

Index Announcement

Update: Month End Lockout for Bloomberg Fixed Income Indices

Bloomberg Index Services Limited (BISL) previously [announced](#) (in the "September 2024 Announcement") implementing a methodology change for the Bloomberg fixed income indices that introduces a month end Lockout Period of 2 business days (i.e. index membership will be determined based on bond data from T-2). This change was planned to take effect for the April 2025 Returns Universe. The implementation of this change has been postponed, and the change will now take effect for the August 2025 Returns Universe which will be determined 2 business days prior to that month end on July 29, 2025 (the Determination Date). New issues, corporate actions, ratings changes, and other updates to descriptive attributes of a security during the Lockout Period will not affect membership for the upcoming month. Prices, market values, accrued interest, and returns will continue to update daily during the Lockout Period. The timing and process of the monthly rebalance will remain unchanged. Please refer to the September 2024 Announcement for more details on the methodology of the month end lockout and for a Glossary of Terms. Terms not defined in this document or the September 2024 Announcement are defined in the [Bloomberg Fixed Income Index Methodology](#).

Additional Detail on Month End Lockout

As set out in the September 2024 Announcement, BISL will allow for changes relating to some types of corporate actions during the Lockout Period. In addition to corporate actions, there are two additional reasons indices may be allowed to change during the Lockout Period.

- Index definition updates will be permitted during the Lockout Period. This applies to indices that utilize inclusion or exclusion lists, capping schedules, tilting schedules, scaling schedules, or other index level attributes. The listed updates may be made during the Lockout Period and updates will be applied in accordance with the month end lockout methodology.
- Data errors that are detected during the Lockout Period may be corrected during the Lockout Period. Correction of data that results in a change of membership will be reflected in the index membership starting from the day the correction is published during the Lockout Period.

This methodology change will be applied to all Bloomberg Series-L fixed income indices including the Flagship Global Aggregate, US Aggregate, Pan-European Aggregate, Asian Pacific Aggregate, Convertibles, Inflation-Linked, Emerging Markets, Bloomberg MSCI Fixed Income, Municipal Indices, Loan Indices, and client custom indices. This change will not impact Series-B, AusBond, and Legacy Bloomberg indices.

While BISL is changing the standard fixed income methodology to use a 2 business day Lockout Period, BISL will have the ability to support custom Lockout Periods or indices with no Lockout Period on request.

BISL is making some changes to the index file delivery to support customers' needs to process the data associated with the new methodology, while minimizing any disruption to existing processes. These file changes will become effective on July 29, 2025. Below are details on the changes being made.

Index Levels Files (INDEX)

New fields are available at the index level to provide the determination date of each index. There are two versions of this date:

- **Determination date returns universe** (DeterminationDtB): The Determination Date from the prior month that was used to set the membership of the current month's returns universe.
- **Determination date projected universe** (DeterminationDtF): The date used in the current month to set the projected universe for the index. This field will reflect the current date until the Lockout Period during which the DeterminationDtF will remain fixed at 2 business days prior to month end (the Determination Date for a T-2 index).

These fields can be added to existing index aggregate files upon request. These new fields will not be added to existing Index files automatically when the methodology change takes effect. Please contact your index sales representative or the BISL support team through <https://service.bloomberg.com> to modify the fields in an index aggregate file.

No other changes are being made to the index aggregate files.

Index Membership Files (MAPS)

The index membership files (MAPS) will continue to reflect the membership of the index with the market value, weights, and prices used in the construction of that index. Returns and Projected membership will reflect the month end lockout applied to the index. Clients utilizing the scaling factor in their MAPS file will see a small change in the use of scaling factor- for details, see the section immediately below on scaling factor. Market values in the MAPS files are already scaled per the methodology of the index. These market values can be used to compute index weights as an alternative to the scaling factor.

Scaling Factor

The MAPS file provides information about the membership of each index in the form of a list of bonds, market values, and weights. A scaling factor may also be included in the MAPS files. This value is the ratio of the market value of a bond in a specific index and the market value of the bond in the BOND record. This is used to explain how an alternate weighting methodology has impacted the bond's market value in an index. An example would be an index where currency exposure is capped at a designated percent of the index.

