

# **iTraxx Asia ex-Japan Index Rules**

***June 2025***

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# 1 Index Overview

## 1.1 iTraxx Asia ex-Japan Index

IHS Markit Credit Indices are indices that track different segments of the debt markets (corporate, municipal and sovereign debt bonds and/or loans) across different regions (Europe, Asia, North America and Emerging Markets) and are referenced in various tradable products such as credit default swaps (“CDS”).

IHS Markit Credit Indices are made up of the most liquid entities in the relevant single-name CDS market. The indices roll on a semi-annual basis, and the composition of each new series (a new index) is established based on a transparent set of rules designed to ensure that the current series tracks the most liquid instruments in the relevant market.

The iTraxx Asia ex-Japan Index is composed of forty (40) liquid Asian (excluding Japanese) entities with primarily investment grade credit ratings that trade in the CDS market or have significant bond issuance.

The iTraxx Asia ex-Japan Index is a tradable index that allows market participants to take a view on the overall credit quality and direction of the underlying basket by trading one instrument.

All iTraxx Indices are owned, managed, compiled and published by Markit Indices GmbH a wholly owned subsidiary of IHS Markit Limited.

## 1.2 Administrator

IHS Markit Benchmark Administration Ltd. (IMBA) is the administrator of the iTraxx Australia Index. The composition of this index is determined by the Administrator in accordance with the rules and methodologies set forth in this document (the “Rules”).

S&P DJI shall make determinations and perform all actions regarding the indices pursuant to the Rules except as follows:

Upon the occurrence of an event that S&P DJI determines materially impacts the integrity of one or more type of iTraxx Asia ex-Japan Index-related transactions, including but not limited to trading interruptions; market instability; and/or force majeure events, S&P DJI, 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 such iTraxx Asia ex-Japan Index. Where the best course of action is not clear S&P DJI will consult the Index Advisory Committee for guidance prior to making any such determination. The determined course of action will be documented, communicated to all stakeholders and published on the S&P DJI website [www.spglobal.com](http://www.spglobal.com) under the *iTraxx News* page.

In the event that any critical input required in the construction of a new series of the index is not available, S&P DJI will confer with the Index Advisory Committee and publish the outcome of any material change as well as any decisions taken at S&P DJI’s discretion that have led to a methodology change.

## 1.3 Roll dates

iTraxx Asia ex-Japan Index will begin on 20 March (or the business day immediately thereafter in the event that 20 March is not a business day) and 20 September (or the business day immediately thereafter

in the event that 20 September is not a business day) of each calendar year (each such date, a “Roll Date”).

Unless otherwise specified, all references to “business days” in this document mean days on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Hong Kong. All times referred to in this document, refer to local time in Hong Kong unless otherwise specified.

#### **1.4 Rule Revision**

The rules for the index are reviewed semi-annually prior to the index roll. Decisions made following an index rule review will be communicated to stakeholders via e-mail and published on the S&P DJI website. The publication will contain an overview and timelines for implementation of such rules changes.

#### **1.5 Maturity**

Each Index that has a Roll Date of 20 March shall be issued with the maturity date of 20 June occurring 5 years following the Roll Date.

Each Index that has a Roll Date of 20 September shall be issued with the maturity date of 20 December occurring 5 years following the Roll Date.

#### **1.6 Weighting**

Each constituent in the iTraxx Asia ex-Japan Index will have equal or approximately equal weightings.

The weighting of each entity will be equal to (i) one divided by (ii) the number of entities in such index, expressed as a percentage with three decimal places (e.g., 2.500%). In the case where rounding is necessary to express the weightings in this manner, the entities shall be arranged in alphabetical order, with the weightings of the entities at the top of the list being rounded up to the nearest one-thousandth of a percent and the weightings of the entities at the bottom of the list being rounded down to the nearest one-thousandth of a percent until the weightings of all entities have been rounded and the aggregate of the weightings equals exactly 100%.

