Index Rules & Methodology | April 9, 2024

Annual Fixed Income Index Rule Review

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Changes under consideration

As part of our annual index rule review, several changes to the ICE Bond Index Methodologies are under consideration. Full details, along with an analysis of the potential impact on affected indices, are outlined in this report.

Provide your response

You are encouraged to use our online rules *survey* to register responses to the index changes under consideration as well as to comment on any other rules and methodologies that are used in our bond and convertible security indices. The survey will be open through June 30.

Final decisions will be announced in August

After carefully considering all responses received, ICE Data Indices ("IDI"), at its sole discretion, will make a final decision on any changes to be implemented. The official list of adopted rule changes will be published in August. Any one or more of the potential changes considered in this report may be modified or eliminated completely from the final list of rule changes. Similarly, other changes not included in this report may be introduced in the final list of adopted changes, in accordance with IDI's policies and procedures.

Adopted changes will take effect on October 31, 2024

Unless otherwise noted in the final report, those changes that are officially adopted and announced in August will take effect on October 31, 2024, and new selection criteria and/or methodologies will be incorporated in the indices beginning with the November 2024 constituent lists.

As a default, custom indices that are based on indices affected by these rule changes will automatically pick up the new rules. Clients utilizing custom indices should note in their response any feedback or objection to the default treatment.

IDI, at its sole discretion, reserves the right to issue rule changes apart from this annual cycle. All adopted rule changes are subject to review and approval by the IDI Governance Committee.

Use the online survey to provide feedback on proposed index changes

This report outlines several changes in various index rules, methodologies and classifications, listed below, that are under consideration. Use our online rules *survey* to register your responses to these questions. The survey will remain open through June 30, 2024. After carefully considering all responses received, we will announce final decisions in August.

The following changes are under consideration during this year's review:

I. Sovereigns - Qualification of European Union debt
II. Monthly rebalancing reference date and lock-out
   a. ICE US Treasury Indices
   b. Introducing a freeze date
III. Index calculations on weekend month end dates
IV. US fixed income pricing on Columbus Day and Veterans Day
V. US Fixed Rate Agency CMBS Index inclusion
VI. US Home Equity Loan ABS - reperforming loan collateral

