

METHODOLOGY POLICY

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1. PURPOSE

The Benchmarks Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016) ('**BMR**') as well as the Principles for Financial Benchmarks ('**IOSCO PRINCIPLES**') published by the International Organization of Securities Commissions ('**IOSCO**') in July 2013 (FRO7/13) give rise to a number of obligations for index administrators. These address general principles of governance, accuracy, integrity (including adequate governance arrangements to control conflicts of interest and to safeguard confidence in the integrity of an INDEX), reliability and independence of INDICES, as well as transparency in the INDEX METHODOLOGY. One key element of SOLACTIVE's response to these requirements is the implementation of a robust, controlled and auditable INDEX approval and INDEX METHODOLOGY change process.

This document describes the procedure to govern the process of developing new INDICES (NEW INDEX APPROVAL PROCESS), as well as to govern any changes to the INDEX METHODOLOGY.

2. SCOPE

This policy applies globally to all BMR ADMINISTERED INDICES or INDICES provided by SOLACTIVE in accordance with the IOSCO PRINCIPLES. The rules contained in this policy apply in principle also to INDICES offered by SOLACTIVE, but not administered in accordance with the BMR or provided in accordance with the IOSCO PRINCIPLES.

3. GENERAL PRINCIPLES

The term **INDEX METHODOLOGY** is to be understood as the set of rules that directly or indirectly regulate the administration, maintenance, and calculation of INDICES (including the selection and rebalancing of constituents). This includes the following documents:

- Index Guidelines;
- the Bond Index Methodology;
- the Equity Index Methodology;
- the Equity Basket Calculation Methodology;
- the Currency Hedge Indices Methodology;
- the Solactive Country Classification Framework;
- the Bond Market Classification Framework;
- the Guideline for Extraordinary Corporate Actions;
- the Correction Policy;
- the Disruption Policy; and
- this Methodology Policy with regard to the procedure for methodology changes.



The INDEX METHODOLOGY is of utmost importance for administering and/or calculating, reliable and accurate INDICES. A concise and well-documented INDEX METHODOLOGY provides clients and stakeholders with the possibility to thoroughly assess any INDEX's suitability for their needs, and to understand the continuous maintenance and calculation procedures.

To ensure the accuracy, integrity, reliability, independence and transparency of the INDEX METHODOLOGY, a process for the creation and approval of new INDICES (NEW INDEX APPROVAL PROCESS) has been implemented, as well as a process for INDEX METHODOLOGY changes.

4. PROCEDURES

4.1 NEW INDEX APPROVAL PROCESS

The NEW INDEX APPROVAL PROCESS is part of the administrator's control framework and designed to address the requirements in terms of the setup (including transparency of the INDEX METHODOLOGY), management and operation of a benchmark. The process itself is initially approved and regularly reviewed (at least annually) by the OVERSIGHT COMMITTEE. To perform effective oversight on all aspects of the provision of INDICES, the OVERSIGHT COMMITTEE is to be informed of every launch or start of the live calculation of an INDEX. The OVERSIGHT COMMITTEE is also overseeing compliance with the NEW INDEX APPROVAL PROCESS.

4.1.1 Types of Indices

SOLACTIVE provides '**STANDARD INDICES**' and '**CUSTOMIZED INDICES**'.

CUSTOMIZED INDICES are developed in accordance with specific client requirements. They can be derived from a SOLACTIVE STANDARD INDEX and may include:

- client-specific screens;
- exclusion rules for individual or a group of constituents (identified by, *inter alia*, their membership of a particular category, market industry classification, maturity, or credit rating);
- the application of custom withholding tax rates (for net return indices); or
- the application of a custom capping, weighting or hedging methodology.

CUSTOMIZED INDICES may also embed a client proprietary methodology for the selection of the INDEX constituents or may provide for third parties to advise on or conduct all or part of the selection of the INDEX constituents. The objective of the CUSTOMIZED INDEX is defined in conjunction with the client. CUSTOMIZED INDICES developed in partnership with clients may be branded accordingly.

STANDARD INDICES are generally developed by SOLACTIVE without taking into account the specifications of an individual client but may reflect: standard exclusions, ESG screening or weighting schemes to align with regulatory frameworks or industry standards (e.g., UCITS, SFDR, requirements for sustainability labels etc.). Examples of STANDARD INDICES are the Solactive Global Benchmark Series (GBS), the Solactive Global Factor Series (GFS), various local and regional INDICES, Solactive Corporate Bond Index Series, Solactive Sovereign Bond Index Series, and Solactive Money Market Index Series. INDICES not classified as CUSTOMIZED INDICES are regarded as STANDARD INDICES.



