



IHS Markit™

iBoxx SGD Non-Sovereigns Large Cap Investment Grade
Index Guide

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1. iBoxx SGD Non-Sovereigns Large Cap Investment Grade index	4
1.1. Index Governance	4
1.2. Publication of the Index	4
2. Bond Selection Rules	5
2.1. Bond Type	5
2.2. Credit Rating	5
2.3. Time to Maturity	6
2.4. Amount Outstanding	6
2.5. Issuer Type	6
2.6. Exposure limits	6
3. Index Calculation	7
3.1. Static Data	7
3.2. Bond Prices	7
3.3. Rebalancing Process	7
3.4. Index Data	7
3.5. Index Weights	8
3.6. Index Calculus	8
3.7. Treatment of the Special Intra-Month Events	8
3.8. Index History	8
3.9. Settlement Conventions	8
3.10. Calendar	8
3.11. Data Publication and Access	9
3.12. Index Restatement	9
3.13. Index Review	9
4. Further Information	10

Changes to iBoxx SGD Non-Sovereigns Large Cap Investment Grade Index

21 June 2018

- Introduction of iBoxx SGD Non-Sovereigns Large Cap Investment Grade index

1. iBoxx SGD Non-Sovereigns Large Cap Investment Grade index

iBoxx SGD Non-Sovereigns Large Cap Investment Grade index is designed to reflect the performance of SGD denominated non-sovereigns investment grade bonds. The index rules aim to offer a broad coverage of the underlying bond universe, whilst upholding minimum standards of investability and liquidity. In addition, the index also seeks to reflect the applicable provisions of the Code on Collective Investment Schemes (“CIS”) as published by the Monetary Authority of Singapore and the CPF Investment Guidelines published by the Central Provident Fund Board. The index is an integral part of the global Markit iBoxx index families, which provide the marketplace with accurate and objective indices by which to assess the performance of bond markets and investments.

All iBoxx indices are priced based on multiple data inputs. The iBoxx SGD Non-Sovereigns Large Cap Investment Grade index uses multi-source prices as described in the document [Markit iBoxx Pricing Rules](http://www.markit.com/Documentation/Product/iBoxx) publicly available under methodology on <http://www.markit.com/Documentation/Product/iBoxx>.

This document covers the index selection rules and calculation methodology.

1.1. Index Governance

In order to ensure the independence and the objectivity of the Index, the index rules and their compliance will be assisted by the iBoxx Asian Oversight Committee, in line with the governance structure for the main Markit iBoxx index families.

The Oversight Committee is comprised of representatives from a broad range of asset managers, consultants and industry bodies. The purpose of this committee is to review the recommendations made by IHS Markit in respect to the index rules and also to provide consultation on any market developments which may warrant rule changes.

1.2. Publication of the Index

All indices are calculated as end-of-day and distributed once daily. The indices are calculated every day except on common Singapore bank holidays. In addition, the indices are calculated with the previous trading day’s close on the last calendar day of each month if that day is not a trading day.

Markit publishes an index calculation calendar which is available in the indices Documentation section on www.markit.com/Documentation/Product/iBoxx under [iBoxx Calendar](#). Index data and bond price information is also available from the main information vendors.

Bond and index analytical values are calculated each trading day using the daily closing prices. Closing index values and key statistics are published at the end of each business day in the indices section on www.markit.com/indices for registered users.

2. Bond Selection Rules

The index is derived from the underlying broad iBoxx SGD indices and follows the rules for the iBoxx SGD indices except as specifically detailed below.

