

# MARKET CONSULTATION | SOLACTIVE VIDEO GAMES & ESPORTS V2 INDEX | CHANGE OF METHODOLOGY

13 December 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 Index (the 'Index'):

NAME	RIC	ISIN
Solactive Video Games & Esports v2 Index	.SOLHERO2	DE000SLOBWE8

## **Rationale for the Market Consultation**

The Indices aim to represent the securities of companies that have business operations in the field of video games and esports. Due to the increasing size of the video games and esports market, Solactive wants to ensure that the most relevant companies in terms of 1) market capitalization and 2) thematic relevance are represented appropriately in the Index Component. To attain the above objective Solactive would like to increase the number of constituents from a maximum of 40 to a maximum of 50 companies. Additionally, an additional selection step that adds the ten eligible companies with the highest market capitalization out of the 100 highest ranking companies according to thematic relevance will be introduced. Lastly, the existing buffer rule is relaxed to accommodate the dynamics of these growing markets. The rule is modified so that companies are added to the index if they are among the top 20 companies according to thematic relevance.

## **Proposed Changes to the Index Guideline**

The following Methodology changes are proposed in the following point of the Index Guideline (ordered in accordance with the numbering of the affected sections):

### **1. Section 2.2. SELECTION OF THE INDEX COMPONENTS**

**From:**

[...]

The index includes a maximum of 40 constituents and a minimum of 30 constituents.

If there are two or more companies that share a rank, then preference is given to the company with the highest average daily volume over the last 6 months.

For any future selection the following buffer rules apply:

A company that is currently in the index is only excluded if it does not have a positive Index Score anymore or it generates less than 50% of its revenues from video games and esports related business operations.



If there are 40 constituents as of the selection day, a new company is only added if its Index Score ranks 10th or higher and derives at least 50% of its revenue from video games and esports related business operations. In this case, the last ranking company of the current selection is removed.

[...]

**To:**

[...]

The INDEX includes a maximum of 50 INDEX COMPONENTS and a minimum of 40 INDEX COMPONENTS.

The INDEX COMPONENTS are selected in a two-step process. First, the 100 companies with the highest INDEX SCORE are sorted by their TOTAL MARKET CAPITALIZATION in descending order. The 10 highest-ranking companies, according to their TOTAL MARKET CAPITALIZATION, that generate at least 50% of their revenues from one of the categories (i) to (iv) are added as INDEX COMPONENTS. As a second step, the remaining companies are sorted by their INDEX SCORE. The highest-ranking companies, according to their INDEX SCORE, that generate at least 50% of their revenues from one of the categories (i) to (iv) are added as INDEX COMPONENTS until there are a maximum of 50 INDEX COMPONENTS

If there are two or more companies that share a rank, then preference is given to the company with the highest AVERAGE DAILY VALUE TRADED over the applicable TRADING MEASUREMENT PERIOD.

As of the SELECTION DAY, the following buffer rules apply:

- 1) Companies in the INDEX UNIVERSE are sorted by their INDEX SCORE in descending order. Each company is assigned a rank based on the position in the sorted list, e.g., the security with the highest score is assigned rank 1.
- 2) The 100 highest-ranking companies are sorted by their TOTAL MARKET CAPITALIZATION in descending order. The 10 highest-ranking companies, according to their TOTAL MARKET CAPITALIZATION, that generate at least 50% of their revenues from one of the categories (i) to (iv) are added as INDEX COMPONENTS.
- 3) The remaining companies are sorted by their INDEX SCORE in descending order. The 20 highest-ranking companies, according to their INDEX SCORE, that generate at least 50% of their revenues from one of the categories (i) to (iv) are added as INDEX COMPONENTS.
- 4) Current INDEX COMPONENTS that fulfill the following requirements are added as INDEX COMPONENTS until there are a maximum of 50 INDEX COMPONENTS:
  - I. The company has an INDEX SCORE
  - II. The company generates more than 50% of its revenues from one of the categories (i) to (iv)
  - III. The company satisfies the INDEX UNIVERSE REQUIREMENTS as described in section 2.1
- 5) If the total number of INDEX COMPONENTS is still below 50 after the previous steps, companies that generate at least 50% of their revenues from one of the categories (i) to (iv) are



sequentially added as INDEX COMPONENTS according to the INDEX SCORE, until there are a maximum of 50 INDEX COMPONENTS.

