



# IHS Markit Benchmark Administration Limited

## CDS Benchmarks (Total, Excess Return and Strategy)

### Restatement Policy

October 2020

## CDS Benchmarks (Total, Excess Return and Strategy) Restatement Policy

IHS Markit Benchmark Administration Limited (**IMBA** or the **Administrator**), the Administrator of the CDS Benchmark (Total, Excess Return and Strategy) Indices (the **Benchmark Indices**), is committed to conducting its business with integrity and to providing index information of the highest quality to its customers and index stakeholders. The Administrator however recognizes that in some situations, inaccuracies can arise that may warrant a restatement of one or more indices.

The Administrator has implemented a wide range of automated checks to capture and validate exceptions which could indicate an error or data problem. All exceptions or warning alerts are reviewed and analysed by the Administrator. In the event that the alert is caused by a data or process error, and is identified before publication, index analysts will correct the error before official publication. However, if an inaccuracy is not identified and resolved before index calculation and publication, or if input data received is revised retrospectively, a decision will need to be made whether to restate the Benchmark Index and reissue all related data publications. Restatement decisions are based on the materiality of the error which is determined based on all relevant factors, including the number of indices and derived indices affected, the time between publication and when the error is detected, the impact at the index level, the size of the deviation between published and updated index levels, the impact on ancillary calculations such as index-level analytics, the data processing impact on clients and vendors, financial product impact, and general market conditions. Not all factors need to be present to warrant a restatement and some may be more determinative than others depending on the circumstances.

If the analysis performed by the Administrator indicates that a revision of a Benchmark Index or Indices may be warranted, the Index Administration Committee (the **IAC**) will make a restatement determination, considering relevant factors as outlined above. In complex cases, the IAC might decide to consult market participants for the appropriate course of action. If the IAC decides to restate the Benchmark Index levels, the reason for the restatement together with the revised material will be published. The IAC will also make the Board of the Administrator aware of any restatements or underlying issues of which the Board would reasonably expect to be informed. In addition, where necessary, IHS Markit may compile and share with the Board an incident report to summarize the incident and the root cause and set forth remedial actions to avoid such an error in the future.

### General approach for restatements

Type of error	Example	General approach
<b>Updated inputs</b>	Updated pricing (whether through challenge or error from source data)  Updated FX, overnight, or other rates, received post index calculation	Decision based on materiality. The following threshold is generally considered alongside other relevant factors for assessing materiality:  +/- 2.5 bps change in composite spread for primarily investment grade underlying CDS index  +/-5 bps change in composite spread for primarily high-yield underlying CDS index  Decision based on materiality
<b>Code error</b>	Error in calculation code causing incorrect application of index methodology as defined in the index methodology document	Decision based on materiality
<b>Analytics</b>	Updated yield curve input data which affect instrument analytics (such as spread DV01)	Correct future calculations (assuming no impact on index levels)  Decision to republish history based on materiality

<b>-Reference Data</b>	Incorrect coupon, maturity date, recovery rate etc. which affect index levels	Decision based on materiality
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## Further information

### Index Guides

The methodology documents for the CDS Benchmark (Total, Excess Return and Strategy) Indices are available on the *Documentation* section of the *iTraxx Documentation* page on <https://www.markit.com/Documentation/Product/ITraxx>.

### Contractual and content issues

For contractual or content issues please contact:

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### Formal complaints

Formal complaints can be sent electronically to our dedicated e-mail address [complaints\\_indices@ihsmarkit.com](mailto:complaints_indices@ihsmarkit.com).

For any general index enquiries, please contact Benchmark Indices support group at [indices@ihsmarkit.com](mailto:indices@ihsmarkit.com).

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### Document Governance

Policy Name: CDS Benchmark (Total, Excess Return and Strategy) Indices Restatement Policy

Policy Owner: Index Product Team  
Applies to: CDS Benchmark Indices Family  
Approved by: Board of IHS Markit Benchmark Administration Limited  
Date of last review: 1 October 2020

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