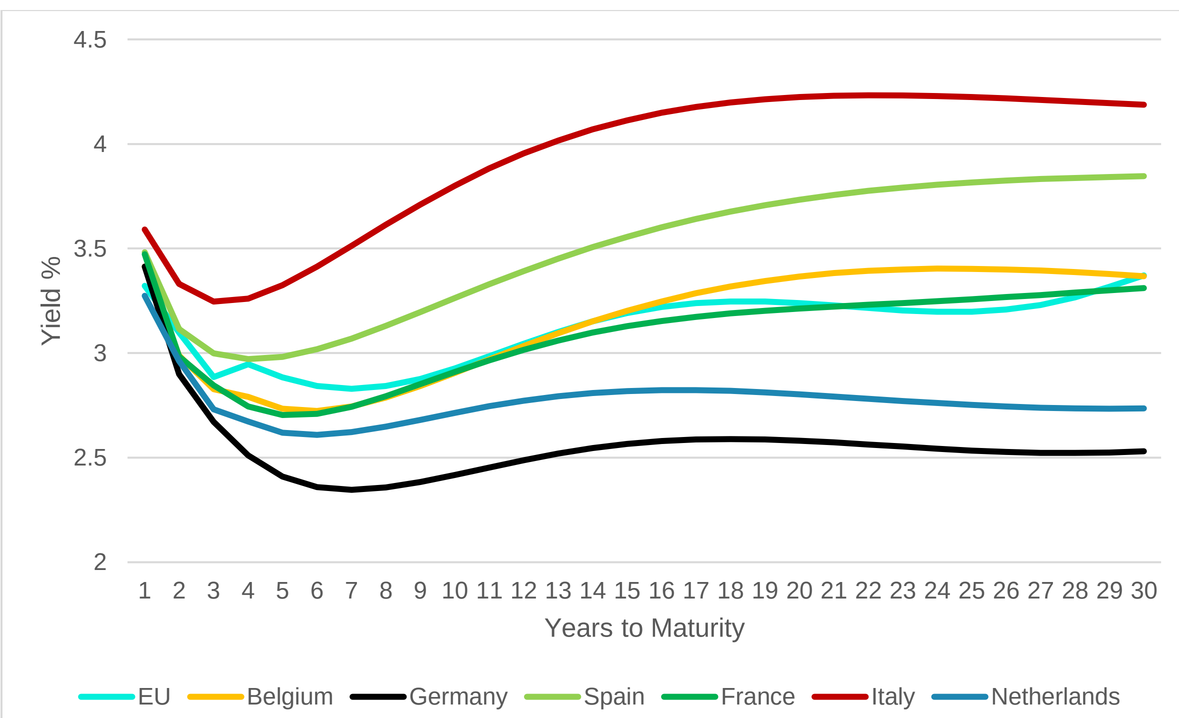
Changes under consideration

I. Sovereigns - Qualification of European Union debt

Reason for consideration

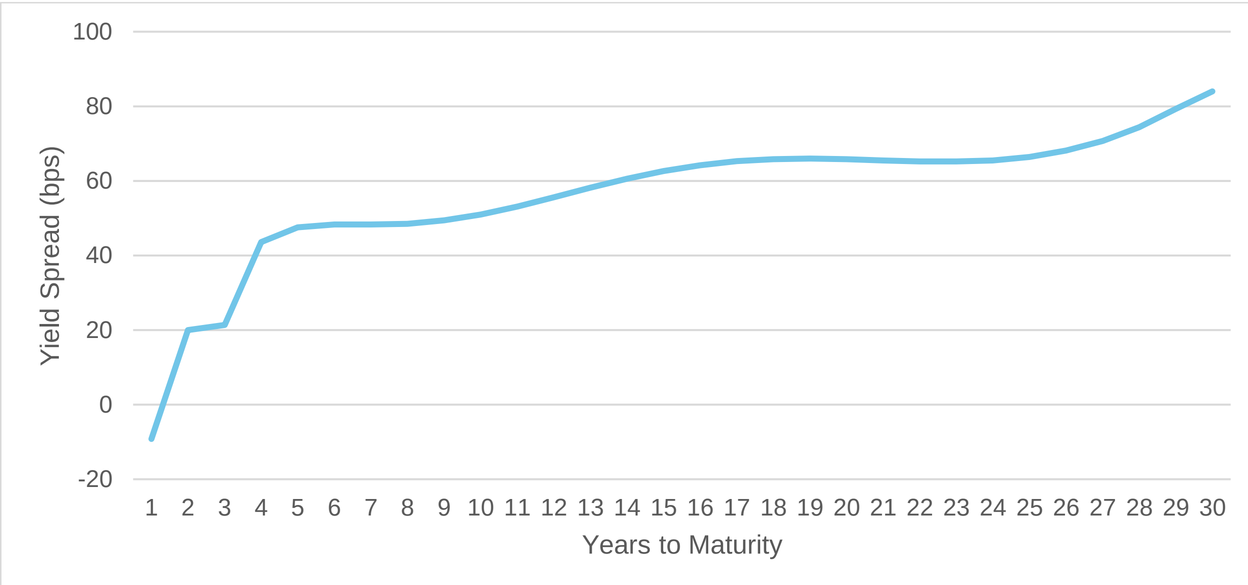
As the structure and form of the European Union ("EU") has evolved since it was first formed, it has become more akin to a sovereign entity. In recent years, the EU has begun issuing its own debt distinct from that of its member states. IDI currently classifies debt issued by the EU ("EU debt") as "Supranational", unlike the debt issued by the Eurozone member states which are classified as "Sovereign." Based on the yield curve of euro-denominated EU debt as of 2/29/2024, EU debt was very close across its term structure to debt issued by both France and Belgium (Exhibit A).

Exhibit A: Yield curves of largest Eurozone sovereigns and the EU debt based on securities in the ICE BofA Euro Broad Market Index (EMU0), 2/29/2024



Like Eurozone member state Germany, as of the end of February 2024, the EU debt was AAA-rated according to IDI's Composite Rating (average of Moody's, S&P, and Fitch), while the debt issued by France and Belgium are both notably lower-rated (AA2 and AA3 respectively). This might imply that there is still a perception of difference in status (or at least liquidity) in the yield gap to the German curve (Exhibit B).

Exhibit B: Yield spread (in basis points) between the German and EU yield curves, 2/29/2024



Comparing the relative liquidity of EU debt with the larger individual Eurozone member states reveals that while there is less volume and turnover compared to countries like Germany, the bid-offer spread and activity levels in EU debt are not inconsistent with the averages seen in other markets of similar size (Exhibit C). Per unit of duration, the bid-offer spread of EU debt is in line with that of the Netherlands or Spain. The story is similar from a traded volume perspective with a total ADV[1] for EU debt of about $112 million compared to $85 million and $193 million for similarly sized Netherlands and Belgium, respectively. Based on ADV turnover percentage,[2] the EU's 0.9% is also similarly aligned to other large Eurozone sovereign markets.