#### **1.7 Relevant rating**

Determinations of constituents for the iTraxx Asia ex-Japan Index will be based, in part, on the “Relevant Rating” of each entity in consideration for inclusion or exclusion. For the purposes of these Rules, “Relevant Rating” means the highest rating of the following:

1. Higher of the Issuer Rating, Senior Unsecured Debt Rating, and Corporate Family Ratings for Moody’s;
2. Higher of the Long-term Issuer Credit Rating and Senior Unsecured Debt Rating for S&P; and
3. Higher of the Issuer Default Ratings and Senior Unsecured Debt Rating for Fitch.

Besides the treatment of unrated current constituents described in Section 2.1 below, all entities should have an investment grade Relevant Rating. Entities rated below BBB-/ Baa3 are excluded.

Rating changes that could affect the index membership are taken into account if IHS Markit is notified of such change prior to 5:00 pm London time on the last business day of the month prior to the month in which the roll date occurs.

## 2 Index roll process

As part of the Index Roll process, the Administrator will create the iTraxx Asia ex-Japan index (as defined below) after each publication of the *6 Month Analysis Top 1,000 Single Names* report published by DTCC or any successor report thereto published by DTCC, or if such report is no longer available, successor report that measures liquidity within the CDS market (as applicable, the “DTCC Report”).

The iTraxx Asia ex-Japan index is composed of forty (40) liquid Asian (excluding Japanese) entities with primarily investment grade credit ratings that trade in the CDS market. The most recent iTraxx Asia ex-Japan index Liquidity List and Debt Issuer List will be used to create the new series of the iTraxx Asia ex-Japan index in accordance with the criteria detailed in this document.

### 2.1 Creation of the iTraxx Asia ex-Japan Index Liquidity List

Using the average weekly trading activity measured in the then-current DTCC Report, the Administrator will create the Liquidity List by determining all entities for which the following criteria are satisfied:

- Entities must be incorporated in Asia (excluding Japan)
- Entities must have issued or guaranteed an amount of outstanding publicly traded debt securities (which, for the avoidance of doubt, excludes loans, equities and privately placed debt securities) equal to or in excess of USD 150,000,000 with a maximum remaining maturity of 30 years, at close of the last business day of the month prior to the Roll Date. For this determination debt issued by Special Purpose Vehicles created by an insurer or re-insurer for the sole purpose of issuing debt will also be taken into account. The total debt issued or guaranteed will be determined by the Administrator based on sources including, but not limited to, public filings and financial reports of the entity. For new issues of the relevant entities, the first settlement date of the issue will be used to determine whether the debt should be taken into account for the above determination.
- Entities must not be guaranteed or controlled by (directly or indirectly) or guarantee or control (directly or indirectly) in either case, an “Affiliate”, that has a higher ranking on the Liquidity List and otherwise satisfies the relevant criteria as determined by the Administrator. “Control” of any entity means ownership of a majority of the voting power of that entity.
- Entities must demonstrate trading activity greater than zero during the last eight weeks preceding the last Friday of the month prior to month in which the Roll Date occurs, as measured in the DTCC Report.
- Entities not currently in the index must have a minimum rating of at least BBB as per the iBoxx Rating Methodology.
- If any entity in the current Index is below investment grade Relevant Rating, it will be excluded from the new series as part of the creation of the Liquidity List process below. However, if an entity in the current index is no longer rated by Moody’s, S&P or Fitch, it will be eligible for the new iTraxx Asia ex-Japan index Liquidity List, provided that the average CDS trading spread of such entity is within 200% of the median spread of the qualifying investment grade constituents of the forthcoming index. For this determination the IHS Markit End of Day Composite CDS Spreads<sup>[1]</sup> must meet the below criteria. The average spread over the last 10 Business Days of the month prior to the month in which the Roll Date occurs are calculated for each entity.
  - > Tenor - 5 years
  - > Coupon - 1%
  - > Currency - USD
  - > Documentation Clause - CDR14
  - > Tier SNRFOR / SUBLT2 (if SNRFOR is not available)

