



Market consultation outcome and Decision about SBI® rebalancing on June 01, 2021

Zurich, 12 May 2021

SIX, the Benchmark Administrator of the Swiss Bond Indices (SBI®), has conducted an ad-hoc market consultation about a possible one-time exception to the SBI® rules from April 23, 2021 to May 06, 2021.

The consultation assessed a proposal to exceptionally postpone the deletion of a Swiss government bond by one month. This would have avoided two large constituent changes for the SBI Domestic Government 1-3 index to be effective on June 01, 2021 (deletion of aforementioned bond) and on July 01, 2021 (addition of a new Swiss government bond).

Feedback from market consultation

The feedback was mixed. There were almost as many participants against the proposal as participants in favour of it.

Participants that were in favour of the proposal indicated that an exception to the rules would:

- not have a direct impact on their portfolio and is therefore viable for them
- avoid high transaction costs for funds tracking the SBI Domestic Government 1-3

Participants that were against the proposal indicated that:

- Index rules should be applied reliably
- A rule change that does not benefit all index users equally should not be considered
- Implementation of the proposal could set a precedent for further short-term rule changes that undermine the predictability of the index rules
- Implementation of the proposal might have a negative impact on index users that have already positioned their portfolio in anticipation of the bond deletion

Result

Given the mixed feedback, SIX and the bond index commission decided to stick to the index rules and not postpone the deletion of the Swiss government bond.

All questions and feedback regarding the outcome of the market consultation can be sent to the following e-mail address: indices@six-group.com