



Guideline relating the

Solactive N-11 Price Index  
(Solactive N-11)

Version 1.8 dated July 10th, 2014



# Contents

## Introduction

### 1 Index specifications

- 1.1 Short name and ISIN
- 1.2 Initial value
- 1.3 Distribution
- 1.4 Prices and calculation frequency
- 1.5 Weighting
- 1.6. Decision-making bodies
- 1.7. Publication
- 1.8 Historical data
- 1.9 Licensing

### 2 Composition of the index

- 2.1 Selection of the index components
- 2.2 Ordinary adjustment
- 2.3 Extraordinary adjustment

### 3 Calculation of the Index

- 3.1 Index formula
- 3.2 Accuracy
- 3.3 Adjustments
- 3.4 Dividends and other distributions
- 3.5 Corporate actions
- 3.6 Calculation of the Index in the event of a market disruption

### 4 Definitions

- 4.1 Index specific definitions
- 4.2 Other definitions

### 5 Appendix

- 5.1 Contact data
- 5.2 Calculation of the Index – change in calculation method

This document contains the underlying principles and regulations regarding the structure and the operating of the Solactive N-11 Price Index. Solactive AG shall make every effort to implement regulations. Solactive AG does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the index nor the index value at any certain point in time nor in any other respect. The index is merely calculated by Solactive AG and it strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Solactive AG – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the index. The publication of the index by Solactive AG is no recommendation for capital investment and does not contain any assurance or opinion of Solactive AG regarding a possible investment in a financial instrument based on this index.

**Only the German version of this guideline is legally binding.**

# Introduction

This document is to be used as a guideline with regard to the composition, calculation and management of the Solactive N-11 Price Index. Any changes made to the guideline are initiated by the committee specified in section 1.6. The Solactive N-11 Price Index is calculated and published by Solactive AG. The Structured Solutions AG reserves all rights relating to the Index. The name "Solactive" is copyrighted.

## 1 Index specifications

The Solactive N-11 Price Index (Solactive N-11) is an index of the Solactive AG and is calculated and distributed by this exchange. It tracks the price movements of shares of the largest companies headquartered in one of the tradable countries from the list of eleven countries ("N-11").

The index is published in Euros.

### 1.1 Short name and ISIN

The Solactive N-11 Price Index is distributed under ISIN DE000A0MEY89; the WKN is A0MEY8. The index is published on Reuters under the code <.SBOXN11>.

### 1.2 Initial value

The index is based on 100 as at the close of trading on the start date of 02/23/2007.

### 1.3 Distribution

The Solactive N-11 is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether he will distribute/display the Solactive N-11 via his information systems.

### 1.4 Prices and calculation frequency

The price of the Solactive N-11 Price Index is calculated on each trading day based on the prices on the respective home exchanges on which the index components are listed. The most recent prices of all index members are used on each trading day. Prices of shares not listed in the index currency are translated using spot foreign exchange rates quoted by Reuters (e.g. USD=X, USDGBP=R) on the respective trading day.

Should there be no current price available on Reuters, the most recent price or the closing price on Reuters for the preceding trading day is used in the calculation.

The Solactive N-11 Price Index is calculated every trading day from 9:00am to 10:00pm, CET. In the event that data cannot be provided to Reuters or to the pricing services of Boerse Stuttgart AG the index cannot be distributed.

Any incorrect calculation is adjusted on a retrospective basis.

### 1.5 Weighting

In the Solactive N-11, on the adjustment date each index country is weighted according to its projected economic growth by the International Monetary Fund. The "World Economic Outlook" is used as the data source.

From each index country the 5 companies with the largest market capitalization are chosen as index members and weighted equally.

In case of liquidity constraints regarding any index members, the index committee may decide to leave the index members of this index country and their percentage weightings unchanged in the ordinary adjustment.

## **1.6 Decision-making bodies**

The N-11 committee, composed of employees from Solactive AG, is responsible for decisions regarding the composition of the Solactive N-11 Index as well as any amendments to the rules (hereinafter referred to as the "N-11 Committee" or the "Index Committee"). The future composition of the Solactive N-11 is decided by the N-11 Committee on selection day. The N-11 Committee shall also decide the future composition of the Solactive N-11 Index if any extraordinary events should occur (mergers, insolvency, etc see Chapter 2.3.) and the implementation of any necessary adjustments

The N-11 Committee can recommend at any time changes to the composition of the Index or to the guideline and submit them to the committee for approval.

## **1.7 Publication**

All specifications and information relevant for calculating the Index are made available on the <http://www.solactive.com> web page and sub-pages.

