

GUIDELINES RELATING TO THE EXERCISE OF EXPERT JUDGEMENT OR DISCRETION

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1. INTRODUCTION

Solactive should take particular care to construct its Methodology documents in a way that subjectivity and discretion is reduced to the greatest extent possible. However, Solactive AG acknowledges that the Methodology documents cannot cover every eventuality, so that exercise of Expert Judgment or other kind of discretion may be necessary in the process of an index determination. In order to promote consistency in such cases, Solactive has developed the present Policy.

2. RELEVANT AREAS

Solactive may exercise Expert Judgment or other kind of discretion with regard to following cases (non-exhaustive listing):

- decisions regarding the treatment of a certain corporate action
- the pricing of securities resulting from the implementation of a corporate action may theoretically be derived according to the circumstances of the individual case and the deal conditions;
- timing of the treatment of a certain corporate action;
- determining the constituents of the index during the process of a rebalancing and/or reconstitution of an index;
- possible cases of certain price anomalies, for instance, if there are price discrepancies between different pricing sources, Solactive may have to decide which price it will use in order to achieve the index determination;
- periods of market stress or other disruptions;
- other cases in which a interpretation of data may be necessary, such as free float adjustments.

3. LEADING PRINCIPLES

a) Both the Operations Groups and the applicable Committee may exercise Expert Judgment or other kind of discretion. In doing so, Solactive AG should take in account all circumstances of the individual case, and in particular it should take into consideration the following aspects (non-exhaustive listing):

- Expert Judgment/ discretion should be applied consistently, i.e. Solactive should endeavor to treat comparable cases similarly;
- take into account previous occasions on which Solactive has exercised that Expert Judgment/ discretion in connection with that certain index, where appropriate;
- exercise Expert Judgment/ discretion in good faith;
- exercise Expert Judgment/ discretion in a commercially reasonable manner;
- Solactive AG should make sure that any market distortions and adverse impacts on the market can be excluded or at least minimized to the extent possible;



- Expert Judgment/ discretion should be exercised by personnel who are sufficiently qualified and possess the requisite experience and skill;
- index determinations based on exercise of discretion should be in line with the objective, design and the stated Methodology of the index;
- the replicability and representativeness of the index should be warranted;
- the respective index determinations must not be influenced by any kind of conflicts of interest, whether internal or external;
- the interests of all Stakeholders should be taken into account and decisions should be made independently of any single interest group.

b) If Solactive AG has to apply discretion in relation to the pricing of an index, Solactive should additionally seek to comply with following guidelines:

In principle, Solactive AG should use the prices provided by the relevant data provider. However, in exceptional cases, the data provider may deliver erroneous input data. In such cases, Solactive AG may consider to use the most recent price or the trading price for the preceding trading day. Furthermore, it should track in such cases whether a price can be derived from an actual functioning securities or derivatives market. Where possible, the alternative market should be a regulated market, and Solactive should select the most liquid market. Furthermore, Solactive should use input data that are publicly available. However, Solactive AG should not use any quoted prices, any estimated prices or prices from opinion polls.

c) With regard to the treatment of corporate actions the following applies additionally:

Solactive AG should consider the implementation of the decision in the relevant investment portfolio by the respective Subscriber. Therefore, the treatment should be designed to minimize transaction costs and estimated turnover resulting from the treatment of the corporate action to the extent possible. Furthermore, Solactive should announce and communicate the decision to the relevant Stakeholders in a timely manner.

d) In each and every case of exercising any Expert Judgment or discretion, Solactive AG should consider including these cases in its Methodologies. In particular, when certain cases occur frequently, Solactive AG may consider stipulating a general rule.

4. ACCOUNTABILITY

This policy shall be reviewed regularly and updated accordingly.

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