4.1.2 Stakeholders and Responsibilities

Index Structuring: INDEX STRUCTURING TEAMS are responsible for completing the INDEX structuring process for SOLACTIVE INDICES independently or in close cooperation with clients, as appropriate. As part of this process, the INDEX METHODOLOGY will be defined and documented, and adherence to the BMR and IOSCO PRINCIPLES requirements will be assured, if required.

Index Management: The continuous maintenance, management, calculation, and dissemination of live INDICES are the responsibility of the INDEX MANAGEMENT TEAMS. Accordingly, the relevant INDEX MANAGEMENT TEAM will be contacted prior to initial set-up of an INDEX to ensure that the proposed INDEX is operationally feasible.

Compliance: The LEGAL AND COMPLIANCE TEAM ensures that the business units implement procedures and controls to provide effective adherence to the requirements of the BMR and the IOSCO PRINCIPLES as well as internal policies. This includes performing regular controls that staff members have the relevant qualifications, that adequate procedures are implemented and followed, and escalating to management in the case of non-compliance.

Oversight Committee: The OVERSIGHT COMMITTEE is, in accordance with requirements under the BMR and the IOSCO PRINCIPLES, responsible for the oversight of SOLACTIVE'S control framework, the oversight of all aspects of the provision of the INDICES.

Index Committee: The INDEX COMMITTEE is responsible for decisions on and approval of methodology changes for CUSTOMIZED INDICES and STANDARD INDICES. The INDEX COMMITTEE does not perform any oversight tasks in accordance with requirements under the BMR and the IOSCO PRINCIPLES and focuses exclusively on supporting the methodology changes for CUSTOMIZED INDICES and STANDARD INDICES.

4.1.3 Process Steps

The NEW INDEX APPROVAL PROCESS will follow the steps described in detail as follows:

4.1.3.1 Step 1 - Index Structuring

All INDEX structuring activities will be managed by the respective INDEX STRUCTURING TEAM. Two distinct cases may be considered for INDEX structuring:

- **Solactive Index Structuring.** This is an iterative structuring process without the involvement of a client, which is started at the initiative of the INDEX STRUCTURING TEAM.
- **Client Index Structuring.** The INDEX is structured together with a client, who may have varying degrees of involvement.

In all cases, INDEX STRUCTURING TEAMS will work on the INDEX GUIDELINES describing the INDEX METHODOLOGY. The INDEX GUIDELINE will be based on standard INDEX GUIDELINE TEMPLATES (as described in Section 4.1.5 below).



The INDEX GUIDELINE TEMPLATES will be maintained and regularly reviewed and updated, if necessary, by the respective INDEX STRUCTURING TEAMS. If deemed necessary, INDEX STRUCTURING TEAMS may obtain guidance from COMPLIANCE on any changes to the INDEX GUIDELINE TEMPLATES.

4.1.3.2 Step 2 - Index Structuring Approval

Index Structuring: The INDEX structuring process may be iterative, requiring numerous stages of enhancement until a final INDEX GUIDELINE draft is produced. During the structuring process for BMR ADMINISTERED INDICES or INDICES provided by Solactive in accordance with the IOSCO PRINCIPLES, the INDEX STRUCTURING TEAM will consider several key regulatory requirements, including:

- fulfilment of methodology requirements (referring to Articles 12 and 13 of the BMR and Principles 6, 9, 11 and 12 of the IOSCO PRINCIPLES);
- determination and requirements of the INPUT DATA used, and ensuring that necessary contractual arrangements, including licenses, are in place (Article 11 of the BMR and Principles 7 and 8 of the IOSCO PRINCIPLES);
- identification of any other service providers (for delivery of selection data and dissemination/publication of INDEX levels and portfolio composition), and ensuring that the necessary contractual arrangements are in place (Article 10 of the BMR and Principle 2 of the IOSCO PRINCIPLES); and
- identification of any conflicts of interest (Article 4 of the BMR and Principle 3 of the IOSCO PRINCIPLES).

For non-BMR ADMINISTERED INDICES or INDICES not provided by SOLACTIVE in accordance with the IOSCO PRINCIPLES the requirements will be considered in principle, taking into account proportionality, appropriateness, suitability and feasibility constraints.

Approval: Once the INDEX structuring process is materially complete, the INDEX GUIDELINE draft will be prepared and a formal approval process is completed at this stage. The INDEX STRUCTURING TEAM will confirm that each of the requirements mentioned above have been completed and this will be documented. If appropriate, the rationale of any deviations from the INDEX GUIDELINE TEMPLATE will also be documented.

