
				General Industrials	
				Industrial Engineering	
	Industrial Transportation				
	Technology	Technology	Technology	Support Services	
				Software & IT Services	
	Telecommunications	Telecommunications	Telecommunications	Technology Hardware & Equipment	
Integrated Telecommunications					
Utilities	Utilities	Utilities	Wireless Telecommunications		
			Electricity		
			Gas / Water & Multiutilities		

### Additional Classification

Corporate debt is further classified into senior and subordinated debt. Bank senior debt structure additionally differentiates between Bail-in and Preferred bonds. The Bail-in classification captures all senior notes which are subject to write-down or conversion into a subordinated instrument on the occurrence of a resolution event, as well as senior bank debt issued by bank holding companies.

Hybrid capital issued by banking and insurance institutions is further detailed into the respective tiers of subordination.

The market information on the tier of subordination for insurance capital is often less standardized and clear than the equivalent issues by banks. In these cases, the classification is based on the maturity, coupon payment and deferral provisions of the bond from the offering circulars of the bonds. The table below displays the seniority classification of debt issued by both financial and non-financial sectors.

### Seniority Levels Overview

Market Sector	Seniority Level 1	Seniority Level 2	Seniority Level 3	
Bank	SEN	Preferred	*	
		Bail-in	*	
	SUB	T2 (post-Jan '13 issuances)	T2 callable	
			T2 non-callable	
		T2 (pre-Jan '13 issuances)	LT2 callable	
			LT2 non-callable	
			UT2	
T1	T1 step			
	T1 non-step			
Insurance	SEN	*	*	
	SUB	T3	*	
		T2 dated	T2 dated callable	
			T2 dated non-callable	
		T2 perpetual	*	
T1	*			
Financial Services	SEN	*	*	
	SUB	T3	*	
		T2	T2 callable	
			T2 non-callable	
		T2 dated	T2 dated callable	
			T2 dated non-callable	
		T2 perpetual	*	
		T1	*	
			T1 step	
			T1 non-step	
Other	Hybrid**			
	Non-hybrid			
Other sectors	SEN	*	*	
	SUB	Other	Hybrid** Non-hybrid	

\*\* Bonds must satisfy the following criteria to be considered hybrids:

- Subordinated
- Deferrable coupons
- First non-call period  $\geq$  5 years
- Either perpetual or 'long-dated', where 'long-dated' is defined as  $>$  25 years of the time to maturity at issuance

# Index Calculation

## Static data

Information used in the index calculation is sourced from offering circulars and checked against standard data providers.

## Bond prices

For more details, please refer to the *iBoxx Pricing Methodology* document, available in the *Methodology* section of the webpage at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

## Rebalancing process

The iBoxx USD Fallen Angels Index is rebalanced monthly on the last business day of the month after the close of business. Changes to outstanding amounts are only taken into account if they are publicly known three business days before the end of the month. Changes in ratings are only taken into account if they are publicly known two business days before the end of the month. New bonds issued are taken into account if they are publicly known to settle until the last calendar day of the month, inclusive, and if their rating has become known at least three trading days before the end of the month.

Six business days before the end of the month, a preliminary membership list is published on [www.spglobal.com/spdji](http://www.spglobal.com/spdji). This list contains preliminary information on rating and amount outstanding of all bonds. Four business days before the end of each month, a preliminary membership list is published on FTP server and in the indices section on [www.spglobal.com/spdji](http://www.spglobal.com/spdji) under *Data/Bond List Preview* for registered users.

Three business days before the end of each month, a membership list with final amount outstanding for each bond is published.

Two business days before the end of each month, the rating information for the constituents is updated and the list is adjusted for all rating changes which are known to have taken place two trading days before the end of the month. Bonds which are known to have been upgraded to investment grade two trading days before the end of the month are not included in the membership, but bonds which are known to have been downgraded to sub-investment grade two trading days before the end of the month do get excluded from the membership. However, if any bonds which are part of the broader USD universe become eligible two business days prior to rebalancing because of rating or amount changes, they will be included in the Index.

