



Market consultation outcome and Decision on changing the SBI® composite rating methodology

Zurich, 4 March 2019

SIX, the Benchmark Administrator of the Swiss Bond Indices (SBI®), has conducted a market consultation about a possible adjustment of the SBI® index methodology from 30 April 2018 to 31 August 2018.

The goal of the market consultation was to sound a new proposal to determine the SBI® composite rating. Instead of using the worst credit rating of all eligible credit ratings for a single bond/issuer, it was suggested to use the conservative median. For details about this new proposal, please review the market consultation document on the [SIX website](#).

Feedback from market consultation

Most participants provided positive feedback and voted for the implementation of the new proposal.

For these participants, the new methodology offers advantages over the current one, such as:

- It assigns less weight to a single rating agency/bank
- It incentivizes bond issuers to retrieve more than 2 ratings
- It is comparable to international benchmarks

A small number of participants were critical about the proposal, mainly due to:

- A preference for a more conservative rating methodology, such as the current one
- The new approach being more difficult to replicate, especially since the bank ratings for single bonds might not be readily available to everyone

Given the predominantly positive feedback, SIX and the bond index commission decided to implement the new rating methodology as suggested in the market consultation.

Resulting changes

The SBI® composite rating will be determined as the conservative median of all eligible ratings for a single bond or issuer. Therefore, sections 3.3 through 3.5 in the SBI rulebook will be updated, and the current wording “[...] the lowest rating is used for the purposes of the SBI [...]” will consequently be replaced by “[...] the conservative median, as determined according to section 3.5, is used for the purposes of the SBI [...]”.

The new methodology for the SBI® composite rating will become effective on 02 September 2019.

A more detailed timeline and an updated rulebook will be communicated at least 3 months prior to the abovementioned date.

All questions and feedback regarding the outcome of the market consultation can be sent to the following

e-mail address: indices@six-group.com