The scaling factor will be used in a similar manner to reflect a bond's change in amount outstanding during the month end lockout. The BISL index system will continue to process corporate actions and new issues on a daily basis. Changes in amount outstanding as a result of these actions need to be managed in conjunction with the month end lockout. Because the month end lockout has been built to support a flexible period other than the standard 2 business day period, the scaling factor will be used to maintain the appropriate amount outstanding and weight of a bond in an index. This ensures that the amount outstanding of bond remains constant during the month end lockout. Systems that plan to use the Dynamic data file (described below) with need to adjust amount outstanding from the dynamic file by multiplying it by the bond's scaling factor from the MAPS file to calculate the correct market value and weight of a bond in an index. If systems are processing data from the Frozen file (described below), no adjustments would be required to the amount outstanding.

Index Bond Record File (BONDS)

In an effort to minimize changes required, BISL will deliver two versions of the bond record file to clients. Clients receiving any bond record files will automatically begin receiving two versions of these files beginning on July 29th, 2025. The two versions will be identical in format (i.e. columns and universes covered) however the data in the files will behave slightly differently during the Lockout Period. To simplify the discussion, these files will be referred to as the Frozen File and the Dynamic File.

Frozen File: This version of the bond record will be delivered to clients with the existing file name for bond records clients are receiving today. This file will update daily and provide clients with current data about the bonds' analytics, pricing, and returns. During the Lockout Period certain descriptive information used to determine index membership will appear "frozen", reflecting the bond's characteristics on the determination date. This means that all terms and conditions data including ratings, sectors/BCLASS, country of risk, amount outstanding will remain constant during the Lockout Period. Market values, accrued interest, paid interest, pricing, returns, and analytics will continue to update. **Note that market values will be calculated using current prices and accrued interest values but with amounts outstanding from the Determination Date.**

This file will contain bond characteristics as of T-2, the Determination Date for an index applying the standard Lockout Period (which will be used for all BISL indices in scope on the implementation date). However, the data in this file during the month end lockout would not be appropriate for determining membership for an index not using the standard Lockout Period.

The Frozen File is suitable for index reconstruction for indices using the standard Lockout Period and natural market value weights. See Figure 1 for a list of fields that will reference the determination date and will appear frozen during the Lockout Period.

Dynamic File: This version of the bond record will reflect the latest bond data and characteristics, even during the Lockout Period. This file will use the existing file name with a prefix of "DYNAMIC". The data in this file will be the current and most up to date data

for all fields including ratings, country of risk, sector/BCLASS, and amount outstanding during the Lockout Period where these data changes will not impact the next month's membership.

The Dynamic File provides the most flexibility for index analysis and reconstruction. Updated data is provided each day in the dynamic file and the determination dates for each index are available from the Index level files. Bond data that should be referenced on the determination date should be pulled from the Dynamic file sent on the determination date. Bond data that should be referencing current data should pull from the current Dynamic file. See the below table of fields that are used in index definitions that reference the Determination Date.

Bond File for Convertibles

Convertible bond indices are included in the implementation of the Lockout Period. However, Bond files for the Global, US, EMEA, and APAC Convertible bond indices will not have a supplemental file available. The current file published will continue to update with the most current data available. Field values used in determining membership will not be frozen in the convertible bond file and the file will follow the behavior of the Dynamic File described above.

Index Flags

The BISL index methodology uses the concept of index flags to determine membership on flagship indices (see the [Fixed Income Index Methodology](#) for additional detail). When the month end lockout takes effect (beginning on July 29, 2025), index flag values will also reflect this change to the methodology and identify flagship index membership with a 2 business day lockout. Index flag values will be consistent in both the Frozen File and the Dynamic File. After the implementation of the Lockout Period, index flags may not be appropriate to identify membership of a custom index that has a Lockout Period other than the standard 2 business days.

Index Definitions Using Price Dependent Values

Index definitions that include price dependent fields such as duration or average life will have their membership determined using the value from the Determination Date. As an example, an index defined to include only bonds with a duration between 1 and 5 will qualify the membership using the bond durations as of the Determination Date. However, when duration or another price dependent field is a factor in the index weight, the computation will use the duration as of the Rebalance Date. Example: A composite index is defined to comprise two components with duration ranges of 1-5 years and 5-10 years combined at weights calculated to achieve target duration of 7 years for the composite. Each component will include bonds with duration between 1-5 or 5-10 years as of the Determination Date (T-2) but the weights of the composite will use the durations of the bonds and component indices as of the Rebalance Date (month end).