<sup>[1]</sup>Where credit default swap spreads are required to determine eligibility for inclusion, the “IHS Markit CDS End of Day” service will be used. IHS Markit receives contributed CDS data from market participant’s

official books of record. This data undergoes a rigorous cleaning process before being aggregated to form the “IHS Markit CDS End of Day” Composite

Ranking those entities meeting the above criteria, from the most liquid to the least liquid, based on the notional market risk activity as listed in the relevant DTCC Report. To the extent that two or more entities are determined to be equally liquid based on the notional market risk activity, the Administrator shall rank such entities from the most liquid to the least liquid based on (i) the number of trades specified in the relevant DTCC Report, or (ii) if an equal number of trades are specified, in alphabetical order (such overall completed rankings, the “iTraxx Asia ex-Japan index”, and such overall completed list, the “iTraxx Asia ex-Japan index Liquidity List”).

## 2.2 Creation of the Debt Issuer List

The Debt Issuer List will be used in addition to the Liquidity List in the creation of the new iTraxx Asia ex-Japan index series. The debt Issuer List is composed of two lists, namely, Large Debt Issuer List and Significant Debt Issuer List.

The Administrator will create a list according to the following criteria:

- Entities must have an aggregate minimum of USD 1,000,000,000 outstanding (under the same ticker) and included in the *iBoxx USD Asia ex-Japan Investment Grade Index* (the “Selection Index”) as published in the Selection Index on the first business day of the relevant roll month. Furthermore:
  - > entities with aggregate debt outstanding of less than USD 2,000,000,000 but greater than or equal to USD 1,000,000,000 must also have debt issued in the last 24 months;
  - > for this determination all publicly traded debt at all tiers, including senior and subordinated, secured and unsecured will be included in the Selection Index;
  - > loans, debt guaranteed (but not issued) by the entity, convertibles and privately placed debt securities will be excluded;
  - > debt issued via Loan Participation Note (LPN) programs will be excluded.
- Entities must have a minimum rating of at least BBB as per the *iBoxx Rating Methodology* .
- Entities must not be guaranteed or controlled by (directly or indirectly) or guarantee or control (directly or indirectly) in either case, an “Affiliate”, that has a higher ranking on the Liquidity List or Debt Issuer List and otherwise satisfies the relevant criteria as determined by the Administrator. “Control” of any entity means ownership of a majority of the voting power of that entity.
- Entities must not appear on the DTCC Report in order to be candidates for the Debt Issuer List, though affiliates of entities on the DTCC Report are eligible for the Debt Issuer List as long as existing rules concerning affiliates within the iTraxx Asia ex-Japan Index are met.

### Ranking of the Debt Issuer List

Once the list is created as set out under the “Creation of the Debt Issuer List” above, the list will be ranked by ticker according to the below process:

**Step 1:** Ranking based on issuance size Assign a rank to each of the entities in ascending order of the amount of debt included in the Selection Index. For avoidance of doubt, the entity with the lowest debt outstanding will be ranked 1.

**Step 2:** Ranking based on number of bonds issued

Assign a rank to each of the entities in ascending order by the number of bonds included in the Selection index. For avoidance of doubt, the entity with the least number of bonds outstanding will be ranked 1.

**Step 3:** Debt Issuer List Score

Generate a Debt Issuer List Score for each entity by adding the ranks generated in Steps 1 and 2 for each entity.

#### **Step 4: Debt Issuer List Ranking**

Assign a rank to each entity in descending order of the Debt Issuer List Scores generated in Step 3. For avoidance of doubt, the entity with the highest Debt Issuer List Score will be ranked 1.

To the extent that two or more entities are determined to have the exact same Debt Issuer List Score, the Administrator shall rank such entities by (i) the total amount of senior unsecured debt included in the Selection Index for all eligible entities under the relevant ticker and if still two or more names are equally ranked, by (ii) the most recent senior unsecured issuance included in the Selection Index from all eligible entities under the relevant ticker.

