

iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted Index Consultation

LONDON, JULY 24, 2024: S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with market participants on potential changes to the iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted index.

PROPOSAL

To align the index with the previously [announced](#) changes to the iBoxx USD Emerging Markets Sovereigns index, S&P DJI proposes the following changes to the index's eligibility rules:

- a. **Time to Maturity** – Reduce the minimum remaining time to maturity at rebalancing from one year to six months. To avoid previously excluded bonds from re-entering the index due to the proposed rule change, bonds maturing before August 31, 2025, will continue to have a minimum time to maturity of one year. The proposed six-month minimum remaining time to maturity rule only applies to bonds with a maturity date of August 31, 2025, or later.
- b. **International Clearability** – Bonds must be clearable via one of the following three clearing venues:
 - Clearstream
 - Euroclear
 - Hong Kong CMU
- c. **Issuer Rating** – Rated bonds or senior bonds with issuer ratings will be eligible.

IMPACT ANALYSIS

As of data from March 31, 2024, the following changes were observed with the proposed methodology update.

Index Rule	iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted
Time to Maturity	No impact
International Clearability	No impact
Issuer Rating	Two bonds with USD 3 billion notional
Aggregate	Two bonds with USD 3 billion notional (0.52% of current index uncapped notional)

IMPACTED INDICES

Index Name	ISIN (TRi)	BBG Ticker (TRi)
iBoxx MSCI ESG USD Emerging Markets Sovereigns Quality Weighted	GB00BL096Y92	IBXXESG1

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the August 2024 month-end rebalancing, which takes effect prior to the market open

on **September 2, 2024**. If adopted, the changes will first be visible to clients in preliminary membership files beginning on **Friday, August 23, 2024**.

QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. **Do you agree with the proposal to reduce the time to maturity from one year to six months?**
2. **Do you agree with the proposal to require eligible bonds to be internationally clearable?**
3. **Do you agree with the proposal to allow senior bonds from rated issuers to be eligible?**
4. **Should these proposed methodology changes be adopted, do you agree with the proposed implementation date?**
5. **Do you have any other comments or feedback regarding the proposed changes outlined above?**

Participation in this consultation is important as S&P DJI gathers information from various market participants to properly evaluate market participants' views and preferences. Please respond to this survey by **August 16, 2024**, as S&P DJI does not accept survey responses post the survey closure date. Prior to the Index Committee's final review, S&P DJI 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, S&P DJI makes no guarantees nor is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, the change(s) will be announced to clients and posted to the S&P DJI website with prior notice ahead of the effective date.

Thank you for taking the time to complete this survey.

ABOUT S&P DOW JONES INDICES

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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CONSULTATION