Exhibit C: Bid-Offer Spread and ADV comparison of largest Eurozone sovereigns and the EU, based on securities in the ICE BofA Euro Broad Market Index (EMU0), 2/29/2024 (sorted ascending by OAD)

Issuer	Index	Face ($mm)	OAD	Bid-Offer % (Transaction Cost %)	Bid-Offer % / OAD	ADV (Face $mm)	Turnover
Italy	G0I0	1,733,809	6.42	0.074%	0.013%	320	1.7%
Spain	G0E0	1,198,032	6.94	0.134%	0.022%	136	0.7%
Germany	G0D0	1,573,176	7.37	0.082%	0.015%	312	1.2%
France	G0F0	2,044,401	7.48	0.093%	0.014%	259	0.6%
Netherlands	G0N0	376,394	8.19	0.154%	0.021%	85	0.7%
Belgium	G0G0	441,794	8.87	0.128%	0.015%	193	1.4%
EU		498,133	9.08	0.160%	0.019%	112	0.9%

[1] "Average Daily Volume" as calculated by ICE Data Pricing & Reference Data LLC, and reported as Active Trading Estimate. This is a time-weighted daily average of 3-month observable trading activity.

[2] Turnover is calculated by dividing each security's ADV by its face amount outstanding

Separate from any issues related to yield spread or liquidity, according to the ICE Bond Index Methodologies, the Sovereign asset class is comprised of debt issued by an independent country's central government denominated in that country's official currency. Similarly, the Foreign Sovereign category is comprised of debt issued by an independent country's central government denominated in a foreign currency.

The proposal under consideration is to alter the definition of Sovereign and Foreign Sovereign such that the EU would be treated as a sovereign entity for purposes of classification and index qualification. Amongst other things, this would mean that all qualifying euro-denominated securities issued by the EU would move out of Quasi-Government indices and into Government indices, including the flagship ICE BofA Euro Government Index (EG00).

The proposal would change the definition of Sovereign as an asset class used for index qualification from:

- "The Sovereign asset class is comprised of debt issued by an independent country's central government denominated in that country's official currency."

to:

- "The Sovereign asset class is comprised of debt issued by a country's central government denominated in that country's official currency. In addition, the European Union issuing in euro is considered Sovereign."

A similar update would be made to the definition of "Foreign Sovereign."

Impact

For all ICE fixed income indices, the EUR-denominated Sovereign minimum size threshold for index inclusion is EUR 1 billion. If qualified as Sovereign, a total of 52 out of 57 EU-issued securities would continue to qualify for inclusion in the Euro Broad Market Index (EMU0); the five smaller securities that do not meet the minimum size threshold for inclusion total EUR 1.8 billion in market value. If the proposal is adopted, two key sub-indices of EMU0 would see significant shifts. The 52 securities representing EUR 400 billion in market value would transition out of the ICE BofA Euro Quasi-Government Index (EQ00) and into the ICE BofA Euro Government Index (EG00). The EU would become the fifth-largest issuer in EG00 at 5.2% as of the end of February 2024 (Exhibit D).

Exhibit D: Pro-forma impact of EU debt inclusion on flagship sovereign indices, 2/29/2024

Index	Ticker	No. of EU Issues	EU Mkt Val (EUR MM)	OAD Change	OAY Change	OAS Change	EU % Weight
ICE BofA Euro Government Index	EG00	52	399,624	0.09	0.00	0	5.20
ICE BofA Global Government Index	W0G1	52	399,624	0.02	-0.01	0	1.35

1. **Should European Union debt qualify as Sovereigns?**
   A. Yes, EU debt should qualify as "Sovereign"
   B. No, EU debt should remain as "Supranational"
   C. Other (please comment)
   D. No Opinion

II. Monthly rebalancing reference date and lock-out

Unless otherwise specified, the indices are rebalanced on the last calendar day of the month, based on information available up to and including the third business day before the last business day of the month ("T-3"), which is the "reference date" for the index universe for the upcoming monthly rebalancing. Data and information known by IDI as of the reference date will be reflected in the indices at the upcoming rebalancing, while any events occurring after the reference date, including the rebalancing day itself, would be reflected in the indices at the next month's rebalancing. As a result, new issues must be priced by this reference date, and rating actions, amount outstanding changes, and security events must be effective as of the reference date to be part of the upcoming rebalancing. For clarification, any events that occurred on or prior to the reference date and were not yet verified or known as of the reference date ("subsequently qualifying events") will still be included in the proforma files in the days following the reference date, if verified in time for proper notification to users. As a result, users may see some adjustments in the proforma files subsequent to the reference date. IDI intends to update the Bond Index Methodology to clarify the above and to replace references of "lock-out date" to "reference date".