#### **Large Debt Issuer List**

Following creation of the Debt Issuer List, entities within the Debt Issuer List that have debt outstanding greater than or equal to USD 2,000,000,000 will be placed in the Large Debt Issuer List.

#### **Significant Debt Issuer List**

Following creation of the Debt Issuer List, entities within the Debt Issuer List that have debt outstanding greater than or equal to USD 1,000,000,000 but less USD 2,000,000,000 will be placed in the Significant Debt Issuer List.

#### **Selecting an Entity within a Ticker**

- For the purposes of the Debt Issuer List, entities will be considered Eligible if one or more of the following criteria is satisfied:
  - > the entity has an Investment Grade Relevant Rating;
  - > is Unrated and at least one bond issued by the entity included in the Selection Index is rated Investment Grade by at least one of S&P, Moody's or Fitch (entities which are Unrated and only have Unrated debt outstanding will not be Eligible);
- If there is a single issuer within the ticker, then this entity is selected.
- If there are multiple issuers within a single ticker:
  - > If the bonds issued by the different entities under the ticker are guaranteed by the parent entity, the parent entity are selected.
  - > If the bonds issued by the different entities under the ticker are not guaranteed by the parent entity, the entity that is a candidate for inclusion in the Debt Issuer List is the entity with the largest amount of Senior Unsecured debt included in the Selection Index.
  - > If none of the entities under the same ticker have Senior Unsecured debt included in the Selection Index, then entities with the largest amount of Senior Secured debt included are considered.
    - To differentiate Senior Secured from Senior Unsecured debt, the Administrator may use bond and/or entity ratings and consult with IHS Markit RED.
- For the purposes of selecting an entity within a ticker:
  - > Only bonds with maturities of 30 years or below from the new index start date are considered when determining outstanding amounts.
  - > PIK notes and convertibles are not considered. (To clarify, PIK notes are considered when determining New Debt Issuance.)

#### **Debt Tier Classification**

The below criterion is used to establish the Debt Tier classification of a bond for determining eligibility of the issuing entity for the Debt Issuer List, as follows:

- The bond will be classified as Senior Unsecured if any of the below criteria are satisfied:
  - > The bond's rating from Moody's is equal to the Moody's Senior Unsecured or Moody's Senior Subordinate Debt Rating.
  - > The bond rating from S&P is equal to the S&P Senior Unsecured or S&P Senior Subordinate Debt Rating.
  - > The bond rating from Fitch is equal to the Fitch Senior Unsecured or Fitch Senior Subordinate Debt Rating.
- The bond will be classified as Senior Secured if any of the below criteria are satisfied:
  - > The bond's rating from Moody's is equal to the Moody's Senior Secured Debt Rating.
  - > The bond rating from S&P is equal to the S&P Senior Secured Debt Rating.
  - > The bond rating from Fitch is equal to the Fitch Senior Secured Debt Rating.
- If the above tests are inconclusive, then the IHS Markit RED Tier classification (if available) is used. Bonds with a Subordinated IHS Markit RED Tier classification will be ranked as Senior Unsecured.
- If the above tests are inconclusive and the IHS Markit RED Tier classification is unavailable, then the bond is considered to be Senior Unsecured.

### **2.3 Creation of new iTraxx Asia ex-Japan Index Series**

At the time of an index roll, the index composition is initially set to be the same as the previous series, the Administrator will then identify entities which match the Roll Exclusion criteria below and remove them from the existing index. The Administrator will then add new and replacement entities by applying the Roll Inclusion criteria to create the new index. The inclusion and exclusion processes are as described below.

