

**Markit iBoxx Liquid USD
Convertible Bond Index:
Index Price Setting Methodology¹**

November 2014

¹ Formerly referred to as 'Index Price Fixing Methodology'

Table of Contents

1

1	Executive Summary	3
1.1	Price Calculations	3
1.1.1	Daily.....	3
1.1.2	Forward Price Setting Dates	3

1 Executive Summary

This document is a companion to the CVBX rules document. The CVBX is a series of indices (CVBX1, CVBX2, etc), each consisting of 100 U.S. convertible securities (bonds or preferred stock) weighted by market value at series inception, with the percentage weight of any one bond capped at 3% of the index, any one issuer capped at 7% of the index, and any one sector capped at 20% of the index.

- It is designed to provide a broad representation of the U.S. convertible bond market using bonds with the largest face amount outstanding.
- New series are created every six months, and will include the total return of the underlying bonds, coupon payment and the impact of defaults, calls/puts, conversions, and other early exercise events.
- The CVBX will be tradable via cash-settled forwards on specific series.

1.1 Price Calculations

1.1.1 Daily

On a daily basis prices from Markit's Evaluated Bond Service will be used to calculate the Index. For more details please refer to the "Markit iBoxx Pricing Rules" document, available on the Markit iBoxx Rules page of www.markit.com/indices (Markit iBoxx Indices → Markit iBoxx → Markit iBoxx Rules) in the Methodology Documentation section. Index levels indicate a current benchmark level and can be used to mark-to market their index positions. The daily process is defined in the Index Rules document.

1.1.2 Forward Price Setting Dates

On forward price setting dates (1st, 7th, 13th, 19th and 25th month anniversaries of series creation, except for series 1 which does not include a 1 month settlement), the index incorporates a Price Setting Determination Methodology. Transactions are expected to be settled at that price. Markit's Evaluated Bond Pricing Service will provide that price. For more details please refer to the "Markit iBoxx Pricing Rules" document, available on the Markit iBoxx Rules page of www.markit.com/indices (Markit iBoxx Indices → Markit iBoxx → Markit iBoxx Rules) in the Methodology Documentation section.