2.1. Bond Type

Following bond types are eligible for the index

- Fixed coupon plain vanilla 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
- Dated and undated fixed-to-floater bonds

All other bond types are excluded from the index, including:

- Zero coupon bonds
- Floating rate notes
- 144As and private placements
- Retail bonds
- Inflation- and other index-linked bonds
- Structured notes
- Collateralized bonds
- Covered bonds
- Brady bonds
- Catastrophe bonds
- Payment-In-Kinds (PIKs)
- Convertibles
- Bonds cum- or ex-warrant
- New bonds entering the index that have already been called prior to rebalancing

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 Markit's discretion based on the information available at the time of determination. Markit may consult with the specific Index Advisory Committees to review potential retail bonds or private placements. 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 <http://www.markit.com/NewsInformation/GetNews/IBoxx> under *News & Information* 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, Markit will analyse the features of such securities in line with the principles set out in 2.1 of this guide. Markit may consult the specific Index Advisory 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.

2.2. Credit Rating

All bonds need to be investment grade. Unrated bonds are eligible for the index if they are deemed to be investment grade, subject to the limits specified in Section 2.6.

Ratings from Fitch, Moody's and S&P are considered. For bonds rated by more than one agency, the minimum rating is attached to the bond. For unrated senior bonds, issuer ratings are used if no agency provides a bond rating.

Unrated bonds are assigned an implied credit quality based on their yield spreads. The implied credit quality is used to differentiate bonds into investment grade and high yield. The implied

credit quality methodology is available in a separate document on <https://www.markit.com/Documentation/Product/IBoxx> under the *Methodology* section.

2.3. Time to Maturity

All bonds must have an expected remaining life of one year at the rebalancing date. Newly issued bonds must meet the minimum initial time to maturity rule. The minimum initial time to maturity as measured from the first settlement date to the maturity date of the bond, must be 18 months or more.

The expected remaining life 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 current 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 sinking funds and amortizing bonds, the average life is used instead of the final maturity to calculate the remaining time to maturity.

2.4. Amount Outstanding

Eligible bonds must be denominated in SGD, with a minimum amount outstanding of SGD 300m.

2.5. Issuer Type

Sub-sovereigns and corporate issuers qualify for the index. Singapore Government Securities are not eligible.

2.6. Exposure limits

In order to reflect the applicable CIS and CPF guidelines, the following maximum weights apply to issuers/types of issuers:

- The maximum weight of an individual issuer is:
 - 5% for unrated issuers, or
 - 10% for rated issuers (excluding Singapore Statutory Boards), or
 - 20% for rated Singapore Statutory Boards
- The maximum aggregate weight of unrated issuers which are not incorporated in Singapore* or not Singapore Statutory Boards is 5%
- The maximum weight from all affiliated entities of a group is capped at 20%

* Singapore-incorporated issuers: Debt securities issued by Singapore-incorporated special purpose entities that are not owned or established by Singapore-incorporated entities are not deemed to be debt securities issued by Singapore-incorporated issuers]

Entities are considered to be affiliate within the same group, if they are majority owned by the same (ultimate) parent. A company is considered majority owned by a parent if such parent either

- owns more than 50% of the outstanding shares of the entity, or
- owns more than 50% of the voting shares of the entity.

3. Index Calculation

3.1. Static Data

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

3.2. Bond Prices

For more details please refer to the [Markit iBoxx Pricing Rules](#) document, available in the Methodology section of the Markit iBoxx Documentation page on <http://www.markit.com/Documentation/Product/IBoxx>.

3.3. Rebalancing Process

All iBoxx SGD indices are rebalanced monthly on the last business day of the month. Any inclusion after the index cut-off day (t-3) will not be considered in the re-balancing process, but will become effective at the end of the following 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 and amount outstanding has become known at least three trading days before the end of the month.

Two business days before the end of each month, the rating and amount information for the constituents is updated and the list is adjusted for all rating and amount changes which are known to have taken place three business days before the end of the month which could also result in exclusion of the bond. The changes made on T-2 for rating and amount will not be considered for inclusion.

3.3.1. Exceptions to the Monthly Rebalancing

Scheduled changes of bond weights due to redemption payments of amortizing bonds or sinking funds are taken into account on the day they occur.

Bonds that have been called are considered to be cash for the remainder of the month. Scheduled coupon changes are also effective on the date the coupon changed.