#### **2.3.1 Roll Exclusions**

No later than eight (8) Business Days prior to a Roll Date, the Administrator will create list of entities in the current index that no longer satisfy the General Criteria set forth above or match the exclusion criteria set forth below:

##### **Corporate Events**

The Administrator may determine, at its sole discretion and based on publicly available information, that a corporate event has occurred or been announced in relation to any current constituent that renders such current constituent unsuitable for inclusion. For purposes of this paragraph,

- (i) "Corporate Events" include mergers, acquisitions or other similar events and
- (ii) "Publicly available information" includes, but is not limited to, information from public filings, financial reports, or information published in the main sources of business news in the country in which the corporate entity is organized and any other internationally recognized published or electronically displayed news services.

##### **Credit Events**

The Administrator may determine at its sole discretion that a current constituent is no longer suitable for inclusion in the Index if one of the following occurs on or after the previous Index Roll Date with respect to any current constituent:

- (i) a notice is published on the ISDA Credit Derivatives Determinations Committee web page ( <http://dc.isda.org/>), or any successor webpage thereto) announcing that a request relating to a potential Credit

Event (as defined in the Credit Definitions) in respect of such current constituent has been accepted by the relevant Credit Derivatives Determinations Committee (as defined in the Credit Definitions, the "DC"); provided that as of 5:00 p.m. Hong Kong time on the first business day following the day on which the relevant DC is required to convene to consider such request under the DC rules (such timeline to be determined without regard to any ability of the DC to amend the published timetables set forth in the DC rules immediately prior to such request), a DC No Credit Event Announcement (as defined in the Credit Definitions) has not occurred and no announcement to the effect that such request has been dismissed, withdrawn, or rejected by the relevant DC has been published on such web page; or

(ii) a DC Credit Event Announcement (as defined in the Credit Definitions) occurs with respect to such current entity. As set forth in these Rules, the Administrator may consider any information and make any determinations necessary under this Roll Exclusion to obtain a result that preserves the integrity of the Index.

### **External Events**

The Administrator may determine at its sole discretion that an entity that would qualify for inclusion based on the selection criteria would not be appropriate to include in the forthcoming series. This might be based on an external event impacting the entity which can include sanctions, legal restrictions, or other similar stipulations. The Administrator will make such decision based on publicly available information and, where possible, after consulting with market participants.

### **Liquidity Based Exclusion**

Existing entities in the current index will be excluded from the new index if they are either not part of the Liquidity List or if more than 50 entities are available on the Liquidity List, and they are ranked at #51 or lower.

### **Rating Based Exclusion**

Any entity not achieving the relevant rating will be deemed no longer eligible, however if a constituent is no longer rated by any of the following Moody's, S&P or Fitch its exclusion will be judged according to the spread criteria outlined in the General Criteria section.

These entities will be replaced by the most liquid eligible new entities from the Liquidity List subject to the inclusion criteria set forth below. Current entities identified in accordance with the above are "Roll Exclusions."

## **2.3.2 Roll Inclusions**

Using the Liquidity List the Administrator will identify entities that match the criteria below to create a list of entities that are not current constituents, that are not subject to any Roll Exclusion criteria above, and that satisfy the General Criteria:

### **Liquidity Based Inclusion**

New entities ranked #20 or higher are included automatically if this inclusion causes the overall entity list to exceed 40, the least liquid entities from the overall 40 list will be excluded.

### **Roll Exclusion replacement**

If an existing constituent has been excluded from the new index due to the Roll Exclusions above, the entity will be replaced by the most liquid new entity from the Liquidity List. In case the Liquidity List does not have an eligible entity for the Roll Exclusion replacement, the highest ranked eligible entity from the Debt Issuer List will be selected as the Roll Exclusion replacement entities.

The new entity must not be guaranteed or controlled by (directly or indirectly) or guarantee or control (directly or indirectly) in either case, an “Affiliate”, that has a higher ranking on the iTraxx Asia ex-Japan Index Liquidity List and otherwise satisfies the relevant criteria as determined at the sole discretion of the Administrator. Where the nature of a corporate action creates uncertainty as to which entity is higher ranking on the iTraxx Asia ex-Japan Index Liquidity List, the most liquid entity as per the trading activity over the last eight weeks preceding the last Friday of the month prior to the month in which the Roll Date occurs as measured in the DTCC Report will be selected. “Control” of any entity means ownership of a majority of the voting power of that entity

This process is repeated until all Roll Exclusions have been replaced and the index has 40 entities.

