

MARKET CONSULTATION SOLACTIVE MLP COMPOSITE INDEX

02 October 2019



Content of the Market Consultation

Solactive AG has decided to conduct a Market Consultation with regard to changing its Index Methodology of the following Indices (the 'Indices'):

NAME	RIC	ISIN
Solactive MLP Composite Index	.SOLMLPA	DE000SLA0ML5
Solactive MLP Composite Index (Price)	.SOLMLPAP	DE000SLA2MP2

Rationale for Market Consultation

The rationale behind the proposed methodology change is to enhance the universe selection pool to guarantee a minimum number of index constituents.

Changes to the Index Guideline

The following definitions will be updated with the new wording as follows:

Section 2.1 Selection of the Index Components:

- Old wording:

The initial composition of the Index as well as any ongoing adjustment is based on the following rules:

On the Selection Days, Solactive AG provides the Selection Pool.

The companies in the Selection Pool are ranked according to their Market Capitalization. The company with the largest Market Capitalization is assigned rank number 1, the company with the second-largest Market Capitalization rank number 2 etc. The companies with the highest ranks are then chosen as Index Components and the new index composition determined this way is valid starting immediately following the Adjustment Day. For clarification, rank number 1 is higher than rank number 2.

The minimum number of Index Components is 30 and the maximum number of Index Components is 40. The Committee may decide to increase the maximum number of Index Components on a Selection Day. In case the rank assigned to a company which is currently an Index Component on a Selection Day is not sufficient to be selected as an Index Component, it shall only be removed from the Index if its rank exceeds the maximum number of Index Components by more than five ranks. The company with the lowest rank



which is selected as an Index Component on this Selection Day but which is not currently an Index Component on the Selection Day is not included in the Index in this case. If there are less than 30 companies that fulfil the criteria for the selection pool (see chapter 4), the Committee can decide to include companies that do not meet all the liquidity criteria to reach 30 index components.

- *New wording:*

The initial composition of the Index as well as any ongoing adjustment is based on the following rules:

On the Selection Days, Solactive AG provides the Selection Pool.

The companies in the Selection Pool are ranked according to their Market Capitalization. The company with the largest Market Capitalization is assigned rank number 1, the company with the second-largest Market Capitalization rank number 2 etc. The companies with the highest ranks are then chosen as Index Components and the new index composition determined this way is valid starting immediately following the Adjustment Day. For clarification, rank number 1 is higher than rank number 2.

The minimum number of Index Components is 20 and the maximum number of Index Components is 40. The Committee may decide to increase the maximum number of Index Components on a Selection Day. In case the rank assigned to a company which is currently an Index Component on a Selection Day is not sufficient to be selected as an Index Component, it shall only be removed from the Index if its rank exceeds the maximum number of Index Components by more than five ranks. The company with the lowest rank which is selected as an Index Component on this Selection Day but which is not currently an Index Component on the Selection Day is not included in the Index in this case. If there are less than 20 companies that fulfil the criteria for the selection pool (see chapter 4), the Committee can decide to include companies that do not meet all the liquidity criteria to reach 20 index components.

- Section 4 "Selection Pool":

- Old Wording:

"Selection Pool" in respect of a Selection Day are those companies that fulfill the following conditions:

- (a) Listing on a regulated stock exchange in the form of shares tradable for foreign investors without restrictions
- (b) Structured as Master Limited Partnership



- (c) Business Focus on own and operate assets used in energy logistics, including, but not limited to, pipelines, storage facilities and other assets used in transporting, storing, gathering, and processing natural gas, natural gas liquids, crude oil or refined products.
 - (d) Market Capitalization of at least 1000 million USD for companies which are not Index Components on the respective Selection Day, at least 750 million USD for companies which are Index Components on the respective Selection Day
 - (e) Average daily trading volume in the last three months of at least 1,000,000 USD for companies which are not Index Components on the respective Selection Day, at least 750,000 USD for companies which are Index Components on the respective Selection Day
 - (f) Average monthly trading volume of at least 75,000 shares in each of the last six months ("Liquidity Criterion")
- o *New Wording:*
- "Selection Pool" in respect of a Selection Day are those companies that fulfil the following conditions:*
- (a) *Listing on a regulated stock exchange in the form of shares tradable for foreign investors without restrictions*
 - (b) *Structured as Master Limited Partnership*
 - (c) *Business Focus on own and operate assets used in energy logistics, including, but not limited to, pipelines, storage facilities and other assets used in transporting, storing, gathering, and processing natural gas, natural gas liquids, crude oil or refined products.*
 - (d) *Market Capitalization of at least 750 million USD for companies which are not Index Components on the respective Selection Day, at least 500 million USD for companies which are Index Components on the respective Selection Day*
 - (e) *Average daily trading volume in the last three months of at least 750,000 USD on the respective Selection Day*
 - (f) *Average monthly trading volume of at least 75,000 shares in each of the last six months ("Liquidity Criterion")*

Timing for Implementation

Subject to feedback received on this Market Consultation, the changes are intended to become effective on 14/11/ 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 changes to the Methodology for the Solactive MLP Composite Index, Solactive MLP Composite Index (Price) 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 October 30, 2019 (cob).



Please send your feedback via email to compliance@solactive.com, specifying "Market Consultation Solactive MLP Composite Index / (PRICE) METHODOLOGY CHANGE" 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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