## **1.8 Historical data**

Historical data will be maintained from the launch of the Index on 03/01/2007.

## **1.9 Licencing**

Licences to use the Index as the underlying value for derivative instruments are issued to stock exchanges, banks, financial services providers and investment houses by Solactive AG.

## 2 Composition of the Index

### 2.1 Selection of the index components

The initial composition as well as any ongoing adjustment is based on the following rules:

On selection day Solactive AG verifies which countries of the group called “Next Eleven” (N-11”) are tradable. The criteria used to evaluate whether a country is tradable are particularly:

- no currency restrictions
- no limitation of shareholding for foreign investors
- a regulated exchange with continuous trading
- a sufficient number of shares with sufficient liquidity

Each of these countries is an index country, together they form the index countries.

From each index country the five companies headquartered in this country with the largest market capitalization are chosen as index members. The companies need to be a part of the selection pool. Should there be less than 5 companies included in the selection pool for any index country, a correspondingly smaller number of index members will be selected for this index country.

The composition of the Index is adjusted at the close of business of the sixth trading day in the months May and November. If this is not a trading day, the composition shall be set based on the preceding trading day. The composition of the Index can be adjusted under extraordinary circumstances.

The initial composition of the Solactive N-11 Index has been determined by the joint committee as follows. The Index comprises the following shares at its launch on 03/01/2007:

<b>Company</b>	<b>ISIN</b>
Orascom Telecom Holding S.A.E.	EGS74081C018
Orascom Construct. Industries	EGS65901C018
Telecom Egypt	EGS48031C016
EFG-Hermes	EGS69101C011
Egyptian Co.For Mobile Services	EGS48011C018
PT Telekomunikasi Ind. TBK	ID1000099104
Bank Central Asia TBK	ID1000098403
Astra International TBK	ID1000057607
Bank Rakyat Indonesia	ID1000096001
Hanjaya Mandala Samp. TBK	ID1000074008
America Movil S.A.B. De C.V.	MXP001691213
Wal-Mart De Mexico S.A. de C.V.	MXP810081010
Telefonos De Mexico S.A.B. de C.V.	MXP904131325
CEMEX S.A.B. de C.V.	MXP225611567
Grupo Modelo S.A.	MXP4833F1044
Oil & Gas Development Co LTD	PK0080201012
Pakistan Telecom Co LTD	PK0067901022
National Bank of Pakistan	PK0078001010
Pakistan Petroleum LTD	PK0081801018
MCB Bank Limited	PK0055601014
Philippine Long Distance Tel	PH7182521093
SM Investments Corp	PHY806761029
Ayala Land Inc	PHY0488F1004
Ayala Corporation	PHY0486V1154
Bank of Philippine Islands	PHY0967S1694

Samsung Electronics Co LTD	KR7005930003
Posco	KR7005490008
Kookmin Bank	KR7060000007
Korea Electric Power Corp	KR7015760002
Shinhan Financial Group LTD	KR7055550008
Akbank Türk A.S.	TRAAKBNK91N6
Turkiye Is Bankasi A.S.	TRAISTR91N2
Turkcell Iletisim Hizmetl. AS	TRATCELL91M1
Turkiye Garanti Bankasi A.S.	TRAGARAN91N1
Haci Omer Sabanci Holding A.S.	TRASAHOL91Q5
FPT Corp	
Vietnam Dairy Product Co	VN000A0J4CE2
Pha Lai Thermal Power	
Vinh Son - Song Hinh Hydropower	VN000A0LA0Z4
Petrovietnam Drilling and Welling	

## 2.2 Ordinary adjustment

The composition of the Index is ordinarily adjusted at the close of business of the sixth trading day in the months May and November. If this is not a trading day, the adjustment is made on the preceding trading day. The composition of the Solactive N-11 is reviewed on the ranking review date (refer to section 2.1) and the appropriate decision made is announced.

The first adjustment will be made in October 2007 based on the closing prices of the index members on the adjustment date.

Solactive AG shall publish any changes made to the Index companies on the ranking review date and consequently with sufficient notice before the chaining.

## 2.3 Extraordinary adjustment

If a company included in the Solactive N-11 Index is removed from the Index between two adjustment dates due to extraordinary circumstances, if necessary, the joint committee shall designate a successor company. The Solactive N-11 Index is adjusted on the same day. This is announced by Solactive AG after the close of business on the day on which the new composition of the Index was determined by the committee.

The index committee also has the right to eliminate an index member from the index if it is not tradable anymore. This is particularly possible in case of restrictions of shareholding for foreign investors and sudden liquidity constraints. The procedure in this case is the same as in an elimination due to extraordinary circumstances.