The advantage of a consistent reference date is that investors using the indices as benchmarks know in advance whether events such as new issuance, repurchases, downgrades, etc. are going to be part of the upcoming rebalancing based on the effective dates of the events relative to that date. This also allows the reference date rebalancing preview, or pro forma data, to be largely reflective and predictable of the upcoming rebalancing, which in turn affords investors the opportunity to anticipate and prepare accordingly. That said, the reference date also still allows for data to be reviewed in the subsequent days prior to the rebalancing to ensure greater accuracy going into the rebalancing.

IDI is proposing changes relating to the rebalancing period and the reference date that apply in two areas:

> Section A proposes to standardize the reference date across all IDI Fixed Income indices by setting the reference date for the ICE US Treasury Indices as the third business day before the last business day of the month rather than the last business day; and
>
> Section B proposes introducing a "freeze date" which would occur after the reference date and subsequent to which generally no changes would be made to the pro forma securities or their associated data.

Please see below for more detailed information on the proposals.

Please note that the proposals on this topic as outlined below are mutually exclusive. In the event that the proposal under Section A is rejected, the rebalancing process for the ICE US Treasury Indices will continue operating as it currently does. In that event, IDI will also not incorporate the freeze date proposal, even if accepted, for the ICE US Treasury Indices, since the reference date for these indices would remain on the last business day.

A. ICE US Treasury Indices

Reason for consideration

Indices in the ICE US Treasury Index series are currently the only fixed income indices IDI administers that do not adhere to the rebalancing reference date described above. Instead, the reference date for the ICE US Treasury Index series is the last business day of the month ("T"). The proposal is to conform these indices to match the remainder of the ICE fixed income indices, where any events occurring after the T-3 reference date would be included in the subsequent rebalancing. This change would increase consistency, and also increase transparency and predictability leading up to the rebalancing.

Exhibit E: ICE US Treasury Indices

Index	Index Name
ICET25	ICE US Treasury 25+ Year Bond Index
ICETCX1Q	ICE US Treasury Core Bond 1.25X Leveraged Index
ICETIP	ICE US Treasury Inflation Linked Bond Index
ICETIP0	ICE US Treasury 0-5 Year Inflation Linked Bond Index
IDCOT1	ICE US Treasury 1-3 Year Bond Index
IDCOT10	ICE US Treasury 10-20 Year Bond Index