[...]

**2. Addition of the following definitions in Section 6. DEFINITIONS**

[...]

**“INDEX SCORE”** is the result of the algorithm ranking the companies according to their relevance to the selected theme specific keywords.

[...]

The **“TOTAL MARKET CAPITALIZATION”** is with regard to each of the securities in the INDEX on a SELECTION DAY the sum of all SHARE CLASS MARKET CAPITALIZATIONS of a company.

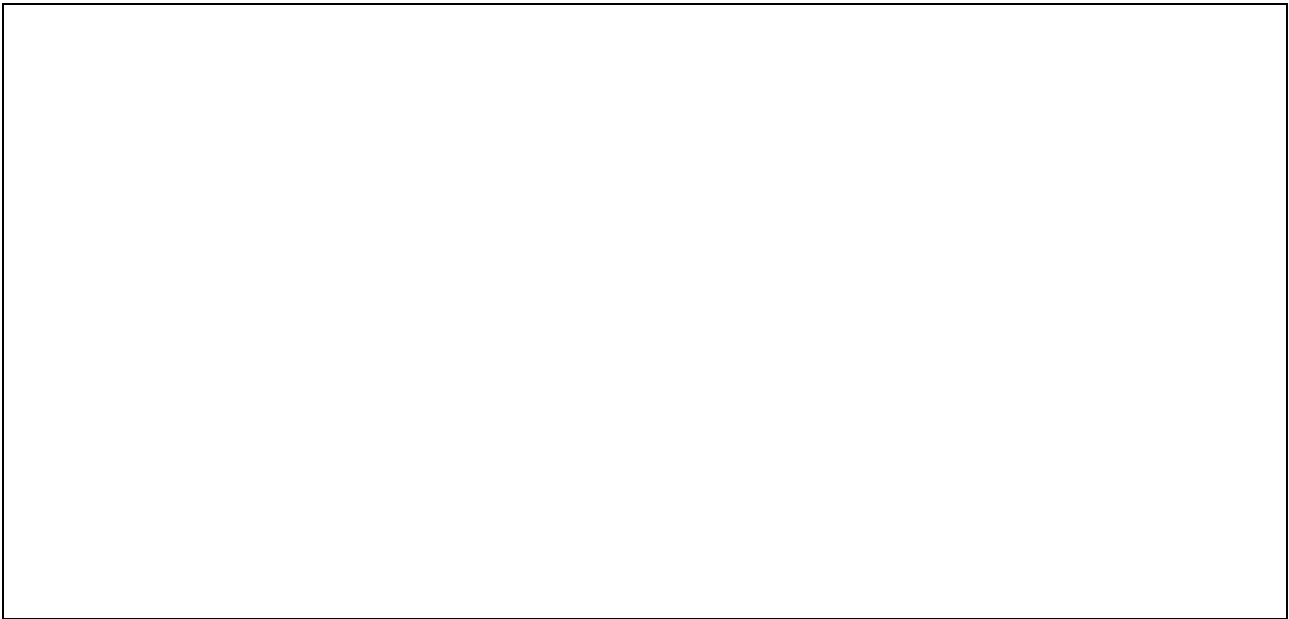
[...]

**Feedback on the proposed change**

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 Video Games & Esports v2 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 December 27, 2021 (cob).

Please send your feedback via email to [marketconsultation@solactive.com](mailto:marketconsultation@solactive.com), specifying "Market Consultation Solactive Video Games & Esports v2 Index" as the subject of the email, or

via postal mail to: Solactive AG  
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60327 Frankfurt am Main  
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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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