S&P Dow Jones Indices

A Division of S&P Global

CONSULTATION

S&P/ASX 200 VIX Index Consultation

SYDNEY, AUGUST 11, 2017: S&P Dow Jones Indices is conducting a consultation with members of the investment community on potential changes to the S&P/ASX 200 VIX Index.

The proposed enhancements are designed to align the S&P/ASX 200 VIX calculation more closely with the official Chicago Board Options Exchange (CBOE) VIX® methodology:

Proposed Change	Current Methodology	Proposed Methodology
Definition of the at-the-money strike, K_0.	K_0 is set equal to F, the forward index level.	K_0 is defined as the strike that is nearest to F, the forward index level.
Options selected in the volatility calculation.	If strike $K < K_0$, use put prices; if strike $K >= K_0$, use call prices.	If strike $K < K_0$, use put prices; if strike $K > K_0$, use call prices; if strike $K = K_0$, use the average price of the put and the call.
	After encountering two consecutive puts with a bid price of zero, do not select any other puts; after encountering two consecutive calls with a bid price of zero, do not select any other calls.	Start with the put strike immediately less than K_0 and move to successively lower strike prices (K). Compare the option price at K to the one immediately greater than K and already validated. The option price is only valid when it is less than or equal to the price for the last validated K. After encountering two consecutive puts with a bad price or zero, do not select any other puts.
		Start with the call strike immediately greater than K_0 and move to successively higher strike prices (K). Compare the option price at K to the one immediately greater than K and already validated. The option price is only valid when it is less than or equal to the price for the last validated K. After encountering two consecutive puts with a bad price or zero, do not select any other calls.

QUESTIONS:

1. **Do you agree with the proposed change to the definition of the at-the-money strike, K_0?**
2. **Do you agree with the proposed changes to the process used to select options used in the volatility calculation?**
3. **Do you have any other comments or feedback regarding the proposed changes outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Your responses will be kept confidential. Please respond to this survey by **September 11, 2017.** After this date, S&P Dow Jones Indices will no longer accept survey responses. Prior to the Index Committee's final review, S&P Dow Jones Indices will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please respond to S&P Dow Jones Indices at index_services@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P Dow Jones Indices makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P Dow Jones Indices decides to change the index methodology, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit *www.spdji.com*.

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