

S&P/Citigroup International Treasury Bond Ex-U.S. Index Consultation

NEW YORK, FEBRUARY 26, 2018: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on potential changes to the S&P/Citigroup International Treasury Bond Ex-U.S. Index. As part of the previously announced¹ rebranding and transition of the index, S&P DJI is considering determining country eligibility and constituent selection based on the S&P Global Developed Sovereign Ex-U.S. Bond Index, replacing monthly index weighting with a standardized approach and eliminating the reinvestment of cash flows. The proposed changes are summarized as follows:

Proposed Change	Description
Country Index Eligibility and Size	<p>S&P DJI is proposing to use the eligible countries and minimum sizes from the S&P Global Developed Sovereign Ex-U.S. Bond Index.</p> <p>This proposed change will not have any impact on the 2018 annual country selection. This change, if adopted, will take effect with the 2019 annual country selection.</p> <p>Countries represented in the S&P Global Developed Sovereign Ex-U.S. Bond Index such as Hong Kong, Israel, Luxembourg and South Korea could become eligible effective with the 2019 annual country selection. A summary of the current and proposed minimum size requirements by country is provided in the table on the following page.</p> <p>Currently, the index includes a set list of countries and sizes.</p>
Country Index Weights	<p>S&P DJI is proposing to follow the same annual country inclusion rules as the S&P/Citigroup International Treasury Bond Ex-U.S. Index, while deriving the monthly weights based on market value, subject to the following:</p> <ul style="list-style-type: none"> • No single country’s weight can exceed 23.0%. • The aggregate weight of countries with weights greater than 5.0% cannot exceed 48.0%. • Any country that does not satisfy the above constraints is capped at 4.7%. <p>This will allow country weights to better reflect market values while maintaining the diversification requirements outlined in the methodology.</p> <p>Currently, country index weights are set annually and subject to a diversification cap monthly.</p>
Cash Reinvestment	<p>S&P DJI is proposing to have cash held and not reinvested. Eliminating the cash reinvestment would have a negligible effect on index performance and align the index with S&P DJI’s standard calculation and capping rules.</p> <p>Currently, cash is reinvested at the local currency one-month Eurodollar deposit rate, except for Australia which assumes reinvestment of cash flows at the Australia dollar bank bill swap reference rate.</p>

¹ Please refer to the announcement available [here](#).

Revised Minimum Size Requirements by Country for the 2019 Annual Rebalance²

Market	Minimum Size		
	Current	Proposed	Change
Australia	A\$ 750 mn	A\$ 1 bn	A\$ 250 mn
Austria	€ 2.5 bn	€ 2.5 bn	--
Belgium	€ 2.5 bn	€ 2.5 bn	--
Canada	C\$ 2.5 bn	C\$ 2.5 bn	--
Denmark	DKr 20 bn	DKr 20 bn	--
Finland	€ 2.5 bn	€ 2.5 bn	--
France	€ 2.5 bn	€ 2.5 bn	--
Germany	€ 2.5 bn	€ 2.5 bn	--
Greece	€ 2.5 bn	€ 2.5 bn	--
Hong Kong ³	--	HKD 300 mn	HKD 300 mn
Ireland	€ 2.5 bn	€ 2.5 bn	--
Israel ³	--	ILS 1 bn	ILS 1 bn
Italy	€ 2.5 bn	€ 2.5 bn	--
Japan: 20- and 30-year bonds	¥ 450 bn	¥ 450 bn	--
Japan: All other bonds	¥ 500 bn	¥ 500 bn	--
Luxembourg ³	--	€ 2.5 bn	€ 2.5 bn
Netherlands	€ 2.5 bn	€ 2.5 bn	--
New Zealand	NZ\$ 750 mn	NZ\$ 1 bn	NZ\$ 250 mn
Norway	NOK 20 bn	NOK 20 bn	--
Portugal	€ 2.5 bn	€ 2.5 bn	--
Singapore	S\$ 1.5 bn	S\$ 1.5 bn	--
South Korea ³	--	KRW 1 tn	KRW 1 tn
Spain	€ 2.5 bn	€ 2.5 bn	--
Sweden	SEK 25 bn	SEK 25 bn	--
Switzerland	SFr 4 bn	SFr 4 bn	--
UK	£ 2.0 bn	£ 2.0 bn	--

QUESTIONS

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

1. Do you agree with the proposed country index eligibility and size change?
2. Do you agree with the proposed country index weights change?
3. Do you agree with the proposed cash reinvestment change?
4. Do you have any other comments or feedback regarding the proposed changes outlined above?

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. S&P DJI will provide responses to consultations on our website after the consultation results have been announced.⁴ If you do not want your response to be published, you must clearly state that in your response. Please respond to this survey by **April 13, 2018**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI will consider the issues and may request clarifications from

² Country list is subject to change.

³ Newly eligible country provided the annual country inclusion rules are satisfied.

⁴ Individual and company names as well as contact details will be redacted.

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respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at index_services@spglobal.com.

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 and is under no 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, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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