

## **Interest on index-linked debt instruments**

By a slight majority the AEG opted for a dual approach of using option (a) or option (c) depending on the circumstances. In so doing, the AEG recommended that guidance be provided in the updated SNA on the situations in which one or the other of these options would be preferred. Broadly, option (a) would be recommended in situations in which a broad index is used, one expected to change relatively smoothly over time (such as when the CPI is involved) while option (c) would be used when a narrow index is used with the possibility of volatile movements (e.g. when the index relates to commodities).

The AEG recognised that option (c) requires a change to be made to the SNA.