



Index Administration Services (IAS) FIXED INCOME – BENCHMARK STATEMENT

1. General Disclosures	
Benchmark family name	IAS Fixed Income
Benchmark administrator	IHS Markit Benchmark Administration Ltd. (IMBA UK)
Date of initial publication of this document	9 July 2018
Date of last update to this document	8 June 2021
ISIN (where available)	ISINs can be found on the list of benchmarks that are administered by IMBA UK, available on the administrator's website here .
Determination by contributions of input data	<p>The administrator receives contributions of "input data" (as defined by the BMR) in relation to this family of benchmarks.</p> <p>With regard to the Nordea Danish Bond Indices, which utilise bond prices Contributed by Nordea Bank AB who are subject to an annual attestation of a Supervised Contributor Code of Conduct.</p> <p>With regard to the UBS CDX/iTraxx indices, which utilise CDS spreads contributed by IHS Markit CDS Pricing, who are subject to an annual attestation of a Contributor Code of Conduct.</p>
Qualification of the benchmark family	Benchmarks within the IAS Fixed Income family are administered as "significant" (as defined by the BMR).
2. Climate-related disclosures	
Type of benchmark family	Other benchmarks

Name of the benchmarks	IAS Fixed Income benchmarks
Does the benchmark pursue ESG objectives?	No
Where the answer to the above question is negative, is any EU Climate Transition Benchmark or EU Paris-Aligned Benchmark available in the portfolio of IMBA UK or does IMBA UK have benchmarks that pursue ESG objectives or consider ESG factors?	Yes
3. Key information relating to the benchmark or family of benchmarks	
General description of the market or economic reality	The IAS Fixed Income benchmark family measures the performance of a range of fixed income investment strategies which are based interest rate derivatives, credit derivatives or fixed income securities. For some of the indices different generic variants exist (e.g. Total or Excess Return, Target Volatility etc.).
Geographical boundaries of the market or economic reality	Each IAS Fixed Income benchmark is comprised of one or multiple interest rate derivatives, credit derivatives and/or fixed income securities which are associated with an underlying market or economy belonging to a country or geographical/economic region.
Other relevant information relating to the market or economic reality	The fixed income markets underpinning the IAS Fixed Income indices can be divided into over-the-counter markets with a limited amount of market participants and exchange-traded fixed income derivatives markets which are principally open to all investors.
4. The potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable	
Circumstances in which we would lack sufficient input data to determine the benchmark according to the methodology	IAS Fixed Income benchmarks are, depending on the nature of the individual index components, based on a range of price providers including futures exchanges, index providers and, for a subset of indices, a regional market-maker in a national bond market. The benchmarks rely on the continued availability of these data for the determination of the IAS Fixed Income benchmarks. In the case of a market or data source disruption, the administrator will

	either proceed with or defer the determination of the respective index levels in accordance with the relevant index manual and the relevant Markit Disruption Events Policy.
Circumstances in which the degree of liquidity of the underlying market becomes insufficient to ensure the integrity and reliability of the benchmark determination according to the methodology	Potential liquidity issues may be identified as part of the standard input data validation (e.g. abnormally long periods of stale price data) or may be identified in the context of market disruptions or brought forward through third party index owners, in which case the potential issues are escalated to the IAS Index Administration Committee (IAC) .
5. The controls and rules that govern the exercise of judgment or discretion in the calculation of the benchmark or family of benchmarks	
Position of each function or body that may exercise discretion in the calculation of a benchmark and governance thereof	<p>The administrator's indices are rules based and do not typically permit the use of discretion unless there are exceptional circumstances that are not addressed by either the index rules or an administrator policy. Such scenarios may include (but are not limited to):</p> <ul style="list-style-type: none"> • Failure of data providers; • Significant changes to the underlying market; • Complex corporate events; • Action by governmental or regulatory bodies that causes market disruption; and • Events beyond human control. <p>In the event that the administrator needs to take action or make a decision that has not been foreseen by the methodology or associated policy, senior members of the administration team will consult internally with the applicable IAC; this is to arrive at a decision that is consistent with the objective of the index in question and that causes minimal disruption to index stakeholders.</p> <p>Any changes to the index methodology or cessations will be decided upon as per IMBA's Benchmark Methodology Changes and Cessation policy (available here). Where a proposed methodology change is material IMBA will launch a wider consultation which is addressed to all relevant stakeholders. It will also notify the Board and the Benchmark Oversight Committee who will oversee the consultation process and can challenge the suggested approach. A methodology change is likely to be material if it has a substantial impact on the index calculation process or formula, the quality of the input data, the index selection rules, the underlying market or reality measured, the panel of contributors to the benchmark, or the benchmark level.</p>
Ex-post evaluation process	As above, the exercise of judgment or discretion in the calculation of the IAS Fixed income benchmarks would need to be approved by the IAC prior to the publication of any benchmark to

