

MARKET CONSULTATION: SOLAUSIG SELECTION CRITERIA CHANGE

14 April 2022



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:

NAME	RIC	ISIN
Solactive Australian Investment Grade Corporate Bond Select TR Index	.SOLAUSIG	DE000SLA5SL1

Rationale for the Market Consultation

This Index provides investors exposure to AUD denominated non-government bonds with a time to maturity between 5.25 and 10.25 years. A key facet of the Index is that the bonds are selected based on an Option-Adjusted Spread (OAS) ranking system. In recent rebalances, bonds have been included or excluded due to slight changes in OAS values, which then leads to more turnover and trading costs for clients. Therefore, we are proposing the addition of a minimum holding period and OAS buffer in the selection process of the Index. These two conditions will lead to less turnover and in turn, less unnecessary trading costs for clients.

Proposed Changes to the Index Guideline

The following Methodology changes are proposed to be added to Section 2.1 of the Index Guideline (ordered in accordance with the numbering of the affected sections):

1) Minimum Holding Period:

- A bond must remain in the index for 6 months from the date of inclusion to be eligible for deletion in subsequent rebalances. The caveat to this condition is that if a bond violates any of the conditions outlined in the "Selection Pool" section (i.e. bond rating is downgraded below the rating threshold), the minimum holding period condition will be ignored.

2) OAS Buffer

- There will be an OAS buffer of 5bps applied during the selection process. If, due to a change in OAS ranking, a bond is set to replace a bond of the same issuer that is currently in the index; if the difference between the OAS of each bond is less than 5bps, the bond that is currently in the index will remain.



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 Australian Investment Grade Corporate Bond Select TR 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 May 6th, 2022.

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on May 16th, 2022.

Please send your feedback via email to marketconsultation@solactive.com, specifying "Market Consultation: SOLAUSIG Selection Criteria Change" 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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