Furthermore, the index committee can admit countries to the index, which were excluded on the previous adjustment date. This can especially be done if a country changes its economic or foreign currency policies or if the local stock exchange supervision implements new regulations that facilitate trading for foreign investors. The index committee may also eliminate an index country in-between two adjustment dates from the index in case the criteria mentioned in 2.1 are not fulfilled anymore and the tradability of the respective country is severely restricted. In both cases the index committee may decide on an extraordinary adjustment date. This extraordinary adjustment date takes place on the next trading day following its announcement on the website [www.solactive.com](http://www.solactive.com).

## 3 Calculation of the Index

### 3.1 Index formula

The Solactive N-11 is an index whose value on a trading day is equivalent to the sum over all index members of (a) the fraction of shares of the index member and (b) the price of the index member at the respective exchange on this trading day.

As a formula:

$$Index_t = \sum_{i=1}^n x_{i,t} * p_{i,t}$$

with:

$x_{i,t}$  = Fraction of shares of the index member i on trading day t

$p_{i,t}$  = Price of index member i on trading day t

### 3.2 Accuracy

The daily closing price of the Index will be rounded to two decimal places.

The fraction of the index members will be rounded to six decimal places.

Trading prices will be rounded to four decimal places.

### 3.3 Adjustments

Indices need to be adjusted for systematic changes in prices once these become effective. This requires the new fraction to be calculated on an ex-ante basis.

Following the committee's decision the Solactive N-11 Index is adjusted for special payments, capital increases, rights issues, splits, par value conversions and capital reductions.

This procedure ensures that the first ex quote can be properly reflected in the calculation of the Index. This ex-ante procedure assumes the general acceptance of the Index calculation formula as well as open access to the parameter values used.

The calculation parameters are provided by Solactive AG.

Any delay in calculating the new fraction would create problems as in the case for all adjustments this can result in differences in the listed values. Therefore the procedure described above is the most appropriate.

### 3.4 Dividends and other distributions

Dividend payments are not included in the index. Other payments cause an adjustment of the fraction of the corresponding index member. The new fraction is calculated as follows:

$$x_{it} = x_{i,t-1} * \frac{P_{i,t-1}}{P_{i,t-1} - D_{i,t}}$$

with

$x_{i,t}$  = Fraction of the index member i on trading day t

$D_{i,t}$  = Payment on trading day t adjusted for the Dividend Correction Factor of the respective country

### 3.5 Corporate actions

#### 3.5.1 Principles

Following the announcement by a company included in the Index of the terms and conditions of a corporate action the Index calculator determines whether such corporate action has a dilution, concentration or other effect on the computed value of the security component.

If this should be the case the Index calculator shall make the necessary adjustments to the affected security component and/or the formula for calculating the daily closing index price and/or to other terms and conditions of this document that he deems appropriate in order to take into account the dilution, concentration or other effect and shall determine the date on which this adjustment shall come into effect.

Amongst other things the Index calculator can take into account the adjustment made by an affiliated exchange as a result of the corporate action with regard to option and futures contracts on the respective security component traded on this affiliated exchange.

#### 3.6.2 Capital increases

In the case of capital increases (from the company's own resources or through cash contributions) the new fractions are calculated as follows:

$$x_{i,t} = x_{i,t-1} * \frac{p_{i,t-1}}{p_{i,t-1} - rB_{i,t-1}} \quad \text{with:} \quad rB_{i,t-1} = \frac{p_{i,t-1} - B - N}{BV + 1}$$

$x_{i,t}$  = Fraction of index member i on the day of the distribution

$x_{i,t-1}$  = Fraction of index member i on the day prior to the distribution

$p_{i,t-1}$  = Closing price on the day prior to ex date

$rB_{i,t-1}$  = Calculated value of rights issue

B = Price of rights issue

N = Dividend disadvantage

BV = Subscription ratio

B=0 if capital is increased from the company's own resources.

The last dividend paid or the announced dividend proposal is applied as the dividend disadvantage.