	<p>ensure that no conflict of interest arises and the benchmark continues to reflect the underlying economic reality. The decision of the IAC would be recorded and notes on the nature of the judgment or discretion that have been exercised would be published or made available to the public. To the extent there is feedback or comment on the use of judgment or discretion, the IAC will review those comments at the earliest opportunity.</p>
<p>6. Review of the methodology and changes to, or cessation of, the benchmark or family of benchmarks</p>	
<p>The methodology</p>	<p>The IAS Fixed Income benchmark family measures the performance of a range of fixed income investment strategies which are based on interest rate derivatives, credit derivatives or fixed income securities. For some of the indices different generic variants exist (e.g. Total or Excess Return, Target Volatility etc.). Each IAS Fixed Income benchmark is comprised of one or multiple interest rate derivatives, credit derivatives and/or fixed income securities which are associated with underlying markets or economies belonging to single or multiple countries or geographical/economic regions.</p> <p>The methodology of each IAS Fixed Income benchmark or group of IAS Fixed Income benchmarks is documented in a corresponding index manual which is made available to stakeholders upon request.</p> <p>Generally, IAS benchmarks are administered and calculated by the administrator on behalf of a third-party which retains the intellectual property rights in the index. The initial idea and rationale for a given benchmark methodology is provided to IAS by the relevant third party and undergoes a process of review and approval by the IAS IAC prior to implementation. Any subsequent changes to the determination methodologies or proposed termination of the index are subject to the administrator's change management and consultation process.</p> <p>Where applicable, Indices are rebalanced on a periodic basis as defined by the index rules in the relevant index manuals.</p> <p>All benchmark methodologies are assessed prior to their implementation by IAS with respect to the methodological/operational complexities and risks associated with the required data inputs. IAS has put in place policies and procedures applicable to all administered indices ensuring an appropriate level of risk management, error identification resolution, handling of market disruptions, escalation to the IAS IAC, and periodic review of the fitness of the benchmarks. Such reviews are approved by the Board and reported to the Benchmark Oversight Committee.</p> <p>IAS operational teams have in place processes for the identification and resolution of errors and, where applicable, validation of data versus third-party sources.</p>