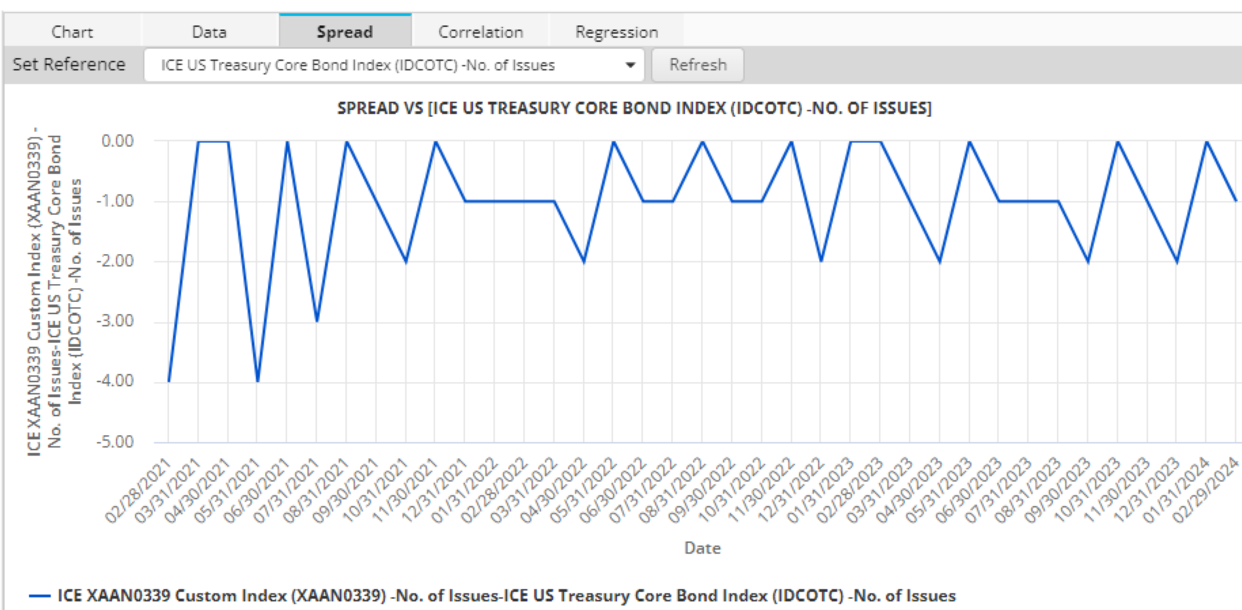
Exhibit E: ICE US Treasury Indices

Index	Index Name
IDCOT20	ICE US Treasury 20+ Year Bond Index
IDCOT3	ICE US Treasury 3-7 Year Bond Index
IDCOT7	ICE US Treasury 7-10 Year Bond Index
IDCOTC	ICE US Treasury Core Bond Index
IDCOTCAU	ICE US Treasury Core Bond AUD Hedged Index
IDCOTS	ICE US Treasury Short Bond Index
IT25JPYH	ICE US Treasury 25+ Year Bond Index JPY Hedged 10am Tokyo
ICE20X1Q	ICE U.S. Treasury 20+ Year Bond 1.25X Leveraged Index
ICET20IN	ICE U.S. Treasury 20+ Year Bond 1X Inverse Index
ICET20X2	ICE U.S. Treasury 20+ Year Bond 2X Leveraged Index
ICET7IN	ICE U.S. Treasury 7-10 Year Bond 1X Inverse Index
ICET7X2	ICE U.S. Treasury 7-10 Year Bond 2X Leveraged Index
IDCOT310	ICE U.S. Treasury 3-10 Year Bond Index
GATS	ICE Short US Treasury Securities Index

Impact

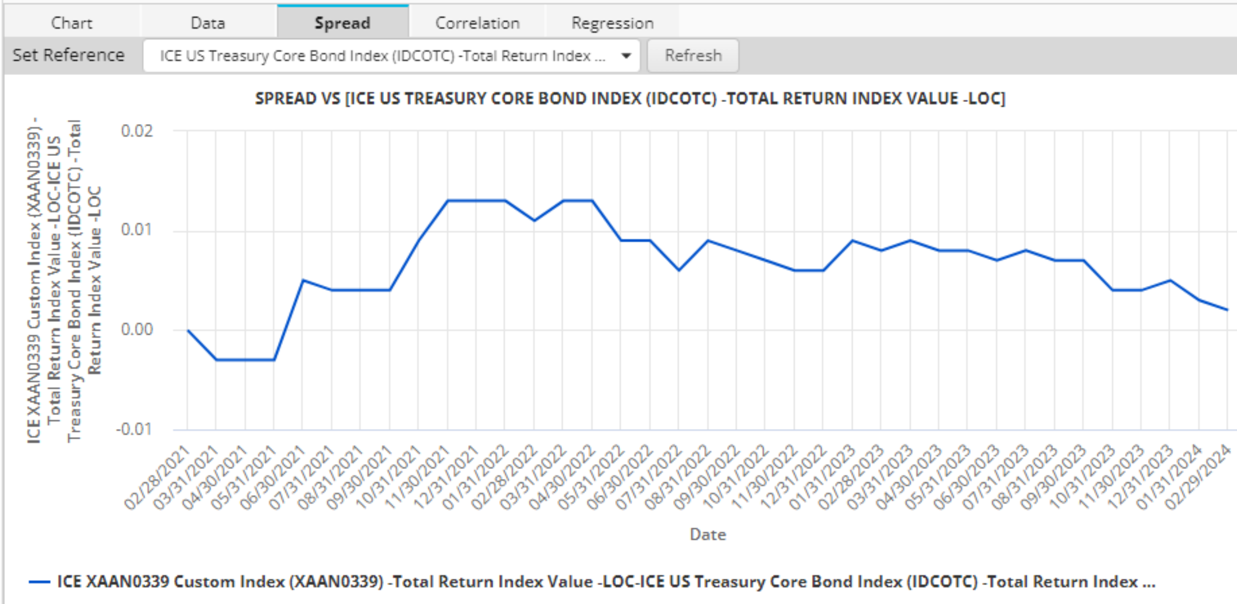
Depending on the auction calendar in any given month, one or more Treasury securities may be auctioned after the proposed reference date but before or on the rebalance date (for clarity, the proposed reference date referred to here is the third business day prior to the last business day of the month, “T-3”). For example, at the February 2024 rebalancing (February 29), a 7-year note auction (occurring on February 27), as well as 4-, 8- and 17-week bill auctions (February 29, February 29, and February 28, respectively), would have missed the proposed reference date (February 26) and been added at the following rebalancing. Looking over the last three years ending February 2024, the average difference in the number of securities between the flagship ICE US Treasury Core Bond Index (IDCOTC) and a prototype utilizing the proposed reference date is approximately one (Exhibit F), and the cumulative impact on returns over the full period is negligible (Exhibit G).