If the necessary contractual or service level documentation is not available for INPUT DATA and/or service providers respectively, the INDEX STRUCTURING TEAM will initiate an onboarding with COMPLIANCE . The approval process may still proceed, but final approval and start of INDEX calculation will not be possible until these are resolved.

Documentation Requirements: The approval process will be documented along with any supporting documentation, and, in particular, approvals from relevant sign-off parties in a non-modifiable format in (a) a central file location accessible to the INDEX STRUCTURING TEAMS, the INDEX MANAGEMENT TEAMS, COMPLIANCE and other selected stakeholder in SOLACTIVE or (b) in a ticketing system used for tracking of progress and approvals in the NEW INDEX APPROVAL PROCESS, as appropriate and available to the respective INDEX STRUCTURING TEAM.



4.1.3.3 Step 3 – Operational Acceptance

The INDEX GUIDELINE draft will be reviewed by the respective INDEX MANAGEMENT TEAM. This shall ensure that the INDEX METHODOLOGY is operationally feasible (including the application of appropriate calculation, selection, and rebalancing mechanisms). In the case of any issues or concerns, this will be discussed with the INDEX STRUCTURING TEAM until a resolution can be found that meets not only the regulatory requirements, if applicable, but also ensures operational feasibility of the INDEX under approval. This may result in a re-engagement by the INDEX STRUCTURING TEAM with the client, and changes to the INDEX METHODOLOGY and the INDEX GUIDELINE, which may then require the approval process to be restarted from Step 1.

As a matter of best practice, the INDEX MANAGEMENT TEAMS are involved at an early stage in the INDEX structuring lifecycle to ensure a controlled, systematic, and efficient process. Furthermore, the INDEX MANAGEMENT TEAMS may be consulted on the drafting of the INDEX GUIDELINES prior to their finalization.

The INDEX MANAGEMENT TEAM will confirm their operational acceptance via e-mail, ticketing system or other means of verifiable documentation to the INDEX STRUCTURING TEAM.

The operational acceptance as part of the NEW INDEX APPROVAL PROCESS is separate to the maintenance activities that will be performed afterwards. For example, it may be necessary for the INDEX MANAGEMENT TEAM to operationally accept a new INDEX during the approval process that is then not immediately implemented and completely maintained by the INDEX MANAGEMENT TEAM. In such cases, there may be a limited transition period following the launch of the INDEX where the INDEX rebalance process is overseen by the INDEX STRUCTURING TEAM, until such time that the INDEX can be transitioned to the INDEX MANAGEMENT TEAM.

4.1.3.4 Step 4 – Finalization of Process

Once approval is complete, the INDEX STRUCTURING TEAM will finalize the INDEX GUIDELINE and will ensure that the INDEX GUIDELINE is published on the SOLACTIVE website for BMR ADMINISTERED INDICES, INDICES provided by SOLACTIVE in accordance with the IOSCO PRINCIPLES and INDICES used in the European Union. For other INDICES publication of the INDEX GUIDELINE on the SOLACTIVE website is not mandatory, provided that the INDEX GUIDELINE is made available to INDEX users and stakeholders by other means.

For BMR ADMINISTERED INDICES and INDICES used in the European Union only, an explanation¹ of how key elements of the INDEX METHODOLOGY reflect ESG factors are incorporated in the INDEX GUIDELINE or provided through a separate document which is published on the SOLACTIVE website.

For BMR ADMINISTERED INDICES only, if applicable, the INDEX STRUCTURING TEAM ensures that the process for creation and publication of the BENCHMARK STATEMENT on the SOLACTIVE website is initiated. For ESG INDICES used in the European Union the INDEX STRUCTURING TEAM ensures the process for creation and publication of the document containing an explanation² of how ESG factors reflected for the elements referred to in Article 27 (2) of the BMR.

¹Explanation in accordance with Article 13 (1) (d) of the BMR

²Explanation in accordance with Article 27 (2aa) of the BMR.



The publication of the INDEX GUIDELINE, if required, and, for BMR ADMINISTERED INDICES and ESG INDICES, the initiation of the creation process for the BENCHMARK STATEMENT and the explanatory documents³, where required, are a prerequisite for the start of the INDEX level dissemination and publication on the SOLACTIVE website. The INDEX GUIDELINE will be saved in a non-modifiable format in a central file location accessible to the INDEX STRUCTURING TEAM, the INDEX MANAGEMENT TEAM, COMPLIANCE and other selected stakeholders in SOLACTIVE. In the case of the use of a ticketing system for tracking progress and approvals in the NEW INDEX APPROVAL PROCESS the INDEX GUIDELINE will be attached in a non-modifiable format to the respective ticket.