On the last business day of each month, S&P DJI publishes the final membership with closing prices for the bonds, and various bonds analytics based on the index prices of the bonds.

## Index data

The calculation of the index is based on bid prices. In the event that no price can be established for a particular security, the index continues to be calculated based on the last available price. This might be the case in periods of market stress, or disruption as well as in illiquid or fragmented markets. If the required inputs become impossible to obtain, S&P DJI may consult the specific Index Committees at the following rebalancing date. Decisions are made publicly available on a timely basis and S&P DJI may refer back to previous cases.

On the last trading day of a rebalancing month, the rebalancing takes place after close of market.

## Index Calculus

For specific index formulas please refer to the *iBoxx Bond Index Calculus Methodology* available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

## Index and analytics weights

The iBoxx USD Fallen Angels Index is market-value-weighted. The amount outstanding of a bond is only adjusted within the rebalancing process.

All calculations are based on the adjusted amount outstanding that reflects the outstanding bond notional at the last rebalancing. The bond prices relate to the nominal value of 100.

## Treatment of the special intra-month events

Data for the application of corporate actions in the index may not be fully or timely available at all times, e.g. the final call prices for make-whole calls or the actual pay-in-kind percentage for PIK-payment options. In such cases, S&P DJI will estimate the approximate value based on the available data at the time of calculation.

## Full redemptions: exercised calls, puts and buybacks

If a bond is fully redeemed intra-month, the bond effectively ceases to exist. In all calculations, the redeemed bond is treated as cash based on the last price, the call price or repurchase price, as applicable. The redemption factor, redemption and the redemption price are used to treat these events in the index and analytics calculation. In addition, the clean price of the bond is set to the redemption price, and the interest accrued until the redemption date is treated as an irregular coupon payment.

## Funged bonds

Bonds may be issued in several tranches. The different tranches are initially legally separate and therefore trade independently for a certain period. On and after the funge date, the tranches will be combined into one bond, i.e. the parent tranche will contain the original security, as well as the additional notional(s) from the new tranche(s). After the funge date, the prices for both the securities are the same, because they constitute one uniform bond. This is reflected in the indices as follows:

### Parent and new tranche are both index constituents

- After the funge date, the price from the parent tranche is used for the funged tranche; no price for the funged bond
- Funged tranche leaves the index at the next rebalancing and parent amount outstanding increases accordingly

### Parent is an index constituent, but the new tranche is not

- No special intra-month treatment necessary
- Parent amount outstanding increases at the next rebalancing

### Parent is not an index constituent but the new tranche is

- No special intra-month treatment necessary
- Funged tranche leaves the index; parent tranche enters the index at the next rebalancing

## Bonds trading flat of accrued

If a bond is identified as trading flat of accrued, the accrued interest of the bond is set to 0 in the total return index calculation and is excluded from the calculation of all bond and index analytical values.

Bonds will be considered trading flat of accrued in any of the following situations:

- a bond has been assigned a default rating and/or
- issuer has announced a failure to pay a coupon and/or
- issuer has announced an intention not to make a payment on an upcoming coupon (grace period).

## Maturity extension

### Maturity Extension for Perpetual Bonds Without a Reset Date

Maturity	Coupon/call structure	Workout date at issuance	Updated Workout date if not called
Perpetual	Fixed/ Callable	Assume first call date as workout date	Extend workout date until the assumed next call date - 5 years from first call date*.

\*Assumes the terms allow for a redemption at the new assumed maturity date.

### Maturity Extension for Perpetuals & Dated Fixed-to-Fixed Bonds With a Reset Date

Maturity	Coupon/Call structure	Workout Date at issuance	Updated Workout date if not called
Perpetual	Reset*/Callable	Assume first call date as workout date	Extend workout date until the end of the next reset date*
Dated	Reset/Callable	Assume reset date as workout date	Extend workout date until the end of the next reset date or final maturity date*

\*Assumes the bond terms allow for a redemption at the new assumed maturity date

## Multi-coupon bonds

Some bonds have pre-defined coupon changes that lead to a change in the annual coupon over the life of the bond. In all instances, the coupon change must be a fixed amount on top of a fixed coupon, i.e. floating coupon bonds are not eligible for the indices. The two main categories of bonds are step-up bonds and event-driven bonds.

