

Technical Note

Index Pricing Convention for Tendered Bonds

In response to client inquiries regarding the pricing of recent “waterfall” tenders such as the Perrigo 1.4bn cash tender offer announced May 31, 2017, the Bloomberg index team would like to clarify the pricing convention of tendered bonds in Bloomberg Barclays Indices.

Fully tendered bonds will continue to be priced at the tender price when they exit the index at the next monthly rebalancing date. Going forward, the remaining amounts of partially tendered bonds will be priced at market levels sourced by BVAL, regardless if the tender action is causing a bond’s amount outstanding to fall below the index’s minimum size threshold. The use of actual tender prices for index-ineligible issues falling below the minimum amount outstanding will not be employed.

The pricing convention of tendered bonds will be further discussed during the next annual index governance review to commence in the fall of 2017.

For inquiries regarding access to BVAL prices and methodologies, please contact the Bloomberg Help Desk (<Help><Help>), or BVAL@bloomberg.net.

For any other questions, please contact your regional index team, the Bloomberg Help Desk (<Help><Help>), or indexhelp@bloomberg.net.

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