In case a ticketing system for tracking progress and approvals in the NEW INDEX APPROVAL PROCESS is not used, the INDEX STRUCTURING TEAM will also provide the INDEX GUIDELINE and the NEW INDEX APPROVAL PROCESS checklist to COMPLIANCE for central filing and access by the OVERSIGHT COMMITTEE for acknowledgement. This acknowledgement is not part of the approval process itself. It will be sufficient that the OVERSIGHT COMMITTEE acknowledges all INDEX approvals in the previous period on a regular basis.

4.1.4 Compliance Controls

A compliance control will be carried out to ensure that each step in the defined NEW INDEX APPROVAL PROCESS has been performed correctly. This control will address the completeness and plausibility of the INDEX (or family of INDICES) under approval and will also ensure that a conflict of interest check has been conducted. It will not address the material correctness or functioning of the respective INDEX (or family of INDICES).

Depending on the outcome of the compliance control, it may be necessary to update the conflicts of interest register, or take corrective actions, such as reinforcing training on the application of the NEW INDEX APPROVAL PROCESS.

Compliance control is not expected to be performed for every new INDEX that is approved. As compliance control is focused on correct application of the NEW INDEX APPROVAL PROCESS, it will be sufficient for this to be in the form of ex-post spot checks.

4.1.5 Index Guideline Templates

Templates will be used to standardize the documentation process (each an '**INDEX GUIDELINE TEMPLATE**' and together the '**INDEX GUIDELINE TEMPLATES**'). The INDEX GUIDELINE TEMPLATES will provide a fixed format, pre-defined fixed text blocks and variable fields that will be completed for each INDEX (or family of INDICES). The variable fields will, inter alia, cover items such as INDEX objectives and selection/rebalancing methodologies. Any descriptive text fields will be completed following specified standards to ensure consistency from one INDEX GUIDELINE to another. The INDEX GUIDELINE TEMPLATE, along with guidance for the key descriptive text fields, will be maintained and approved by the INDEX STRUCTURING Teams in accordance with specific internal processes and guidelines addressing, inter alia, requirements on consultation with COMPLIANCE, documentation of required formal approvals and record keeping.

³ In accordance with articles 13 (1) and 27 (2aa) of the BMR



The INDEX GUIDELINE TEMPLATES and, based on the templates, the respective final INDEX GUIDELINE will include, at minimum, the following information:

- a description of the objective or strategy of the INDEX and the market or economic reality that it is intended to measure;
- the currency or other unit of measurement of the INDEX;
- the type of INPUT DATA;
- a description of the constituents of the INDEX and the criteria used for selecting and weighting them;
- a description of situations in which discretion may be exercised (for example in the context of occurrence of extraordinary events);
- whether the INDEX takes into account reinvestment of dividends or coupons paid by its constituents;
- potential limitations of the methodology and descriptions of processes and procedures to be applied in exceptional circumstances, including in the case of market disruptions or in periods of market stress or where transaction data sources may be insufficient, inaccurate or unreliable; and
- a description of the process for regular review of the methodology and potential changes to ensure that it remains representative of the relevant market or economic reality the INDEX is intended to reflect.

4.2 PROCEDURE FOR CLARIFICATION OF INDEX METHODOLOGY DOCUMENTS

A '**CLARIFICATION**' is to be understood as a minor change to the INDEX METHODOLOGY documents that does not adjust/amend the methodology of the INDEX (including, but not limited to: typos, a change in the layout or construction of the text, an update of certain figures; correction of obvious errors, an amendment of a disclaimer, designations of involved parties without a change of the legal entity). In addition, updates to INDEX METHODOLOGIES due to external events (including, but not limited to: name changes of data sources, changes to industry classifications applied by data vendors) with the aim of a methodology-neutral implementation and the implementation of changes to legal or regulatory requirements (including, but not limited to: screenings or weighting schemes that are aligned with regulatory requirements applicable to INDEX users) embedded or reflected in the INDEX METHODOLOGY are also considered as '**CLARIFICATION**'.

The INDEX MANAGEMENT TEAM that is operationally responsible for the INDEX will evaluate if the identified need for adjustment/amendment of the INDEX METHODOLOGY documents qualifies as CLARIFICATION. In the case of alleged errors in the INDEX METHODOLOGY, a CLARIFICATION can only take place if the potential errors are objectively identifiable from the INDEX METHODOLOGY documents. Such errors can be corrected without informing the INDEX COMMITTEE.

The adjustment/amendment made to the INDEX METHODOLOGY documents and justification as to why it is considered as a CLARIFICATION must be documented (including the names of the EMPLOYEES involved in the



assessment) and recorded. A dual control principle shall be applied to the assessment. In the case of alleged typos in data, figures or formulas, special care must be taken in the evaluation.