Exhibit F: IDCOTC vs proposed reference date prototype, number of issues, 2/28/2001 - 2/29/2024



Name	High	Low	Begin Pt.	End Pt.	Avg	Std. Dev	Volatility
ICE XAAN0339 Custom Index (XAAN0339) -No. ...	0	-4	-4	-1	-1.027	1.052	6.40
	03/31/2021	02/28/2021	02/28/2021	02/29/2024	-	-	

Exhibit G: IDCOTC vs proposed reference date prototype, total return, 2/28/2001 - 2/29/2024



Name	High	Low	Begin Pt.	End Pt.	Avg	Std. Dev	Volatility
ICE XAAN0339 Custom Index (XAAN0339) -Total...	0.013	-0.003	0	0.002	0.007	0.004	0.02
	11/30/2021	03/31/2021	02/28/2021	02/29/2024	-	-	

2. **Should the ICE US Treasury Indices incorporate the standard reference date for rebalancing?**
   A. Yes, conform the ICE US Treasury Index methodology to include the standard reference date (three business days before the last business day of the month, or T-3).
   B. No, continue to allow auction-related changes up to and including the last business day of the month (T)
   C. Other (please comment)
   D. No Opinion

B. Introducing a freeze date

Reason for consideration

While the reference date provides for transparency around the handling of new securities or security events, in certain instances, information regarding events that occurred on or before the reference date may become known or verified after the reference date. That is especially true of events occurring on or near the reference date itself.

To address these realities, it has been standard practice for selective changes, confirmed to have occurred on or prior to the reference date, to be incorporated in the subsequent pro forma files leading up to the rebalancing, dependent on the opportunity for proper notification to users. These are typically more frequent the day after the reference date (two business days prior to the rebalance date, “T-2”), and still occur with some frequency the following day (one business day prior to the rebalance date, “T-1”). Relatively rarely would changes be made on the rebalancing day itself, where no preview files would be available to reflect the change.

The proposal under consideration would halt any adjustments to the upcoming rebalance after a specified deadline. This would institute a “freeze” date each month, subsequent to which no changes would generally be expected to the pro forma securities or their associated data, including face amount. Any subsequently confirmed events would be considered as part of the following month’s rebalancing, unless such subsequently confirmed events, if not included in the upcoming rebalance, would render the index not representative of the market or economic reality that the index is intended to measure. In such an event, which is expected to be rare, IDI reserves the right to make such a change to the pro forma securities, and shall notify users accordingly.

The “freeze” date contemplated by the proposal is two business days prior to the last business day of the month (T-2). This would mean pro forma files delivered on the evening of T-2 for the upcoming rebalancing could be considered final as to constituent inclusion and all reference data such as face amount outstanding, rating, sector, etc. This change would also apply to indices using price or security-level analytical values (eg, spread, duration, yield), which data points would see their final “snap” as of the close on T-2. Likewise, any indices qualified via optimization would be run using data as of the close on T-2. As an alternative, the proposal also contemplates a freeze date of T-1.

Impact

Rebalancing pro forma files for ICE fixed income indices are produced each day of the month except for the month end day itself. Given the reference date, the pro forma data will represent the month-to-date cumulative changes expected to be reflected in the indices at the rebalancing. Exhibit H gives a simple count of security changes across the index universe over the subsequent days for an example month of February 2024. While not common at this magnitude, there were eleven changes that occurred on the rebalancing date itself. Under the proposal, only the changes that occurred between the reference date and the proposed freeze date “T-2” would have been made, while the T-1 and T changes would not have been reflected in the February 2024 rebalancing. Under the alternate proposal, only the changes that occurred between the reference date and the proposed freeze date “T-1” would have been made, while the T changes would not have been reflected in the February 2024 rebalancing.

Exhibit H: February 2024 security change counts appearing in the pro forma or rebalancing following the reference date

Segment	Total Securities	Cumulative MTD count changes as of Reference Date T-3 (2/26/2024)	Additional Changes on Proposed Freeze Date T-2 (2/27/2024)	Additional Changes on Alternate Freeze Date T-1 (2/28/2024)	Additional Changes on Rebalance Date T (2/29/2024)
Sovereign	3,655	490	59	7	3
Quasi/Foreign Govt	15,347	470			
Investment Grade Corporate	21,696	452	13	6	4
High Yield Corporate	3,885	253	7	7	3
US Securitized	8,427	2,908	11	1	
US Municipal	81,262	1,358	4		
Preferred	524	31			
Convertible	704	56	6	5	1
TOTAL	120,153	6,139	100	26	11

3. **Should the ICE fixed income indices implement a “freeze” date, as described above?**
    A. Yes, changes should not be introduced to the pro forma files following T-2 (i.e., excluding subsequently confirmed events that would have been introduced on T-1 and T under the current methodology) unless such changes would render the index not representative of the market or economic reality that the index is intended to measure
    B. Yes, changes should not be introduced to the pro forma files following T-1 (i.e., excluding subsequently confirmed events that would have been introduced on T) unless such changes would render the index not representative of the market or economic reality that the index is intended to measure
    C. No, continue to allow changes based on subsequently confirmed events up to and including the rebalancing date itself, if verified in time for proper notification to users
    D. Other (please comment)
    E. No Opinion

4. Regardless of the imposition of a general rebalancing "freeze" date, should indices using price, analytical data (such as yield, duration, spread) or an optimization snap their qualification based on data as of T-2?