The universe of bonds is reviewed monthly. Bonds which meet the eligibility criteria above will be selected for inclusion into the index at the end of the month.

3.4. Index Data

The calculation of the index is based on bid prices. New bonds are included in the indices at their respective ask prices when they enter the index family. In the event that no price can be established for a particular bond, 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, Markit may consult the specific Index Advisory Committees at the following rebalancing date. To ensure consistency, decisions taken are made publicly available on a timely basis and Markit has the ability to refer back to previous cases.

On the last trading day of a month, the rebalancing takes place after the daily index calculation for the current month's list, including the calculation of the last calendar day's indices, has been performed.

3.5. Index Weights

The bonds in the index are market capitalisation weighted. An unrated bond is included in the index at 50% of its full notional, subject to the limits specified in Section 2.6.

3.6. Index Calculus

For specific index formulae please refer to the *Markit iBoxx Bond Index Calculus* document, available in the Methodology section of the Markit iBoxx Documentation page on <http://www.markit.com/Documentation/Product/IBoxx>.

3.7. Treatment of the Special Intra-Month Events

Data for the application of corporate actions in the indices 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, Markit will estimate the approximate value based on the available data at the time of calculation.

3.7.1. Redemption – Matured Bonds, Exercised Calls, Puts and Buybacks

If a bond is fully redeemed intra-month or if the bond matures intra-month, the bond effectively ceases to exist. In all calculations, the redeemed bond is treated as cash based on the last iBoxx price, the call price or repurchase price, redemption 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 a coupon payment

3.7.2. Cash

Cash from coupon payments and redemptions is held as cash in the index and re-invested into the index at month end. During the month the cash component is not earning any interest.

3.7.3. Bonds Trading Flat of Accrued

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

3.8. Index History

Base date for the index is June 30th, 2012 with a value of 100.

3.9. Settlement Conventions

All Markit iBoxx indices are calculated using the assumption of t+0 settlement days.

3.10. Calendar

Markit publishes an index calculation calendar in the *Index Calendar* section of the Markit iBoxx Documentation page on

<http://www.markit.com/Documentation/Product/IBoxx>.

This calendar provides an overview of the index calculation holidays of the Markit iBoxx bond index families in a given year.

3.11. Data Publication and Access

The indices are published on Markit website, <https://ihsmarkit.com/products/indices.html>, FTP server, and made available through main information vendors. Below is a summary of the IDs of the overall index for each publication channel:

Index Name	Version	ISIN	Sedol	Bloomberg	RIC
iBoxx SGD Non-Sovereigns Large Cap Investment Grade	TRi	GB00BF9QLB19	BF9QLB1	IBXXSNS5	.IBXXSNS5
iBoxx SGD Non-Sovereigns Large Cap Investment Grade	CPi	GB00BF9QLC26	BF9QLC2	IBXXSNS6	.IBXXSNS6

3.12. Index Restatement

Index restatement follows the policy described in the [Markit iBoxx Index Restatement Policy](#) document, available in the Methodology section of the Markit iBoxx Documentation page on

<http://www.markit.com/Documentation/Product/IBoxx>.

3.13. Index Review

The Index methodology reviews for the indices outlined within this guide are performed on a periodic basis. Any material changes to the methodology governing the indices are published on the Markit website.

4. Further Information

GLOSSARY OF KEY TERMS

The *Markit iBoxx Glossary* document of key terms is available in the Methodology section of the Markit iBoxx Documentation page on

<https://ihsmarkit.com/products/indices.html>

FOR CONTRACTUAL OR CONTENT ISSUES

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FOR TECHNICAL ISSUES AND CLIENT SUPPORT

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FORMAL COMPLAINTS

Formal complaints can be sent electronically to our dedicated email address complaints_indices@markit.com.

For any general index enquiries, please contact Markit iBoxx indices support group at indices@ihsmarkit.com

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OTHER INDEX PRODUCTS

Markit Indices Limited owns, manages, compiles and publishes the iTraxx credit derivative indices and the iBoxxFX Trade Weighted Indices