Once the above steps have been performed, the respective INDEX METHODOLOGY documents will be updated. SOLACTIVE will generally not issue an announcement for a CLARIFICATION.

4.3 PROCEDURE FOR METHODOLOGY CHANGES

The methodology of an INDEX is determined once (at the time of creation of the INDEX) and later change is generally not foreseen. However, if indicated by the regular review, a change of the INDEX METHODOLOGY may be necessary and not avoidable (e.g., if the underlying market or economic reality has changed since the launch of the INDEX, or if the present INDEX METHODOLOGY is based on obsolete assumptions and factors, and no longer reflects the reality as accurately, reliably and appropriately as before).

It may also be that during the maintenance and calculation of an INDEX over a longer period of time, potential improvements to the INDEX METHODOLOGY are identified that were not foreseen during the initial design phase. Such changes usually result in a refinement or improvement of certain aspects, for example a modification of selection and rebalancing criteria, the treatment of corporate actions or the taxation of dividend payments or other distributions of index constituents. Further practical considerations can also be taken into consideration at this stage, such as the suitability of the INDEX for its intended use as well as the ability or continued ability of users of the INDEX to hedge any exposure resulting from the issuance of financial instruments or investment funds linked to the INDEX in accordance with existing market practice and/or convention.

For the avoidance of doubt, any change to the INDEX METHODOLOGY for an INDEX for which there is no related financial instrument or investment fund linked to that INDEX or which is not licensed to users who would be affected, is not subject to the procedure for a methodology change under this Section 4.3. Any such changes to the INDEX METHODOLOGY have to be submitted to and approved by the INDEX COMMITTEE. They will be implemented in accordance with the process described in Section 4.2, *"Procedure for Clarification of Index Methodology Documents"*. In addition, limited to the situation described in this paragraph, and subject to approval by the INDEX COMMITTEE, Solactive may adjust the historical INDEX levels, including back tested INDEX levels, on the basis of the changed INDEX METHODOLOGY.

4.3.1 Classification of the Change

SOLACTIVE distinguishes between non-material changes and material changes.

A '**NON-MATERIAL CHANGE**' is to be understood as a change not affecting the core of the INDEX METHODOLOGY (e.g., changes to the adjustment period of the INDEX) or INDEX METHODOLOGY updates resulting from the application of existing methodology principles or minor improvements, adjustments or corrections of existing rules without altering the overall concept or the nature of the INDEX.

A '**MATERIAL CHANGE**' is considered in the following events:



- change in the objective of the INDEX (e.g., change in the market or economic reality that the Index is intended to represent; addition of exclusion criteria for sustainable investments; addition and/or amendment of ESG filters, with the exception of amendments that are indicated by changes to the underlying regulatory framework or industry standards for ESG or sustainable investments);
- change to the INDEX METHODOLOGY that would alter the overall concept or the nature of the INDEX and affects the integrity of the INDEX and its continued comparability over time if such proposed changes to the INDEX METHODOLOGY are expected to have a significant impact on the overall composition, weighting⁴ or level⁵ of the INDEX following its application. This is generally the case for changes to the following aspects of the INDEX METHODOLOGY:
 - calculation method or calculation formula;
 - determination of INDEX constituents, including the frequency, the date and time of determination, relevant thresholds, eligibility criteria and definitions (e.g., market cap, average daily traded value or volume, industry or sector classification, exchange definitions, free float definitions);
 - determination of weights of INDEX constituents, including the date and time of determination; and
 - treatment of ordinary and extraordinary corporate actions.

The INDEX COMMITTEE determines whether the change is a MATERIAL CHANGE as defined above. In case such determination is not possible, the proposed change shall be classified as a MATERIAL CHANGE.

4.3.2 Procedure for a Change

Any proposals for a methodology change are to be submitted to the INDEX COMMITTEE. Such proposals need to contain detailed information for the requirement of such change, including a justification as to why the amendment is necessary, as well as a draft of the amendments to the INDEX METHODOLOGY documents.

The INDEX COMMITTEE may require additional information, where necessary, and may also request an assessment of the practicality of the implementation.

Based on its comprehensive assessment of the submitted information and other relevant facts, the alleged improvements and other implications of the proposed methodology change, the INDEX COMMITTEE will take a decision to either approve or reject the proposed change to the INDEX METHODOLOGY. This decision is taken in accordance with the Terms of Reference of the INDEX COMMITTEE.