#### 3.5.3 Capital reductions

In the case of capital reductions the new fraction is determined as follows:

$$x_{i,t} = x_{i,t-1} * \frac{1}{H_{i,t}}$$

$H_{i,t}$  = Reduction ratio of the company on day t

$x_{i,t}$  = Fraction of the affected index member on the day of the distribution

$x_{i,t-1}$  = Fraction of the affected index member on the day prior to the distribution



### 3.5.4 Share splits and par value conversions

In the case of share splits and par value conversions it is assumed that the prices change in ratio to the number of shares or to the par values. The new fraction is calculated as follows:

$$x_{i,t} = x_{i,t-1} * \frac{N_{i,t-1}}{N_{i,t}}$$

- $N_{i,t-1}$  = Former par value of security class i (or new number of shares)
- $N_{i,t}$  = New par value of security class i (or former number of shares)
- $x_{i,t}$  = Fraction of the affected index member on the day of the distribution
- $x_{i,t-1}$  = Fraction of the affected index member on the day prior to the distribution

### 3.6 Calculation of the Index in the event of a market disruption

An Index is not calculated in the event of a market disruption. If the market disruption continues over a period of eight trading days, Solactive AG (also referred to as the Index calculator) calculates the daily closing Index value, taking into account the market conditions prevailing at this point in time, the last quoted trading price for each of the components of the Index as well as any other conditions that it deems relevant for calculating the daily closing Index value.

## 4. Definitions

### 4.1 Index Specific Definitions

„N-11“ stands for a group of countries called the “Next Eleven”. These countries may experience economic growth similar to the BRIC countries.

### 4.2 Other Definitions

“Selection pool” in respect of a selection day are those companies that fulfill the following conditions:

- (a) Headquarters in an index country
- (b) Listed on a regulated stock exchange in an index country
- (c) Market capitalization of at least 500 million US Dollars
- (d) Average daily trading volume of at least 500,000 US Dollars in the last 30 trading days
- (e) Sufficient trading possible for foreign investors

“**Index countries**” are the tradable countries from the following list:

- Bangladesh
- Egypt
- Indonesia
- Iran
- Korea
- Mexico
- Nigeria
- Pakistan
- Philippines
- Turkey
- Vietnam

Tradable in this case means particularly:

- no currency restrictions
- no limitation of shareholding for foreign investors
- a regulated exchange with continuous trading
- a sufficient number of shares with sufficient liquidity
- The country is not under an embargo by the European Union, the United Nations or the Federal Republic of Germany.

A “**currency restriction**” applies when mobility of capital from or into a country is severely restricted. Whether a currency restriction is in effect is determined by the N-11 committee.

“**Sufficient trading possible for foreign investors**” can also mean that a company may be included in the index in form of suitable alternatives to regular shares, e.g. NVDRs, at the discretion of the N-11 committee.

“**Projected economic growth**” is the projected growth rate expressed in percent of the gross domestic product of the respective country as indicated by the International Monetary Fund in its publication “World Economic Outlook”.

“**Fraction of an index member**” is in respect of an index member and any given trading day, the number or fraction of shares included in the index.

“**Extraordinary events**”:

In particular an extraordinary event is

- a merger
- a takeover offer
- a delisting
- the nationalisation of a company
- insolvency.

The trading price for this security component on the day the event came into effect is the last available market price for this security component quoted on the stock exchange on the day the event came into effect (or, if a market price is not available for the day the event came into effect, the last available market price quoted on the stock exchange on a day specified as appropriate by the Index calculator), as determined by the Index calculator, and this price is used as the trading price of the particular security component until the end of the day on which the composition of the Index is next set.

In the event of the insolvency of an issuer of a security component the security component shall remain in the Index until the next chaining date. As long as a market price for the affected security component is available on a trading day at the time of the stock exchange listing, this shall be applied as the trading price for this security component on the relevant trading day, as determined in each case by the Index calculator. If a market price is not available for a trading day the trading price for this security component is set to zero on the relevant trading day. The N-11 committee may also decide to eliminate the respective index member at an earlier point in time prior to the next adjustment date. The procedure in this case is identical to an elimination due to “extraordinary circumstances”.

A security component is “**delisted**” if the exchange announces pursuant to the stock exchange regulations that the listing of, the trading in or the issuing of public quotes on the security component at the exchange has ceased immediately or will cease at a later date, for whatever reason (provided delisting is not because of a merger or a takeover bid), and the security component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index calculator,

“**Insolvency**” occurs if (A) all security components of the issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of a voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the security components or (B) the holders of the security components of this issuer are legally enjoined from transferring the security components.

A “**takeoverbid**” is a bid to acquire, an exchange offer or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or otherwise more than 10% and less than 100% of the voting shares in circulation from the issuer of the security component or the right to acquire these security components, as determined by the Index calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index sponsor to be relevant.