	<p>Additional benchmark- specific governance and control arrangements may be put in place as deemed appropriate by the IAS IAC. Policies and procedures are documented in the administrator Control Framework.</p> <p>IAS has an official restatement policy in place that describes how errors in the index calculation are handled. A number of key factors are considered to determine whether an index restatement is required following an error including (but not limited to) the materiality of the deviation between published and updated index levels and the impact of not restating.</p> <p>Full details of the administrator’s Restatement policy are available on the administrator’s website here.</p>
<p>Rationale for adopting the methodology</p>	<p>The key elements of the methodology of the IAS Fixed Income benchmarks are the sources of input data and regular rebalancing.</p> <p>Sources of input data</p> <p>Generally, prices are sourced from securities/derivative exchanges or from regulated providers. Where appropriate, other reliable pricing sources may be used.</p> <p>Regular Rebalancing</p> <p>Where an index follows a rebalancing/constituent selection schedule, commonly monthly, quarterly or annually, the factors considered when determining the frequency reflect the need for the index to be current and well aligned to its objective and intended economic reality, whilst balancing these considerations against specific characteristics of the underlying market(s) including; liquidity, transaction costs, volatility, and contract expiry schedules.</p> <p>Some indices may rebalance and/or undergo a new constituent selection based on a trigger event as determined by the index methodology rules. Such rules seek to capture certain thresholds/signals within the underlying markets which translate into a requirement for the index to re-align to its objective.</p>

<p>Possible impacts of changes to, or the cessation of the benchmarks upon the financial contracts, financial instruments that reference the benchmark or the measurement of the performance of investment funds</p>	<p>Generally, IAS will publicly consult on any planned material change or the cessation of an IAS Fixed Income benchmark to allow stakeholders to indicate where changes to or the termination of a benchmark are expected to have adverse impacts. IAS will make reasonable efforts to address stakeholder concerns expressed in response to such consultation and to allow for reasonable advance notice for stakeholders in order to unwind existing contracts or instruments or seek an appropriate substitute benchmark. However, there may be circumstances where external factors beyond the control of the administrator could lead to short-term changes to or the termination of an IAS Fixed Income index without proper consultation or adequate notice period, e.g. where a continuous disruption of the underlying market or an underlying data point requires a change to the methodology or impacts the viability of a benchmark. This may have a direct impact on investors with positions in financial contracts or financial instruments referencing the benchmark.</p> <p>Further details of the administrator's Change and Cessation policy are available on the administrator's website here.</p>
<p>7. Key Terms</p>	
<p>IHS Markit CDS Pricing</p>	<p>means IHS Markit CDS Pricing standalone service that is independent of the index administrator and is based on contributed data, observed quotes in the market and parsed data</p>
<p>Benchmark Oversight Committee</p>	<p>means the Benchmark Oversight Committee, the independent function overseeing the IMBA UK Board with regard to the administration of the IAS Fixed Income indices</p>
<p>Board</p>	<p>means the Board of Directors of IMBA UK</p>
<p>ESG</p>	<p>means Environmental, Social, Governance, recognised as the 3 central pillars measuring sustainability and societal impact of institutions, sovereigns, or other entities</p>
<p>IHS Markit Benchmark Administration Ltd. (IMBA UK)</p>	<p>means the administrator, which is the UK entity authorised by the FCA responsible for the daily provision of the IAS Fixed Income indices</p>
<p>Index Administration Committee (IAC)</p>	<p>means the committee with responsibility for overseeing day to day administration of the IAS Fixed Income indices</p>

8. Additional information

Additional information	For more information, including to request index specific methodologies, please visit https://ihsmarkit.com/products/index-administration-services.html or contact us support@ihsmarkit.com .
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9. Document governance

Document name	IAS Fixed Income Benchmark Statement
Document owner	Regulatory Compliance
Applies to	IAS Fixed Income benchmark family
Approved by	Board of IHS Markit Benchmark Administration Ltd. and Benchmark Oversight Committee
Date of Last review	8 June 2021

IMPORTANT:

This Benchmark Statement will be updated whenever the information it provides is no longer correct or sufficiently precise and at least where:

(a) there is a change in the type of the benchmark;

(b) there is a material change in the methodology for determining the benchmark or, where the Benchmark Statement refers to a family of benchmarks, in the methodology for determining any benchmark within the family of benchmarks.

This Benchmark Statement will be updated at least every two years.

ABOUT US

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

CONTACT US

For more information, including to request index specific methodologies, please visit <https://ihsmarkit.com/products/index-administration-services.html> or contact us support@ihsmarkit.com.

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