

# MARKET CONSULTATION

## Methodology Change of the Solactive Global Lithium Index, the Solactive Global Copper Miners Index and the Solactive Global Silver Miners Index

Solactive has decided to conduct a Market Consultation with regard to its Oversight Committee's proposal to change the methodology of the Solactive Global Lithium Index, the Solactive Global Copper Miners Index and the Solactive Global Silver Miners Index. All stakeholders and interested third parties are invited to provide input and feedback to the proposed changes. Solactive welcomes all contributions and thoroughly assesses all responses received. The overarching aim is to maintain the integrity and continued comparability of the indices while adapting the indices to the SEC's new continued listing standards for ETFs.

If you would like to share your thoughts with Solactive, please use this consultation form and provide us with your personal details and those of your organization.

Name	
Function	
Organization	
Email	
Phone	
Confidentiality (Y/N)	

### Consultative question

The Solactive Global Lithium Index, the Solactive Global Copper Miners Index and the Solactive Global Silver Miners Index track the performance of a basket of publicly listed companies with significant business activities in the lithium and copper and silver mining industries

The indices are referenced by certain ETFs listed at the US stock exchanges which are implementing the SEC's new continued listing standards for ETFs. As such, it is Solactive's intention as administrator to ensure the indices' compliance with the material requirements of these standards to enable their continued replicability by the relevant financial instruments.

The new continued listing standards contain in particular the following requirements:

- Component stocks (excluding Derivative Securities Products) accounting in the aggregate for at least 90% of the weight of the index or portfolio (excluding such Derivative Securities Products) each must have a minimum market value of at least \$100 million.
- Component stocks (excluding Derivative Securities Products) accounting in the aggregate for at least 70% of the weight of the index or portfolio (excluding such Derivative Securities Products) each must have a minimum global monthly trading volume of 250,000 shares or minimum global notional volume traded per month of \$25 million averaged over the last six months.
- The most heavily weighted component stock (excluding Derivative Securities Products) may not exceed 25% of the weight of the index or portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative Securities Products) may not exceed 60% of the weight of the index or portfolio.
- The index or portfolio must have a minimum of 20 component stocks, subject to certain exceptions.

- Each U.S. Component Stock must be listed on a national securities exchange and must be an NMS Stock and each Non-U.S. Component Stock must be listed and traded on an exchange that has last-sale reporting.
- The index must not include derivatives.

While Solactive's Oversight Committee considers that the integrity and continued comparability of the indices is not infringed, it has identified the proposed changes as material within the meaning of Solactive's Methodology Policy and has therefore decided to conduct this Market Consultation.

As many of the requirements of the new continued listing standards are already complied with by means of the selection criteria, Solactive suggests to modify the weighting scheme of the indices and to particularly introduce a Monitoring Selection Day for the Continued Listing Standard review. As such the relevant section of the guidelines shall be amended with the following:

### ***"1.5.1 Continued Listing Standard Review***

*On each Monitoring Selection Day the index composition will be reviewed for a breach of the following criteria (Continuous Listing Standards):*

*The maximum weight of the top index constituent must not be larger than 25%*

- *If this criterion is breached, the stock is capped at 22% and the excess weight is redistributed to other non-capped stocks\*.*

*The maximum aggregate weight of top 5 index constituents must not exceed 60%*

- *If this criterion is breached, the stocks will be proportionally capped at 55% and the excess weight is redistributed to other non-capped stocks.*

*The maximum weight of constituents with a market liquidity below 250,000 shares traded (monthly average of the previous 6 months) and USD 25m monthly average daily traded value (monthly average of the previous 6 months) must not exceed 30%*

- *If this criterion is breached, the stocks with a market liquidity below 250,000 shares traded (monthly average of the previous 6 months) and USD 25m monthly average daily traded value (monthly average of the previous 6 months) will be proportionally capped at 25% and the excess weight is redistributed to other non-capped stocks.*

*The maximum weight of constituents with a full-market capitalization below USD 100m must not account for more than 10%*

- *If this criterion is breached, stocks with market capitalization below 100m will be proportionally capped at 9% and the excess weight is redistributed to other non-capped stocks.*

- *This reweighting process will be repeated until no Continuous Listing Standards are breached.*

*In the event that the CLS criteria cannot be satisfied using the buffers described above, the weighting will be reviewed by the Index Committee. After the review a decision will be announced publically.*

*(\*For the avoidance of doubt, please note that on the annual Adjustment Day, the Percentage Weight of an Index Component which is a Mining Company is capped at 20%.)\*"*

Solactive AG's Oversight Committee is of the opinion that the suggested methodology change ensures the indices' continued replicability by US-listed ETFs while maintaining their integrity and comparability.

Solactive AG is inviting all stakeholders in the Solactive Global Lithium Index, the Solactive Global Copper Miners Index and the Solactive Global Silver Miners Index to evaluate this proposed change to the methodology, and welcomes any feedback on how this may affect and/or improve their use of the indices.

## Consultation Procedure

Stakeholders and third parties, who are interested in participating in this Market Consultation, are invited to respond to until **Friday 22 December 2017 cob**.

Please send your feedback via email to [info@solactive.com](mailto:info@solactive.com), specifying "Market Consultation" as the subject of the email, or

via postal mail to:     **Solactive AG**  
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Should you have any additional questions regarding the Policy in general or the Consultative Question in particular, please do not hesitate to contact us via above email address.