A. Yes, for indices using price, analytical data or an optimization, base the qualification and freeze the constituents and face amounts as of T-2

B. No, for indices using price, analytical data or an optimization, base the qualification and freeze the constituents and face amounts as of T-1

C. No, for indices using price, analytical data or an optimization continue to base the qualification on the rebalancing date itself (T)

D. Other (please comment)

E. No Opinion

III. Index calculations on weekend month end dates

Reason for consideration

ICE fixed income indices currently rebalance monthly on the last calendar day of each month. When the last calendar day of a month falls on a weekend (Saturday or Sunday), the indices (1) calculate returns for the last business day, (2) update accrued interest and calculate the return for the indices on the month end date, and finally, (3) rebalance the indices as of that month end date.

As a result, the actual month end results and data files are not currently available until Saturday afternoon/evening. Publication on a weekend day can result in delays for both vendor and end-client processing.

The proposal is to calculate all performance for month end on the last business day of the month. This means that for a typical weekend month end (i.e. one that does not involve a Friday that is a Global Holiday), Friday's return would reflect the month end accrued interest, instead of only interest accrued to Saturday. In addition, all rebalancing files would be processed on Friday rather than Saturday, as is current practice.

If adopted, this change would not be implemented on 10/31/2024. An implementation date would be announced and expected to be no earlier than March 2025.

Impact

If adopted, the change would have two key consequences: (1) the last business day returns for weekend month end dates would include month-end accrued and (2) all month end files would be disseminated on the evening of the last business day of the month.

5. Should month-end calculations and file delivery switch to the last business day?

A. Yes, use month-end accrued and calculate month end returns on the last business day when the month end falls on a weekend

B. No, continue the current practice

C. Other (please comment)

D. No Opinion

IV. U.S. fixed income pricing on Columbus Day and Veterans Day

Reason for consideration

There are currently just two U.S. holidays for which the bond markets have a SIFMA-recommended close, but the equity markets are open for trading: Columbus Day (second Monday in October) and Veterans Day (November 11). However, as both the Columbus Day and Veterans Day U.S. holidays are not Global Holidays, IDI calculates all fixed income indices on these days. Currently, the prices from the prior business day are rolled, accrued is updated, and the indices are calculated and disseminated. Last year, IDI adopted a rule change that would use 4pm ET fair value pricing from our pricing provider, ICE Pricing & Reference Data LLC, for days when there was a SIFMA-recommended early close, but equity markets continued to trade for a full day. The proposal is to use the same fair value pricing for U.S. fixed income securities on days when the equity markets are open, but the bond markets have a SIFMA-recommended close. If adopted, this would put U.S. bond pricing in line with the equity market holiday calendar.

6. Should 4pm ET fair value pricing be used for U.S. fixed income securities on days when the equity markets are open, but the bond markets have a SIFMA-recommended close?

A. Yes, use 4pm ET fair value pricing on days for which there is a SIFMA-recommended early close

B. No, continue to roll prices from the prior day

C. Other (please comment)

D. No Opinion

V. US Fixed Rate Agency CMBS Index inclusion

Reason for consideration

As a requirement for inclusion in the ICE BofA US Fixed Rate Agency CMBS Index (CMBY), including all aggregate and sub-indices, qualifying tranches must have an investment grade IDI Composite Rating (average Moody's, S&P, and Fitch). There are some U.S. agency multi-family programs with unrated tranches that carry an agency guarantee covering both interest and principal payments. Similarly, there are some rated tranches that do not carry an agency guarantee. This is arguably inconsistent with the approach to other U.S. agency securities included in the indices. For other segments of the U.S. fixed income markets, such as U.S. agency MBS pass-throughs and U.S. agency notes, the U.S. agency rating is used in the indices if individual security ratings are not assigned. Since conservatorship began following the 2008 financial crisis, the U.S. local currency long-term debt sovereign rating has been applied to these instruments. Furthermore, in all other cases the ultimate obligor, or guarantor, is one of the U.S. agencies.

There are two proposals under consideration for CMBY, including all associated aggregate and sub-indices.