- **Step-up bonds:** These are bonds with a pre-defined coupon schedule that cannot change during the life of the bond. The coupon schedule is used in all bond calculations.
- **Event-driven bonds:** These are bonds whose coupon may change upon occurrence (or nonoccurrence) of pre-specified events, such as rating changes, e.g. rating-driven bonds, failure to register (register-driven bonds), or failure to complete a merger (merger-driven bonds). In the calculation of the indices and the analytics, the coupon schedule as of the calculation date is used. That is to say, any events occurring after the calculation date are ignored in the determination of the applicable coupon schedule. *Example of an event-driven bond:* A bond's rating changes on 31 December 2003 from A- to BBB+ and the coupon steps up from 6% to 6.25% from 1 March 2004 onward. The coupon dates are 1 October and 1 April each year. The correct coupon schedule for the bond and index calculations is date dependent. The index calculation on 20 December 2003 uses the 6% coupon for the whole life of the bond, while the calculation on 31 January 2004 uses a 6% coupon for the current coupon period to 29 February 2004, and a 6.25% coupon for all later interest payments. The index calculation on 20 March uses a 6% coupon until 29 February, a 6.25% coupon for the remainder of the current coupon period and a 6.25% coupon for all future coupon payments. The index calculation after 1 April uses a 6.25% coupon.

## Ex-dividend conventions

Some markets have ex-dividend conventions. Ex-dividend means that the next coupon is detached from the bond several days in advance of the coupon payment date. The date on which the next coupon is detached is the ex-dividend date and the period between the ex-dividend date and the coupon payment date is the ex-dividend period. If a bond is in the ex-dividend period, the next coupon payment will not be paid to a buyer of this bond, but will be paid to the original bond holder.

The indices and analytics calculations take ex-dividend conventions into account. During the ex-dividend period, the accrued interest of the bond is negative, while the next coupon payment is held separate in the variable coupon adjustment. If the bond enters the index during the ex-dividend period, then the next coupon payment and the coupon adjustment will not accrue to the index. However, if the bond was already in the index, the next coupon payment needs to be included in the total return calculations. This is controlled via the ex-dividend indicator which is 0 if the bond enters the index during the current ex-dividend period and 1 if not. The same treatment is also applied to all analytics calculation, i.e. the first cash flow is excluded from the calculations if the bond enters during the current ex-dividend period.

## Index history

The Index history starts on 31 December 2012. The index has a base value of 100 on that date.

## Settlement conventions

All iBoxx indices calculate using the assumption of T+0 settlement days.

## Calendar

S&P DJI publishes an index calculation calendar available on [www.spglobal.com/spdji](http://www.spglobal.com/spdji) under *iBoxx Indices Calendars*. This calendar provides an overview of the index calculation holidays of the iBoxx bond index families each year.

## Publication of the index

The index calculates as an end-of-day index and distributes once daily after close of U.S. markets.

Bond and index analytical values calculate end of day Monday to Friday using that day's closing prices. In addition, bond and index analytical values calculate using the previous trading day's closing prices on the last calendar day of each month if that day is not a regular trading day, as well as on common bank holidays, as published in the iBoxx index calculation calendar, available on [www.spglobal.com/spdji](http://www.spglobal.com/spdji) under *iBoxx Indices Calendars*. Index data is also available from the main information vendors.

Closing index values and key statistics are published at the end of each calculation day in the *Indices* section on [www.spglobal.com/spdji](http://www.spglobal.com/spdji) for registered users.

## Data Publication and Access

The table below summarizes the publication of the index at [www.spglobal.com/spdji](http://www.spglobal.com/spdji) for registered users and on the FTP server.