4.3.2.1 Non-Material Change

In respect of a STANDARD INDEX and a CUSTOMIZED INDEX, any decision on a Non-MATERIAL CHANGE is duly documented and, in the case the change has been approved, announced (in accordance with the procedure

⁴ A change in the total weightings of the constituents of less than 5% is generally considered non-significant

⁵ An impact on the index performance of less than 5 basis points p.a. over a historical period of 5 years is generally considered non-significant



described in Section 4.3.3 “*Announcement of the Change*” below). The respective INDEX METHODOLOGY documents will be amended. The change may be implemented as of the next INDEX selection date. However, in urgent cases, immediate implementation may be necessary.

4.3.2.2 Material Change

Standard Index

In the event a MATERIAL CHANGE is considered, a market consultation will be conducted inviting market participants and other external parties to comment. The market consultation will be published on the SOLACTIVE website www.solactive.com/news/ and subscribers of SOLACTIVE STANDARD INDICES will be informed by email. The market consultation will consist of a detailed description of the proposed change(s), including, where applicable, the draft wording for the INDEX GUIDELINE, the initial considerations or the rationale for the proposed changes, specific questions to be answered, and contact details for the provision of feedback. The market consultation shall enable stakeholders to assess the impact of the proposed change(s) and provide feedback. In addition, SOLACTIVE may also actively gather feedback from INDEX users and subscribers or other specific stakeholders (including regulatory supervisory authorities).

The length of the consultation period and lead time provided for implementation will be typically no less than four weeks. Generally, the length of a consultation period needs to be sufficient for market participants to meaningfully review what is proposed and respond. In instances where a MATERIAL CHANGE is deemed to be time sensitive, SOLACTIVE may determine that a shorter consultation period is required and appropriate. This is typically the case for changes that may require consideration or implementation within a shorter timeframe, and where the full consultation period is not possible. However, SOLACTIVE reserves the right to determine the most appropriate consultation period and lead time (including a shorter window for feedback) taking into consideration the complexity of the topic, the extent of client impact as well as the scale of impact on the affected INDICES.

Feedback is accepted only during the timeframe provided in the market consultation. The consultation period and lead time including a timetable for implementing any proposed methodology changes are clearly communicated as part of the consultation process.

The INDEX COMMITTEE may delegate the responsibility for execution of the market consultation (i.e., for publishing the market consultation on the SOLACTIVE website, contacting the relevant stakeholders and subscribers, and collecting the feedback) to the INDEX MANAGEMENT TEAM that is operationally responsible for the INDEX. Upon request, SOLACTIVE may make available a summary of the stakeholders’ comments, that are not subject to confidentiality.

Considering the stakeholders’ comments on the market consultation, the INDEX COMMITTEE will take a final decision on the proposed MATERIAL CHANGE. The INDEX COMMITTEE is not bound by any feedback received. The final decision is taken in accordance with the Terms of Reference of the INDEX COMMITTEE. Any such decision is duly documented and, in the case the change has been approved, announced (in accordance with the procedure described in Section 4.3.3 “*Announcement of the Change*” below). The change may be implemented as of the next INDEX selection date. However, in urgent cases, immediate implementation may be necessary.



The relevant stakeholders will be informed of the change via email and/or website announcement in advance of the implementation, and the respective INDEX METHODOLOGY documents will be amended.

Customized Index

In the case a MATERIAL CHANGE is considered, a targeted consultation on a restricted basis will be undertaken with subscribers of the CUSTOMIZED INDICES who will be contacted and informed directly by email. SOLACTIVE may also publish a market consultation on the SOLACTIVE website www.solactive.com/news/ if deemed necessary by the INDEX COMMITTEE when considering the use of the CUSTOMIZED INDEX and the impact of the methodology changes on any investors in financial instruments or investment funds linked to the CUSTOMIZED INDEX or other materially affected market participants to provide them with the opportunity for feedback. A public market consultation may be abstained from if the INDEX COMMITTEE is of the opinion that any investors in financial instruments or investment funds linked to the CUSTOMIZED INDEX are sufficiently represented by the subscribers asked for feedback during the targeted consultation and other market participants are not deemed to be materially impacted by the proposed change.

Where CUSTOMIZED INDICES provide for third parties to advise on or carry out all or part of the selection of the INDEX constituents, the respective third parties may be consulted, if and to the extend impacted by the potential changes.

Where CUSTOMIZED INDICES have been developed in conjunction with clients, any potential changes relating to client specifications are discussed directly with the relevant client.

Where a potential change has been initiated or proposed by the sole subscriber of a CUSTOMIZED INDEX, the INDEX COMMITTEE may abstain from a targeted consultation with subscribers of the CUSTOMIZED INDEX.

The targeted consultation will consist of a detailed description of the proposed change(s), including, where applicable, the draft wording for the INDEX GUIDELINE, the initial thinking on or the rationale for the proposed changes, specific questions to be answered, and contact details for the provision of feedback. The consultation shall enable stakeholders to assess the impact of the proposed change(s) and provide feedback. In addition, SOLACTIVE may also actively gather feedback from other specific stakeholders (including regulatory supervisory authorities).

