

# REFINITIV/CORECOMMODITY CRB<sup>®</sup> INDICES

16-May-2022

## CONSULTATION ON REFINITIV/CORECOMMODITY CRB INDICES METHODOLOGY

Refinitiv Benchmarks Services (UK) Limited, as the benchmarks administrator for the Refinitiv/CoreCommodity CRB<sup>®</sup> Index (along with sub-indices) is requesting feedback on the Refinitiv/CoreCommodity CRB<sup>®</sup> Index Methodology.

### Current index methodology on monthly rebalance disruption

The CRB index [methodology](#) contains existing provisions in the event of a market disruption, “If, on any date the Refinitiv/CoreCommodity CRB Indices are scheduled to rebalance an official settlement price for any one or more of the commodities in the Refinitiv/CoreCommodity CRB Indices is unavailable, then the price used in rebalancing the Index for those commodities will be the price on the previous Business Day upon which a price is available. In the event that any one or more individual commodities settle at the daily maximum price or the daily minimum price, that price will be used for the purpose of rebalancing the Index.”

Having evaluated the recent Nickel market prolonged disruptions, Refinitiv Benchmarks Services (UK) Limited is proposing the below changes in the rebalance disruption event to maintain the index tradability.

### Proposed methodology changes on monthly rebalance disruption

It is proposed that in the event of rebalance disruption, if, on any date the Refinitiv /CoreCommodity CRB Indices are scheduled to rebalance and an official settlement price for any one or more of the commodities in the Refinitiv/CoreCommodity CRB Indices is unavailable (due to regional market holidays or any other market disruption), then the price used in rebalancing the affected Index(es) for those commodities will be the price on the previous Business Day upon which a price is available. In addition, there will be an end of the day P&L adjustment on each disrupted commodity when the official undisrupted settlement value becomes available and in each such case an

# REFINITIV/CORECOMMODITY CRB<sup>®</sup> INDICES

ad-hoc rebalance to normalise the change impact. In the event that any one or more individual commodities settle at the daily maximum price or the daily minimum price, that price will continue to be the price used for the purpose of rebalancing the Index.

## Adjustment on the day when undisrupted settlement value will be available

$$PR_X = (PR_t - PR_p) \times \frac{CPS_r - CPS_d}{CPS_d}$$

Where  $PR_t = PR_{t-1} * \frac{CPS_t}{CPS_{t-1}}$  is the percent return of impacted commodity prior to 6th business day regular rebalance (based on last available clean settlement  $CPS_d$ )

And  $PR_p$  is the percent return of impacted commodity after 6th business day regular rebalance (based on last available clean settlement  $CPS_d$ )

$CPS_d$  denotes impacted commodity end of day settlement price prior to market disruption

and  $CPS_r$  represents the day's undisrupted end of day settlement price for same commodity

## Ad-hoc Rebalance after disrupted commodity P&L adjustment

Rescaling the percent return for individual commodities ( $PR_{i,t}$ ) belonging to each commodity based on impacted commodity P&L unadjusted closing weights  $W_i$  (not the 6th business day regular rebalance weights)

$$PR_{i,t} = W_i \times (ER_t + PR_X)$$

Where  $PR_X$  - One-off P&L adjustment for impacted commodity

and  $ER_t$  - Excess Return prior to the P&L adjustment.

# REFINITIV/CORECOMMODITY CRB<sup>®</sup> INDICES

## [Additional consultation on Refinitiv/CoreCommodity CRB<sup>®</sup> Index Total Return Index version](#)

Total return indices are calculated for each Commodity Segment Main and Forward index. Each total return index replicates the total return of a portfolio of futures and a cash investment. It is calculated using the futures daily returns plus the daily interest from the cash investment over 3-month US Treasury Bill high rate for the previous day.

Refinitiv Benchmarks Services (UK) Limited, as the benchmarks administrator for the Refinitiv/CoreCommodity CRB<sup>®</sup> Index is evaluating the client view on the usage of 3-month US Treasury Bill high rate over Refinitiv/CoreCommodity CRB<sup>®</sup> Total Return Index computation and index tradability.

Feedback is requested as expeditiously as possible for both line items. Comments received and RBSL's response to those comments will be accessible after the consultation, except where confidentiality has been requested by the originator of the comments. This consultation period will end at close of business 28 May 2022.

Feedback should be sent to [index\\_queries@refinitiv.com](mailto:index_queries@refinitiv.com) and include 'CRB Consultation on index methodology' in the email title.

# REFINITIV/CORECOMMODITY CRB<sup>®</sup> INDICES

## Disclaimer

Copyright © 2022 Refinitiv. This communication is for information purposes only, is not to be construed as advice or counsel and is subject to change. Refinitiv Limited and its affiliates (“Refinitiv”) has made reasonable efforts to ensure that the information contained in this communication is correct at the time of printing, but shall not be liable for any decisions made in reliance on it. Refinitiv makes no warranties or representations of any kind regarding the accuracy, timeliness, or completeness of any information contained within this communication. This communication does not constitute investment advice, nor is it intended to constitute an invitation or inducement to engage in any investment activity. This communication does not constitute an offer to sell or the solicitation of an offer to purchase any security, investment product or service in any jurisdiction. This communication contains information proprietary to Refinitiv and may not be reproduced, transmitted, distributed in whole or part, or be used to create any derivative works, without the express written permission of Refinitiv, which permission may be withheld in Refinitiv’s sole discretion. No action should be taken or omitted to be taken in reliance upon Information in this communication and Refinitiv does not accept any liability for the results of any action taken or omitted to be taken on the basis of the information in this communication. The information in this communication is not offered as advice on any particular matter and must not be treated as a substitute for specific advice. In particular, information in this communication does not constitute legal, tax, regulatory, professional, financial or investment advice. Advice from a suitably qualified professional should always be sought in relation to any particular matter or circumstances. Refinitiv and the Refinitiv logo are registered trademarks of Refinitiv