

MARKET CONSULTATION

New standard treatment for defaulted bonds

Solactive has decided to conduct a Market Consultation with regard to its Oversight Committee’s proposal to change the standard treatment for defaulted bonds. All stakeholders and interested third parties are invited to provide input and feedback to the proposed new standard treatment. Solactive welcomes all contributions and thoroughly assesses all responses received.

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

Solactive’s current standard treatment for defaulted bonds is to remove them immediately at the last available price from the pricing source. The proposed new standard treatment would be to keep them as index constituents until the next regular index adjustment.

The effects of the proposed treatment have been analyzed on the Solactive USD Investment Grade Corporate Index and the Solactive USD High Yield Corporate Index over a one year period. While these indices cover over 6,000 securities, the low rate of index member defaults (all High Yield bonds) seldom requires an application of this treatment.

The Oversight Committee is of the opinion that the new standard treatment contributes to a more coherent maintenance of the relevant indices which is more in line with general market practice whilst remaining the indices’ continued integrity and comparability unaffected.

Solactive AG is inviting all stakeholders to evaluate this proposed new standard treatment, and welcomes any feedback on how this may affect and/or improve their use of the index.

Consultation Procedure

Stakeholders and third parties, who are interested in participating in this Market Consultation, are invited to respond to until **Friday 23 June 2017 cob**.

Please send your feedback via email to info@solactive.com, specifying "Market Consultation" as the subject of the email, or

via postal mail to: **Solactive AG**
 Guiollettstr. 54
 60325 Frankfurt
 Germany

Should you have any additional questions regarding the the Consultative Question, please do not hesitate to contact us via above email address.