

# MARKET CONSULTATION SOLACTIVE CLIMATE AND ENERGY TRANSITION INDEX

05 June 2019



## Content of the Market Consultation

Solactive has decided to conduct a Market Consultation with regard to change of the index methodology of the following Index.

NAME	RIC	ISIN
Solactive Climate and Energy Transition Index	.SOLCLET	DE000SLA5H35

## Rationale for Market Consultation

The rationale behind the proposed methodology change is to clarify the treatment of companies with multiple entities and/or multiple share classes in above Index. In addition, a current overrepresentation of a dual listed company shall be corrected in an extraordinary adjustment. The followings changes to the Index Guideline are proposed and an extraordinary index adjustment is suggested.

## Changes to the Index Guideline

1. Amendment of section 2.1.5 in order to introduce additional criteria to identify and exclude certain shares of dual listed companies and companies with multiple share classes:

From:

“Final Index Constituents are then selected based on the following criteria:

- On the Index Start Date the top 40 shares based on highest gross dividend yield are selected, subject to a country cap of 10 shares per country and a sector cap of 8 shares per sector.
- On any subsequent Selection Date all shares that are currently part if the Index are selected if they have not been excluded in any selection stage before. If this results in a number of constituents that is less than 40, additional securities will be selected based on highest gross dividend yield, subject to a country cap of 10 shares per country and a sector cap of 8 shares per sector.”

To:

“Final Index Constituents are then selected based on the following criteria:

- On the Index Start Date the top 40 shares based on highest gross dividend yield are selected, subject to a country cap of 10 shares per country and a sector cap of 8 shares per sector;
- On any subsequent Selection Date
  - all shares that are currently part of the Index are selected if they have not been excluded in any selection stage before. If this results in a number of constituents that is less than 40, additional securities will be selected based on highest gross dividend yield, subject to a country cap of 10 shares per country and a sector cap of 8 shares per sector;



- In case of a Dual Listed Company, only one entity is eligible for the inclusion as Index Component.
  - If one of the two potential entities is currently an Index Component the existing Index Component will be kept in the Index.
  - If none of the two potential entities is currently an Index Component the lowest ranked entity out of the two will be replaced with the next higher ranked successor, according to the rules defined in Section 2.1.5.
- In case of a company with Multiple Share Classes, only one share class is eligible for the inclusion as Index Component.
  - If one of the Multiple Share Classes is currently represented by an Index Component the respective share class will be kept in the Index.
  - If none of the Multiple Share Classes is currently represented by an Index Component the lowest ranked share class will be replaced with the next higher ranked successor, according to the rules defined in Section 2.1.5."

## 2. The following definitions will be added under section 4

"Dual Listed Company" refers to a corporate structure in which two corporations function as a single operating business through a legal equalization agreement, but retain separate legal identities and stock exchange listings.

"Multiple Share Classes" refers to more than one class of common stock, usually identify a given class with alphabetic markers, such as "Class A" shares and "Class B" shares. Different share classes carry different rights and privileges within the same entity.

## Adjustment of the index composition

3. In order to reflect the proposed change under point 1 and adjust the index composition accordingly one of the two entities of the dual listed company Rio Tinto (RIO.L (London Listing) and RIO.AX (Australian Listing) will be removed from the Index. In accordance with the proposed amendment RIO.L (London Listing) will be removed from the Index because RIO.AX (Australian Listing) was part of the Index before the ordinary rebalancing in March 2019. RIO.L (London Listing) will be replaced by BMWG.DE as this is the successor in line with the selection rules specified in the index guideline. The weight review and corresponding weight adjustment due on the first business day in July will be carried out based on the adjusted index composition.

## Timing for Implementation

The changes mentioned under point number 1 and 2 are currently planned to become effective on 17<sup>th</sup> June 2019, whereas the amendment described under point number 3 shall become effective on 1<sup>st</sup> July 2019.



Feedback on the proposed changes

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)	

Solactive is inviting all stakeholders and interested third parties to evaluate the proposed change to the Methodology of the Solactive Climate and Energy Transition Index and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.



## Consultation Procedure

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until 12<sup>th</sup> June 2019 (cob).

Please send your feedback via email to [compliance@solactive.com](mailto:compliance@solactive.com), specifying "Market Consultation Solactive Climate and Energy Transition Index" 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 consultative question in particular, please do not hesitate to contact us via above email address.

# CONTACT

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