### 2.3.3 Market Sector Alignment

Once the iTraxx Asia ex-Japan index size of 40 has been achieved through the Roll Inclusions process described above, a Market-Sector alignment procedure will be applied. For this purpose, every combination of the below Markets and Sectors will be considered:

MARKETS	SECTORS			
	Financials	Non-Financials	Real Estate	Sovereigns/Sub-sovereigns
Mainland China				
Hong Kong				
India				
Indonesia				
Macao				
Malaysia				
Philippines				
Singapore				
South Korea				
Taiwan				
Thailand				

The Target Market-Sector profile of the forthcoming iTraxx Asia ex-Japan index will be the Market-Sector distribution of the *iBoxx USD Asia ex-Japan Investment Grade Index* (the “Selection Index”) as published in the Selection Index on the first business day of the relevant roll month.

The *Market Weighting Tolerance Level* allows each Market weight in the forthcoming iTraxx Asia ex-Japan index series to deviate the corresponding Market weight in the Selection Index by the specified tolerance level. The Market Weighting Tolerance Level is set at 3.75%.

When a Market is identified as overweight by more than the Market Weighting Tolerance Level:

- an entity from the most overweight Market-Sector within that Market will be excluded from the index; and
- an entity from the most underweight Market, and the most underweight Market-Sector within that Market will be selected for index inclusion. In case there are no entities available from the required Market-Sector, an entity is selected from any of the sectors within the most underweight Market.

Following the above adjustment, if there are any Markets that are identified as underweight beyond the Market Weighting Tolerance Level:

- an entity will be added to the most underweight Market-Sector within the most underweight Market, subject to not creating any further overweight Markets. In case there are no entities available from the required Market-Sector, an entity is selected from any of the sectors within the most underweight Market; and
- an entity will be removed from the most overweight Market-Sector within the most overweight Market, subject to not creating any further underweight Markets.

For Markets with only one entity represented in the iTraxx Asia ex-Japan index, the most liquid CDS entity will be retained regardless of Sector.

All entity selections will be based on the ranking of the Liquidity List, Large Debt Issuer List, and the Significant Debt Issuer List in that order of preference. The Large Debt Issuer List will only be considered when there are no entities available in the Liquidity List from the required underweight Market. Similarly, the Significant Debt Issuer List will only be considered when there are no entities available in the Large Debt Issuer List from the required underweight Market.

Repeat the process until *any* of the conditions below are achieved:

- four replacements have already been made in the index as part of the Market-Sector alignment process;
- target Market-Sector profile for the forthcoming iTraxx Asia ex-Japan index has been achieved i.e. none of the Markets are overweight of underweight beyond the Market Weighting Tolerance Level; or
- no further eligible entities are available from the Liquidity List, Large Debt Issuer List or Significant Debt Issuer List.

## **2.4 Publication of Provisional iTraxx Asia ex-Japan Index**

The list of entities resulting after the steps above (the “Provisional iTraxx Asia ex-Japan Index”) will be published on S&P DJI’s public website for comment no later than seven (7) Business Days prior to the Roll Date. S&P DJI will review comments received and determine whether amendments are necessary. S&P DJI welcomes public comment, but is not required to follow or otherwise address any comment received. S&P DJI will publish the expected name changes (if any) on its public website as it determines such changes may be required. The comment period will end four (4) Business Days prior to the Roll Date. The draft and final annexes for the iTraxx Asia ex-Japan Index will be published as set forth in the 'Publication of Annex' section below.

## **2.5 Final Review of Constituent List**

On any day prior to the date of publication of a final index annex, the Administrator may determine that any entity that is intended to be included in the relevant index fails any of the iTraxx Asia ex-Japan Index Criteria then such entity shall be excluded from the iTraxx Asia ex-Japan Index.