The length of a consultation period and lead time provided for implementation will be determined by the INDEX COMMITTEE taking into consideration the complexity of the topic, extent of client impact as well as the scale of impact on the affected INDICES. The consultation period should be sufficient for INDEX users and market participants to meaningfully review what is proposed and respond. In instances where a MATERIAL CHANGE is deemed to be time sensitive, the INDEX COMMITTEE may determine that a shorter consultation period is required.

Feedback is accepted only during the timeframe provided in the consultation. The consultation period and lead time including a timetable for implementing any proposed methodology changes are clearly communicated as part of the consultation process.

The INDEX COMMITTEE may delegate the responsibility for execution of the consultation (i.e., contacting the relevant stakeholders and subscribers, and, if deemed necessary, publishing the market consultation on the SOLACTIVE website) to the INDEX MANAGEMENT TEAM that is operationally responsible for the INDEX. Upon



request, SOLACTIVE may make available a summary of the stakeholders' comments, that are not subject to confidentiality.

Considering the stakeholders' comments in the consultation process, the INDEX COMMITTEE will take a final decision on the proposed MATERIAL CHANGE. The INDEX COMMITTEE is not bound by any feedback received. The final decision is taken in accordance with the Terms of Reference of the INDEX COMMITTEE. Any such decision is duly documented and, in the case the change has been approved, announced (in accordance with the procedure described in Section 4.3.3 *“Announcement of the Change”* below). The change may be implemented as of the next INDEX selection date. However, in urgent cases, immediate implementation may be necessary.

The relevant stakeholders will be informed of the change via email and/or website announcement in advance of the implementation, and the respective INDEX METHODOLOGY documents will be amended.

4.3.3 Announcement of the Change

For INDICES published on the SOLACTIVE website the change will be documented and published on the SOLACTIVE website (in advance of implementation). The respective notification and announcement will specify the concrete details of the change (e.g., reason of the change and when the change is intended to apply). SOLACTIVE will announce the change in a timely manner and provide for an implementation period that provides sufficient time for potential adjustments users of the INDEX may need to make to account for the change.

The effective date for methodology changes is aligned, where feasible, with the periodic INDEX selection dates when the INDEX composition is selected, to avoid extraordinary impact for users of the INDEX.

Changes to the INDEX METHODOLOGY will generally be announced on the SOLACTIVE website www.solactive.com/news ten (10) INDEX calculation days prior to implementation. The INDEX COMMITTEE may decide to shorten the notice period in the following situations:

- exceptional or urgent cases such as extreme or exceptional market conditions or analogous extraordinary situations;
- no material stakeholder impact;
- it has been agreed that the notice period has to be shortened because the case requires immediate action, for example in a situation in which the INDEX user's ability to replicate the INDEX performance with his or her portfolio is no longer ensured; and
- to align with the periodic INDEX selection dates.

In such extraordinary cases, changes to the INDEX METHODOLOGY must be made at least on the same day the change is implemented.

The INDEX MANAGEMENT TEAM will ensure the public, via announcement on the SOLACTIVE website, and subscribers, via email or other communication channels, are provided with detailed information about the nature and rationale of the change as well as the implications and terms for the new INDEX METHODOLOGY to



enter into force. INDEX MANAGEMENT TEAM is responsible for amending the INDEX METHODOLOGY documents to reflect the change and to update the change history.

4.3.4 Overview of the Change Process

The change process described in Sections 4.3.1 to 4.3.3 and the relevant requirements in the respective cases are shown in the following overview.

	Index without users or related financial instrument or investment fund	Customized Index and Standard Index				
		Non-Material Change	Material Change			
Approval	Index Committee	Index Committee				
Submission draft Index Guideline	No	Yes				
Public Market Consultation	No	No	Optional*	Yes**		
Consultation Period	N/A	N/A	Determined by the Index Committee			
Announcement	Optional	Website (for INDICES published on the SOLACTIVE website only) and Email				
Announcement Period	N/A	10 Index Calculation Days***				

* Targeted consultation on a restricted basis **or** the INDEX COMMITTEE may abstain from a targeted consultation with subscribers of the CUSTOMIZED INDEX where a potential change has been initiated or proposed by the sole subscriber of a CUSTOMIZED INDEX.

** Mandatory for STANDARD INDICES.

*** Option to shorten in extraordinary cases.



5. DEFINITIONS

For the purpose of this document, the defined terms used herein shall have the following meanings:

'BMR' means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on Indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

'BMR ADMINISTERED INDEX' means an Index which is administered by Solactive in accordance with BMR or which is in scope of BMR disclosure requirements.

