Index Announcement

Follow-up to BCOM Consultation on Impact of Negative Commodity Prices

Over the past several weeks, we have consulted extensively with commodities market participants about how we can best maintain the integrity of the Bloomberg Commodity Index (BCOM) family during this period of market instability.

On April 22, 2020, we conducted a **consultation** on the impact of negative commodity prices with regard to the BCOM family of indices.

On April 24, 2020, we issued the **results** of that consultation, announcing that Bloomberg will advance the roll of the WTI July contract to the WTI September contract during the standard BCOM May roll schedule, over five business days, beginning May 7th, 2020. There was broad support for this approach, in the interest of avoiding negative levels.

On May 3, 2020, we issued a **follow-up** announcement to clarify our fallback approach should BCOMCL sub-indices (hedged and unhedged) close at negative levels during or outside the upcoming May roll period. We determined to take a contingency measure of closing the index level at zero, relaunching the index as soon as practicable, and also continuing with market consultation.

After further consultation about evolving our approach following the May roll period, we found that the large majority of users preferred that we move to an approach that accommodates a negative close. Subsequently, we sought additional stakeholder feedback, and we have reviewed internally with our governance and oversight bodies. During this process, we remained in touch with relevant regulatory authorities. Based on these engagements, we are updating our position as follows:

Any index can close negative for one day and will thereafter be terminated the next trading day at the negative value. It is our belief that this approach enables us to ensure that the indices will continue to accurately represent the markets for which they are a benchmark.

This approach will apply beginning the first Monday after the conclusion of the May roll period (i.e., from May 18th onward).

We will be announcing in due course a formal consultation to maintain the BCOM methodology, addressing timely topics. These include the handling of negative contract pricing, how best to handle issues related to the capping, reweighting and rebalancing of UCITS-eligible indices, and other structural and liquidity-related changes that have come to the commodities markets.

As always, and consistent with our standard index administration practices, Bloomberg retains its rights to exercise its judgment as administrator (whether on contracts and roll schedules for BCOM indices or otherwise) to continue to mitigate the risk of negative contract pricing and index levels and to generally ensure BCOM remains an investable and replicable commodity benchmark.

For questions or comments, please contact or submit comments to the index team via commodities@bloombergindices.com

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