If the Administrator determines that any entity shall be excluded from the iTraxx Asia ex-Japan Index in accordance with the preceding paragraph, then the highest ranked entity in the iTraxx Asia ex-Japan Index Liquidity List that has not already been included in the iTraxx Asia ex-Japan Index, as applicable, shall be added to the new iTraxx Asia ex-Japan Index as a replacement entity. If no entity is eligible from

the iTraxx Asia ex-Japan Liquidity List, the highest-ranking eligible entity will be selected from the Debt Issuer List.

- If the new entity cannot be selected from the iTraxx Asia ex-Japan Index Liquidity List or the Debt Issuer List, IHS Markit will request the iTraxx Asia ex-Japan Index market participants to submit additional entities for Inclusion to the iTraxx Asia ex-Japan Index Liquidity List.
- Additional entities for the iTraxx Asia ex-Japan Index Liquidity List will comprise of the additional entities market participants would like to include in the new series of the respective indices on the basis of trading volumes over the past 12 months. IHS Markit aggregates all votes from the additional entities to be added to the iTraxx Asia ex-Japan Index Liquidity List. All entities in this list are ranked according to the trading volume in descending order.
- Entities are selected from the sorted additional Inclusion List for membership in the new series of the index and added to the iTraxx Asia ex-Japan Index Liquidity List until the total number of names in the iTraxx Asia ex-Japan Index Liquidity List is 40.

Where a determination with regard to constituent selection is made by the Administrator which involves discretion and/or expert judgment, IHS Markit may consult the Index Advisory Committee for guidance. Such determinations will be documented, communicated to stakeholders via e-mail and published on the IHS Markit website [www.ihsmarkit.com](http://www.ihsmarkit.com) under the *iTraxx News* page. Where similar determinations are made, precedents set by previous decisions will be considered across all CDS indices.

In the unlikely instance an inaccuracy is not caught and resolved prior to the publication of the final list, or if input data used in the constituent selection process is revised retrospectively, IHS Markit will review the impact on the affected indices. In order to determine whether to restate the final list or any index parameters, IHS Markit will consult with the Index Advisory Committee to determine the impact of such action.

If it is decided to update the Final List or any related parameters, the reason for such revision together with revised material will be published. In addition, IHS Markit will compile an incident report to summarize the incident, the root cause, and set forth remedial actions to avoid such an error in the future, where such remedial actions are applicable.

## **2.6 Publication of Annex**

No later than three (3) Business Days prior to the Roll Date of a iTraxx Asia ex-Japan Index, the Administrator will publish a draft of the annex for such iTraxx Asia ex-Japan Index, along with the weighting and final reference obligations (if applicable) for each entity. The final annex for iTraxx Asia ex-Japan Index will be published after 5:00 p.m. Hong Kong Time on the Business Day immediately preceding the Roll Date of the Indices.

## **2.7 Reference Obligations**

The reference obligations for the reference entities are obtained from IHS Markit Limited's Reference Entity Database (RED) in conjunction with input from iTraxx Asia ex-Japan Index market participants.

## **2.8 Changes to the Reference Obligations**

In the event that IHS Markit receives requests from three or more market participants that the reference obligation of an entity should be replaced, IHS Markit will identify one new reference obligation for such entity, based on RED and on input from iTraxx market participants. A poll is then initiated by IHS Markit. If a majority of the market participants participating in the poll agrees that such replacement should be made, a new annex will be published by IHS Markit, which will be identical to the previous annex, save for the fact that the reference obligation for such entity will be as agreed in the poll.

## **2.9 Coupon Levels and Recovery Rates**

On the second business day preceding the roll date, a telephone poll is initiated by IHS Markit to determine the coupons and recovery rates for each index. Coupon levels are rounded to the nearest 5 basis points and recovery levels to the nearest 5%.

### 3 ESG Disclosures

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

# 4 Further information

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# Disclaimer

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