

MARKET CONSULTATION- SOLACTIVE MLP COMPOSITE INDEX

18 May 2021



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 'Affected Indices'):

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

Rationale for Market Consultation

Due to the development in the MLP market space, Solactive AG has determined to lower the minimum Free Float Market Capitalization requirement to 50000,000 USD and Average Daily Trading Volume to 500,000 USD, in case less than 20 companies fulfil the criteria mentioned in the Selection Pool. This methodology change should assure that the composition of the Affected Indices always reflects a reasonable number of constituents and therefore assure ongoing replicability.

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):

1. Section 1.5: Weighting

From (old version):

[...]

The Percentage Weight of an Index Components is capped at 5 percent on the Adjustment Days. The excess weight is allocated proportionally to all Index Components whose Percentage Weight is not capped. The capping methodology may be amended by the Committee from time to time to ensure appropriate index representation and index compliance with financial product regulations in the United States.

To (new version):

[...]

The Percentage Weight of an Index Components is capped at 5 percent on the Adjustment Days.

In the event that there are fewer than 20 Index Components, the Percentage Weight Cap of an Index Components is increased by 0.5% multiplied by the difference between 20 and the final number of Index Components.



The excess weight is allocated proportionally to all Index Components whose Percentage Weight is not capped. The capping methodology may be amended by the Committee from time to time to ensure appropriate index representation and index compliance with financial product regulations in the United States.

2. Section 2.1: Selection of the Index Components

From (old version):

[...]

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.

To (new version):

[...]

The required 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 following criteria will be relaxed in the following order until the required number of 20 Index Components is reached:

1. Market Capitalization is relaxed up to 50 million USD for companies which are Index Components on the respective Selection Day
2. Market Capitalization is relaxed up to 50 million USD for companies which are not Index Components on the respective Selection Day
3. Average daily trading volume in the last three months is relaxed up to 500,000 USD for companies which are Index Components on the respective Selection Day



4. Average daily trading volume in the last three months is relaxed up to 500,000 USD for companies which are not Index Components on the respective Selection Day

To clarify, the criteria is only relaxed step-by-step until there are 20 Index Components to pass the criteria, ranked according to their Market Capitalization.

If there are still less than 20 constituents that pass the criteria, the index will contain less than 20 Index Components.

3. Section 4: Definitions

"Business Day"

From (old version):

A "Business Day" is a day on which Stuttgart Stock Exchange is open for trading.

To (new version):

A "Business Day" is every weekday from Monday to Friday.

"Adjustment Day"

From (old version):

"Adjustment Day" is the last Business Day in September and March.

To (new version):

"Adjustment Day" is the last Business Day in September and March. If the last Business Day in September and March is not a Trading Day, then the rebalance is postponed to the following Trading Day.

"Selection Day"

From (old version):

"Selection Day" is the Business Day 5 Business Days before the Adjustment Day.

To (new version):

"Selection Day" is the Business Day 5 Business Days before the last Business Day in September and March.



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 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 02/06/2021 (cob).



Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on 17/06/2021.

Please send your feedback via email to compliance@solactive.com, specifying "Market Consultation- Solactive MLP Composite Index" as the subject of the email, or

via postal mail to: Solactive AG
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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.

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