Figure 1

Fields Referencing Determination Date

Field	Field	Field	Field	Field	Field	Field
1stLien	EffMatBeg	IndxExcep	MrktValueRET	PurpTypBrg	RefundDat	TimToWrst
2ndLien	EffMatury	IntSuspdE	MrktValueUSD	PutDate	RUMVSecry	TradToFlg
AdjBasis	EMGRegion	IRRRegion	MrkValBeg	PutPrice	RUMVSecryUSD	Tranche
AmtTypBeg	EuroCrncy	IsFARBond	MrkValBegUSD	QuaFchlsr	RUMVTotal	TrancheClass
AmtType	FallAngel	ISO_Code	MSector	Qual_Ftch	RUMVTotalUSD	TranchTyp
CAB/GDP_B	FHLConcntrtn	IssrClass	MuSecType	Qual_Max	RUMVTotLc	TypCollat
Classif'n	FloatType	IssrClsCd	MVBegLoc	Qual_Min	RUOutsBas	TypeBond
CMBS_AAA	FNMConcntrtn	IssrClsL1	MVEndLoc	Qual_Mood	RUOutsLoc	TypGuarnt
CMBSType	FSW	IssrClsL2	MVIndex	Qual_S&P	RUPctCash	TypPlacmt
CntryDom	FSW_B	IssrClsL3	NativeCur	Qual_Sov	SchdPaymF	TypPrnCol
CopTypBeg	GDP_Bloc	IssrClsL4	Obligor	QualAltE	Sector	TypSubord
CopType	GDP_BlocB	Issuer	OECDcntry	QualAvgNm	SectorBeg	UIMoody
Country	GDP_NomIB	IssueSize	OutstAdj	QualDBRS	SectType	UISaP
CouponBeg	GDP_Nomnl	LargstIss	OutstadjB	QualDBRSB	SinkType	UltParent
CpnCap	GDP_PPP	LB_Class	OutstadjE	QualFtchB	SnkDatNxt	UnitTraded
CpnFloor	GDP_PPP_B	LB_ClsCd	OutstAdjUSD	QualityB	SocialInstrIndicator	WAC

Field	Field	Field	Field	Field	Field	Field
CreditEnh	GDPPFactBg	LB_ClsDND	OutstandB	QualityE	State	WAM
CurcyOrig	GDPPFactor	LB_level2	OutstandE	QualMaxB	StructType	WorldBnk
CurFctBeg	GlobAgB_\$	LoanStatus	OutstB_\$	QualMinB	Sukuk	Wtch_DaP
Currency	GlobAgE_\$	LoanStatusB	OutstB_USD	QualMoodB	SustainbilityBondIn	Wtch_M
DealSizeB	Gov_FSW	LoanType	OutstE_\$	QualNum	TALF	Wtch_SaP
DealSzBeg	Gov_FSW_B	MaturDate	OutstE_USD	QualS&P_B	Taxabilty	WtchFlag
Debt/GDP	GreenBondLoanInd	Maturity	PaymRank	QualSovB	Ticker	Yankee
Debt/GDPB	GroupID	MBS_Age	PercStrpB	QuaMdylsr	TimDwnGrB	

Pro Forma Files

BISL will deliver a full set of pro forma files to all index clients the week of February 17, 2025 for the four business days from January 29, 2025 to February 3, 2025. These pro forma files will follow the formats of your existing production index feed files. These files will show how existing indices would behave if they were to have the standard Lockout Period applied at January month-end to determine the February Returns Universe. They will show how the membership would be impacted by real market events that occurred around January month end. There are no format changes within the files and only the file names will change.

Pro forma file names will have a prefix of "PROFORMA_" and the date format in the file name will be ddMMyyyy.

If you have any questions, please contact the Bloomberg Help Desk (<Help><Help>) or create a support ticket in Bloomberg's Customer Service Center via <https://service.bloomberg.com>.

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