

MARKET CONSULTATION SOLACTIVE CHINA CLEAN ENERGY  
INDEX CHANGE OF GUIDELINE

14 January 2020



## Content of the Market Consultation

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

NAME	RIC	ISIN
Solactive China Clean Energy Index PR	.SOLCCEIP	DE000SLA9KC9
Solactive China Clean Energy Index NTR	.SOLCCEIN	DE000SLA9KD7
Solactive China Clean Energy Index TR	.SOLCCEIT	DE000SLA9KE5

### Rationale for Proposed Changes

Solactive AG deems the current Index Methodology lacking in regards to the credit risk of companies active in the clean energy industries.

The clean energy industry is evolving dramatically and changing rapidly. Some constituents in the index have been squeezed and marginalized by their competitors.

In order to reflect these economic circumstances, Solactive AG decided to apply one additional criterium, the interest coverage ratio (debt to EBIT). In this clean energy world, high Debt-to-EBIT is the most reliable indicator to demonstrate that a company is seriously squeezed by their competitors.

### Proposed Changes to the Index Guideline

The following Methodology changes are proposed in the following points of the Index Guideline (ordered in accordance with the numbering of the affected sections): In Chapter 2.1 of the Index Methodology, an additional section will be included between points 8 and 9:

8. If the company is not classified in the sector Utilities, based on FactSet Industries and Economic Sectors, the company should have a Debt-to-EBIT ratio of less than, or equal to, 30 over the last 12 months

Therefore, chapter 2.1. will read:

The INDEX UNIVERSE is comprised of all financial instruments which fulfill the below requirements (the "INDEX UNIVERSE REQUIREMENTS"):

1. Headquartered in China or Hong Kong
2. Should be listed on one of the following exchanges:
  - a) Hong Kong: HKEX



- b) Stock Connect: Shanghai and Shenzhen
  - c) US: NYSE and NASDAQ
3. Should be from the following industries according to the FactSet Industries and Economic Sectors:
  - a. Alternative Power Generation
  - b. Engineering & Construction
  - c. Industrial Specialties
  - d. Miscellaneous Manufacturing
  - e. Semiconductors
  - f. Electrical Products
  - g. Electronic Production Equipment
  - h. Electric Utilities
4. From the list of constituents remaining after step 3, only companies with significant exposure to clean energy are eligible. Identification is based on the company description included in FactSet, and keywords that indicate significant exposure to clean energy and its related supply chain. The keywords are subject to regular revision by the OVERSIGHT COMMITTEE
5. As an exclusion policy, companies (i) with insignificant exposure to clean energy and its related supply chain and/or (ii) which engage in business(es) that may have adverse environmental impact will be identified and removed from the list of eligible constituents after step 4 above. Identification is based on the company description included in FactSet and the "exclusion" keywords indicating limited or no exposure to clean energy and its related supply chain. The keywords are subject to regular revision by the OVERSIGHT COMMITTEE
6. Should have AVERAGE DAILY VALUE TRADED of at least HKD 20 million over 6 months prior to and including the SELECTION DAY
7. If a company has more than one share classes then the most liquid share class is eligible
8. If the company is not classified in the sector Utilities, based on FactSet Industries and Economic Sectors, the company should have a Debt-to-EBIT ratio of less than, or equal to, 30 over the last 12 months
9. The companies are ranked in their industries, as defined in step 3, according to TOTAL MARKET CAPITALIZATION. The top 6 per industry are selected and constitute the INDEX UNIVERSE
10. Should less than 15 securities fulfill the requirements until and including step 9, the largest security/securities per TOTAL MARKET CAPITALIZATION that does/do not fulfill the requirements until and including step 9, but fulfills/fulfill the requirements until and including step 8, is/are selected until the INDEX UNIVERSE consists of 15 securities



Extraordinary rebalance

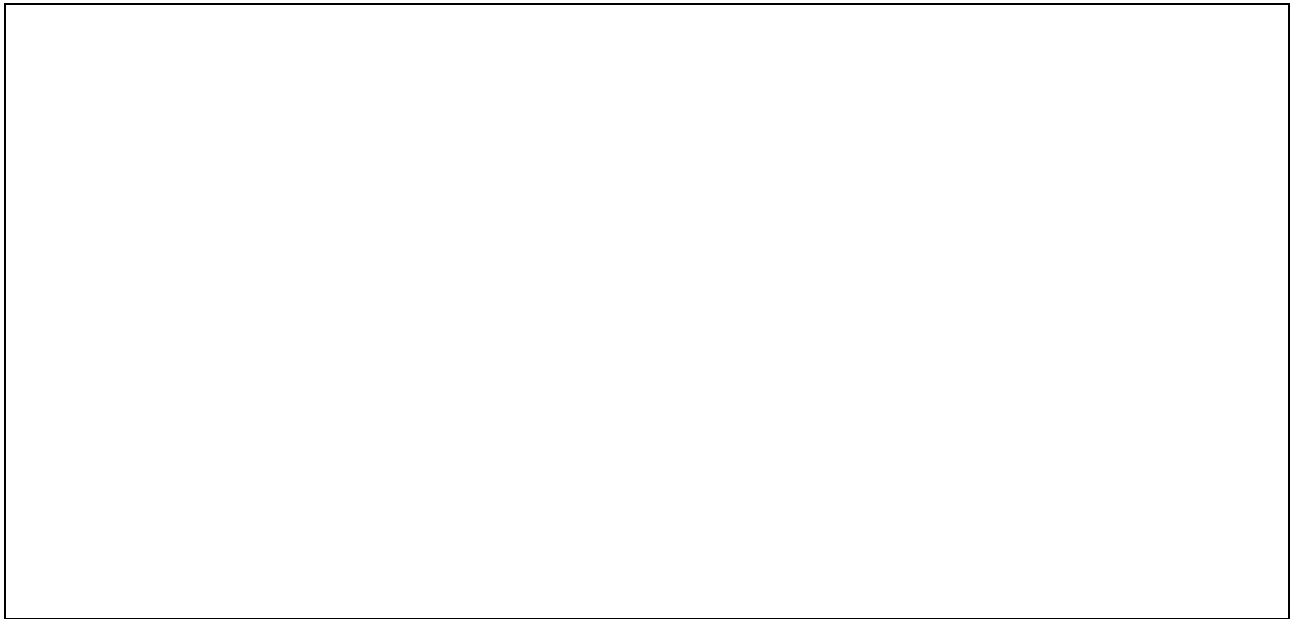
In case the proposed changes to the guideline become effective, an extraordinary rebalancing on 6th February 2020 shall be performed, based on a selection on the 23rd January 2020. The rebalancing shall already apply the proposed methodology changes.

Feedback on the proposed changes

If you would like to share your thoughts with Solactive AG, 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 AG is inviting all stakeholders and interested third parties to evaluate the proposed changes to the Methodology for the Solactive China Clean Energy 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 *21/01/2020*.

Please send your feedback via email to [compliance@solactive.com](mailto:compliance@solactive.com), specifying "Market Consultation SOLACTIVE CHINA CLEAN ENERGY INDEX Change of Guideline" as the subject of the email, or

via postal mail to: Solactive AG  
Platz der Einheit 1  
60327 Frankfurt am Main  
Germany

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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