1) The first proposal would qualify unrated tranches into the index that carry an agency guarantee covering all interest and principal and assign the senior unsecured issuer rating corresponding to the guarantor agency for these tranches.

2) The second proposal would exclude tranches that are issued as part of an agency multi-family program but not guaranteed for both principal and interest, even though they carry an explicit investment grade rating.

Impact

The first proposal would result in the addition of all otherwise-qualifying unrated tranches associated with Freddie Mac K Certificates (ticker "FHMS") and Fannie Mae GeMS (ticker "FNA"). The second proposal would result in the exclusion of non-guaranteed/subordinated Freddie Mac K-Deal tranches (ticker "FREMF") that are currently included in the indices. The table below shows the relative impact if one or both proposals are adopted.

Exhibit I: Pro forma CMBY constituency and statistics as of 3/31/2024

Ticker	No. of Issues	Face Value	Market Value	Effective Duration	Effective Yield	OAS
Current, equivalent to Both Proposals Rejected						
FHMS	272	133,852	123,115	4.50	4.69	36
FREMF	162	8,393	8,018	2.67	5.66	107
CMBY	435	142,295	131,184	4.39	4.75	40
Pro Forma if Both Proposals are Adopted						
FHMS	525	206,806	188,605	4.64	4.73	40
FNA	228	64,870	57,618	4.67	4.80	49
Pro Forma CMBY	753	271,676	246,223	4.65	4.75	42
Pro Forma if Proposal 1 is Adopted and Proposal 2 is Rejected						
FHMS	525	206,806	188,605	4.64	4.73	40
FNA	228	64,870	57,618	4.67	4.80	49
FREMF	162	8,393	8,018	2.67	5.66	107
Pro Forma CMBY	915	280,069	254,241	4.59	4.78	44
Pro Forma if Proposal 1 is Rejected and Proposal 2 is Adopted						
FHMS	272	133,852	123,115	4.50	4.69	36
Pro Forma CMBY	272	133,852	123,115	4.50	4.69	36

7. **Should CMBY qualify for inclusion unrated tranches that are guaranteed by the agency for principal and interest using a guarantor agency issuer rating?**

   A. Yes, include non-rated agency guaranteed tranches and assign them a senior unsecured rating of the agency guarantor

   B. No, continue to exclude

   C. Other (please comment)

   D. No Opinion

8. **Should CMBY exclude investment grade rated tranches that are not guaranteed by the agency for principal and interest?**

   A. No, continue to include non-guaranteed agency multi-family tranches that are explicitly rated investment grade (based on the average of all available ratings of Moody’s, S&P, and Fitch)

   B. Yes, exclude all non-guaranteed agency multi-family tranches

   C. Other (please comment)

   D. No Opinion

VI. US Home Equity Loan ABS - reperforming loan collateral

Reason for consideration

Securitization deals of reperforming loans currently qualify for inclusion in the US Asset Backed Securities (ABS) indices as part of the Home Equity Loan (HEL) sector. These deals involving reperforming loans are arguably very different from HEL ABS, and in many ways could be considered identical to residential mortgage-backed securities (RMBS). IDI takes this opportunity to propose a rule amendment which would specifically exclude reperforming loan securities from the HEL sector and disqualify them from any ABS index.

Impact

The table below shows the pro forma impact if tranches from deals representing reperforming loan collateral were removed from flagship US ABS indices and the Home Equity Loan sub-indices as of 2/29/2024.

Exhibit J: Pro forma impact of excluding reperforming loan collateral from select ABS indices (2/29/2024)

Index	Index Ticker	No. Issues	% MktVal	Effective Duration	Effective Yield	OAS
US Fixed Rate Asset Backed Securities Index	R0A0	-115	-2.36	-0.07	0.00	0
US Fixed Rate Home Equity Loan Asset Backed Securities Index	R0H0	-115	-85.57	-1.13	0.13	7
US Floating Rate Asset Backed Securities Index	R0F0	-16	-1.76	-0.05	0.00	-1
US Floating Rate Home Equity Loan Asset Backed Securities Index	R0FH	-16	-59.70	-1.54	0.97	67
US Fixed & Floating Rate Asset Backed Securities Index	R010	-131	2.29	-0.07	0.00	-1

9. **Should deals involving reperforming loans qualify for inclusion in the Home Equity Loan sector and the U.S. ABS indices?**
    A. No, deals involving reperforming loans should be excluded from the Home Equity Loan sector and the U.S. ABS indices.
    B. Yes, continue to include deals involving reperforming loans in the Home Equity Loan sector and in the U.S. ABS Indices.
    C. Other (please comment)
    D. No Opinion

DISCLOSURES

Source: ICE Data Indices, LLC.

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