*In addition to the indices detailed in this methodology, other indices covered by this document may be available. For a list of available indices, please refer [here](#).*

## Frequency, File type and Access

Frequency	File Type	Access
Daily	Underlying file – Bond level	FTP Server
	Indices file – Index level	FTP Server / website / BBG for index levels only
Daily from the sixth	Forwards	FTP Server

Frequency	File Type	Access
calendar day of the month (or the next index publication day if the sixth calendar day falls on a non-business day)		
Monthly	End of Month Components	FTP Server / website

The index identifiers for the publication channels are:

Index Name	iBoxx USD Corporates Fallen Angels	
Return Type	TRI	CPI
ISIN	DE000A26RE05	DE000A26RE13
Ticker	IBXXUF1X	IBXXUF2X
RIC	.IBXXUF1X	.IBXXUF2X

Index Name	iBoxx USD Corporates BBB & Fallen Angels	
Return Type	TRI	CPI
ISIN	DE000A26RE47	DE000A26RE54
Ticker	IBXXUF3X	IBXXUF4X
RIC	.IBXXUF3X	.IBXXUF4X

Index Name	iBoxx USD Corporates Investment Grade & Fallen Angels	
Return Type	TRI	CPI
ISIN	DE000A26RFA3	DE000A26RFB1
Ticker	IBXXUF5X	IBXXUF6X
RIC	.IBXXUF5X	.IBXXUF6X

### Annual index review

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

# Index Governance

## Index Committee

An S&P Dow Jones Indices Index Committee maintains the indices. All committee members are full-time professionals at S&P Dow Jones Indices. Meetings are held regularly. The Index Committee oversees the management of the indices, including determinations of intra-rebalancing changes, maintenance and inclusion policies, and other matters affecting the maintenance and calculation of the indices.

In fulfilling its responsibilities, the Index Committee has full and complete discretion to (i) amend, apply, or exempt the application of index rules and policies as circumstances may require and (ii) add, remove, or by-pass any bond in determining the composition of an index.

The Index Committee may rely on any information or documentation submitted to it or gathered by it that the Index Committee believes to be accurate. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the indices based on a new interpretation of that information at its sole discretion. All Index Committee discussions are confidential.

The Index Committee is separate from and independent of other analytical groups at S&P Global. In particular, the Index Committee has no access to or influence on decisions by S&P Global Ratings analysts.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

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*For more information on index governance policies, please refer [here](#).*

# Methodology Changes

<b>31 Mar 2026</b>	<p><b>Annual Index Review 2025</b></p> <ul style="list-style-type: none"> <li>• Introduction of subordinated debt classification tiers for Financial Services</li> <li>• Removing AT1 and RT1 bonds with PONV triggers from eligible bond types</li> </ul>
<b>30 Jun 2023</b>	<p><b>Annual Index Review 2022</b></p> <ul style="list-style-type: none"> <li>• Introduction of 'Maturity extension' section</li> <li>• Index eligibility of bonds with extended workout dates</li> <li>• Creation of 'Renewable Energy Sector' within the 'Corporates' classification</li> <li>• Distressed Debt Exchanges – Rule Update</li> </ul>
<b>31 Jul 2022</b>	<ul style="list-style-type: none"> <li>• Monthly forward start date updated from 10th calendar day to 6th calendar day</li> </ul>
<b>31 Mar 2021</b>	<ul style="list-style-type: none"> <li>• Governance and Regulatory Compliance section added</li> </ul>
<b>31 Jul 2020</b>	<ul style="list-style-type: none"> <li>• Inclusion of newly issued high yield bonds by fallen angel issuers.</li> <li>• Max holding period rules adjusted.</li> </ul>
<b>08 Nov 2019</b>	<ul style="list-style-type: none"> <li>• Launch of USD Fallen Angels Index</li> </ul>

# Further Information

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EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY <sup>1</sup>		
1	<b>Name of the benchmark administrator.</b>	S&P Dow Jones Indices Limited
2	<b>Underlying asset class of the ESG benchmark.<sup>2</sup></b>	N/A
3	<b>Name of the S&amp;P Dow Jones Indices benchmark or family of benchmarks.</b>	<a href="#">iBoxx Benchmark Statement</a>
4	<b>Do any of the indices maintained by this methodology take into account ESG factors?</b>	No
Appendix latest update:		May 2023
Appendix first publication:		May 2023

1. The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK (The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019).

2. The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

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Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

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