'EMPLOYEE' (or **'EMPLOYEES'**) means all staff of SOLACTIVE, including temporary staff and interns, working students, contractors, or any other person who works for SOLACTIVE, regardless of their duration of employment relationship or contract.

'CLARIFICATION' is defined in Section [4.3.1 \(Classification of the Change\)](#).

'COMPLIANCE' means the legal and compliance department of SOLACTIVE.

'CUSTOM INDEX' (or **'CUSTOM INDICES'**) is defined in Section [4.1.1 \(Types of Indices\)](#).

'ESG INDEX' means an Index that includes in its legal or marketing documentation any reference to the consideration of ESG factors,

'INDEX' (or **'INDICES'**) refers to any financial index, benchmark, or comparable product or service, including but not limited to those used for measuring the performance of financial instruments, investment funds, or strategies.

'INDEX COMMITTEE' means a committee composed of staff from SOLACTIVE that is responsible for decisions regarding any methodology changes for CUSTOMIZED INDICES and STANDARD INDICES.

'INDEX GUIDELINE TEMPLATE' (or **'INDEX GUIDELINE TEMPLATES'**) is defined in Section [4.1.5 \(Index Guideline Templates\)](#).

'INDEX METHODOLOGY' is defined in Section [3 \(General Principles\)](#).

'INPUT DATA' means the data in respect of the value of one or more underlying assets, or prices, including estimated prices, quotes, committed quotes or other values, used by an administrator to determine an INDEX. FX rates are also considered as INPUT DATA, provided that such FX rates are used every time the level of an INDEX is determined.

'INDEX MANAGEMENT TEAM' means the team within SOLACTIVE that is responsible for the day-to-day maintenance of an INDEX, including determination and distribution of INDEX levels, as well as ordinary and extraordinary adjustments, for example, after the occurrence of corporate actions with regard to the constituents of an INDEX or in the course of the regular rebalancing of an INDEX.

'IOSCO PRINCIPLES' means the Principles for Financial Benchmarks issued by the International Organization of Securities Commissions (IOSCO) in July 2013, which set out internationally recognized standards for securities regulation. These principles aim to (i) protect investors, (ii) ensure that markets are fair, efficient, and transparent, and (iii) reduce systemic risk. The IOSCO PRINCIPLES serve as a global



benchmark for the regulation, oversight, and enforcement of securities markets and are supported by an assessment methodology to evaluate their implementation.

'MATERIAL CHANGE' is defined in Section [4.3.1 \(Classification of the Change\)](#).

'NON-MATERIAL CHANGE' is defined in Section [4.3.1 \(Classification of the Change\)](#).

'NEW INDEX APPROVAL PROCESS' is defined in Section [4.1 \(New Index Approval Process\)](#).

'OVERSIGHT COMMITTEE' means a committee composed of staff from SOLACTIVE and its subsidiaries that is responsible for the oversight of SOLACTIVE's control framework, the oversight of all aspects of the management and maintenance of the INDICES.

'INDEX STRUCTURING TEAM' means the team within SOLACTIVE that is responsible for the structuring of the methodology for determining an INDEX.

'STANDARD INDEX' (or **'STANDARD INDICES'**) is defined in Section [4.1.1 \(Types of Indices\)](#).

'SOLACTIVE' means SOLACTIVE AG and its subsidiaries.



6. DOCUMENT HISTORY

Version	Date	Description
1.0	04.04.2019	Document creation (initial version).
1.1	15.01.2020	Change Solactive office address; minor, non-material corrections.
1.2	27.10.2021	Comprehensive revision of section 4.2 and 4.3 to enhance transparency of description of process for material changes; additional minor technical changes.
1.3	20.07.2023	<p>Introduction of specific index types and respective methodology change processes (sections 4.1.1 and 4.3.2.2);</p> <p>Addition of a table with an overview of the change process (section 4.3.4);</p> <p>Several amendments to the process description for the New Index Approval Process (section 4.1.3);</p> <p>Change in responsibility for maintenance of Index Guideline Templates (section 4.1.5);</p> <p>Revision of the process for 'Clarifications' (section 4.2);</p> <p>Technical adjustments; and</p> <p>References to Oversight Committee have been changed to the Index Committee;</p>
1.4	01.01.2026	<p>Minor, non-material modifications and corrections;</p> <p>Technical adjustments;</p> <p>Enhancements of the term Index Methodology (section 3); and</p> <p>Several amendments to the process description for the New Index Approval Process (section 4.1.3.2 and 4.1.3.4).</p>

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