With regard to a security component a “**merger**” is

- (i) a change in the security class or a conversion of this security component that results in a transfer or an ultimate definite obligation to transfer all the security components in circulation to another legal person,
- (ii) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part on the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this security component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the security components in circulation),
- (iii) a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares which are held and controlled by the legal person), or
- (iv) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

The “**merger date**” is the date on which a merger is concluded or the date specified by the Index calculator if such a date cannot be determined under the law applicable to the merger.

**“Nationalisation”** is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalised or are expropriated or otherwise must be transferred to public bodies, authorities or institutions.

**“Exchange”** is, in respect of the selection pool, the respective primary exchange where the index member has its primary listing.

The **“dividend correction factor”** is determined on a country-by-country basis.

With regard to an Index component (subject to the provisions given below under “extraordinary events”) the **“trading price”** in respect of a trading day is the closing price on this trading day determined in accordance with the stock exchange regulations. If the exchange has no closing price for a share contained in the Index, the Index calculator shall determine the trading price and the time of the quote for the share in question in a manner that appears reasonable to him.

A **“trading day”** is in relation to the Index a trading day on the exchange (or a day that would have been such a day if a market disruption had not occurred), excluding days on which trading may be ceased prior to the normal stock exchange closing time. The Index calculator is ultimately responsible as to whether a certain day is a “trading day” with regard to the Index or in any other connection relating to this document.

The **“Index calculator”** is Solactive AG or any other appropriately appointed successor in this function.

The **“Index currency”** is the Euro.

**“Market capitalization”** is with regard to each of the shares held in the selection pool on adjustment day the value published by Bloomberg L.P. (or a successor) as the market capitalization for this day.

As at the date of this document market capitalization is defined by Bloomberg as the value of a company calculated by multiplying the number of shares of the company by its share price.

If Bloomberg L.P. (or a successor):

(i) does not publish for a selection day a market capitalization the share in question on this selection day or  
(ii) adopts another method for calculating the market capitalization for all shares or only with regard to the share in question or uses different assumptions in calculating the market capitalization for all shares or only with regard to the share in question, and in the reasonable assessment of the Index sponsor involves material changes (the Index sponsor makes the decision as to whether such changes are to be deemed “material” by applying factors that in his reasonable assessment appear appropriate to him),

the Index sponsor will determine the market capitalization in respect of the shares or of a share included in the selection pool index and the respective selection day either from another publicly accessible source specified at his sole discretion or from other sources that in his assessment are reasonable and appropriate in the event that no other publicly quoted suitable prices are available.

**“Selection day”** is the trading day 5 exchange trading days before the chaining date.

An **“affiliated exchange”** is with regard to an Index component an exchange, a trading or quotation system on which options and futures contracts on the Index component in question are traded, as specified by the Index calculator.

A **“market disruption event”** occurs if

1. one of the following events occurs or exists on a trading day prior to the opening quotation time for a share included in the selection pool:
  - A) trading is suspended or restricted (due to price movements that exceed the limits allowed by the exchange or an affiliated exchange, or for other reasons):
    - 1.1. across the whole exchange; or
    - 1.2. in options or futures contracts on or with regard to a share in the selection pool or a share included in the selection pool that is quoted on an affiliated exchange; or
    - 1.3. an exchange or in a trading or quotation system (as determined by the Index calculator) in which a share included in a selection pool is listed or quoted; or
  - B) an event that (in the assessment of the Index calculator) generally disrupts and affects the opportunities of market participants to execute on the exchange transactions in respect of a share included in the selection pool or to determine market values for a share included in the selection pool or

- to execute on an affiliated exchange transactions with regard to options and futures contracts or these shares or to determine market values for such options or futures contracts; or
2. trading on the exchange or an affiliated exchange is ceased prior to the usual closing time (as defined below), unless the early cessation of trading is announced by the exchange or affiliated exchange on this trading day at least one hour before
    - (aa) the actual closing time for normal trading on the exchange or affiliated exchange on the trading day in question or, if earlier.
    - (bb) the closing time (if given) of the exchange or affiliated exchange for the execution of orders at the time the quote is given.

**“Normal exchange closing time”** is the time at which the exchange or an affiliated exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours; or
  3. a general moratorium is imposed on banking transactions in the country in which the exchange is resident if the above-mentioned events are material in the assessment of the Index calculator, whereby the Index calculator makes his decision based on those circumstances that he considers reasonable and appropriate.

## **5 Appendix**

### **5.1 Contact data**

#### **Information regarding the Solactive N-11**

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## **5.2 Calculation of the Index – change in calculation method**

The application by the Index calculator of the method described in this document is final and binding. The Index calculator shall apply the method described above for the composition and calculation of the Index and the daily closing Index value. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the daily closing Index value, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Index calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.