

INDEX GUIDELINE

HSBC AI GLOBAL TACTICAL INDEX FAMILY

Version 1.0

13 September 2022



TABLE OF CONTENTS

Introduction	3
1. Index Specifications	5
1.1. Scope of the Indexes	5
1.2. Identifiers and Publication	5
1.3. Initial Level of the Indexes	5
1.4. Prices and calculation frequency	6
1.5. Licensing	6
2. Index selection	6
2.1. Index Components	6
3. Calculation of the HSIEAIGT	7
3.1. Index formula	7
3.2. Realized Volatility Calculation	8
4. HSIEAIGB Index	10
4.1. BASE INDEX Index formula	10
4.2. BASE INDEX Calculation	12
4.3. Accuracy	13
4.4. Recalculation	13
4.5. Market Disruption	13
5. Miscellaneous	14
5.1. Discretion	14
5.2. Methodology Review	14
5.3. Changes in calculation method	14
5.4. Termination	15
5.5. Oversight	15
6. Definitions	16
Contact	17



INTRODUCTION

This document (the “GUIDELINE”) is to be used as a guideline with regards to the composition, calculation and maintenance of the HSBC AI Global Tactical Index Family, comprising the following indexes:

- (i) HSBC AI Global Tactical Index; and
- (ii) HSBC AI Global Tactical BASE INDEX,

(each an “INDEX” and together the “INDEXES”).

Any amendments to the rules made to the GUIDELINE are approved by the OVERSIGHT COMMITTEE specified in Section 5.5. Each INDEX is calculated, administered and published by Solactive AG (“SOLACTIVE”) assuming the role as administrator (the “INDEX ADMINISTRATOR”) under the Regulation (EU) 2016/1011 (the “BENCHMARK REGULATION” or “BMR”). The name “Solactive” is trademarked.

HSBC (the “INDEX IP OWNER”) owns the copyright and all other intellectual property rights in each INDEX. Any use of these intellectual property rights may only be made with the prior written consent of the INDEX IP OWNER.

The INDEX IP OWNER is not responsible for the actions or inactions of the INDEX ADMINISTRATOR in accordance with the agreement on index administration and index calculation between the INDEX IP OWNER and the INDEX ADMINISTRATOR and any other separate agreements between the INDEX IP OWNER and the INDEX ADMINISTRATOR that have been or may be entered into from time to time (the “INDEX AGREEMENTS”).

The INDEX IP OWNER owns the copyright and all other intellectual property rights in each INDEX. Any use of these intellectual property rights may only be made with the prior written consent of the INDEX IP OWNER.

The INDEX will be governed by the INDEX ADMINISTRATOR. The INDEX ADMINISTRATOR controls the creation and operation of each INDEX, including (but not limited to) all stages and processes involved in the production, calculation, maintenance, administration and dissemination of such INDEX. Notwithstanding that each INDEX relies on information from third party sources, the INDEX ADMINISTRATOR has primary responsibility for all aspects of the INDEX administration and determination process.

In no event shall the INDEX IP OWNER be liable (whether directly or indirectly, in contract, tort or otherwise) for any loss incurred by any person that arises out of or in connection with the INDEX, including in relation to the performance by the INDEX IP OWNER of any part of its role in respect of each INDEX, save in the case of gross negligence, fraud or wilful default. In no event, shall the INDEX IP OWNER have any liability to any persons for any direct, indirect, special, punitive or consequential damages (including lost profits) even if notified of the possibility of such damages.

With respect to any products linked to any INDEX, the INDEX IP OWNER expressly disclaims all liability for regulatory, juridical or reputational consequences suffered by any party in any transaction connected with any INDEX.



The GUIDELINE and the policies and methodology documents referenced herein contain the underlying principles and rules regarding the structure and operation of each INDEX. **The INDEX ADMINISTRATOR** does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of any INDEX nor the level of any INDEX at any certain point in time nor in any other respect. **The INDEX ADMINISTRATOR** strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for **the INDEX ADMINISTRATOR** – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the INDEX. The publication of each INDEX by **the INDEX ADMINISTRATOR** does not constitute a recommendation for capital investment and does not contain any assurance or opinion of **the INDEX ADMINISTRATOR** regarding a possible investment in a financial instrument based on any INDEX.

The text uses defined terms which are formatted with "SMALL CAPS". Such Terms shall have the meaning assigned to them as specified in Section 6 (Definitions).



1. INDEX SPECIFICATIONS

1.1. SCOPE OF THE INDEX

Category	Description
Asset Class	Multi asset
Strategy	<p>HSBC AI Global Tactical Index Family is comprised of two Indexes:</p> <p>(I) the HSIEAIGT Index (as defined below) aims to replicate the performance of a volatility controlled strategy applied to HSIEAIGB INDEX; and</p> <p>(II) the HSIEAIGB INDEX (as defined below) is an inverse volatility weighted basket which consists of an equity leg and a fixed income leg.</p>
Rebalancing Frequency	Daily
Decrement	0.5% per annum

1.2. IDENTIFIERS AND PUBLICATION

The INDEXES are published under the following identifiers:

Name	ISIN	Currency	Type	RIC	BBG ticker
HSBC AI Global Tactical Index (the "HSIEAIGT Index")	DE000SLOGTA1	USD	Excess Return	.HSIEAIGT	HSIEAIGT Index
HSBC AI Global Tactical BASE INDEX (the "HSIEAIGB Index")	DE000SLOGTB9	USD	Excess Return	.HSIEAIGB	HSIEAIGB Index

The INDEXES are published on the website of the INDEX ADMINISTRATOR (www.solactive.com) and is, in addition, available via the price marketing services of Boerse Stuttgart GmbH and may be distributed to all of its affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute or display the INDEX via its information systems.

Any publication in relation to the INDEXES (e.g. notices, amendments to the GUIDELINE) will be available at the website of the INDEX ADMINISTRATOR: <https://www.solactive.com/news/announcements/>.



1.3. INITIAL LEVEL OF THE INDEX

The initial level of the HSIEAIGT Index on the 06/12/2005, the "START DATE", is 100. Historical values from the 17/10/2022, the "LIVE DATE", will be recorded in accordance with Article 8 of the BMR. Levels of the HSIEAIGT Index published for a period prior to the LIVE DATE have been back-tested.

The initial level of the HSIEAIGB Index on the 06/10/2005, the START DATE, is 100. Historical values from the 17/10/2022, the LIVE DATE, will be recorded in accordance with Article 8 of the BMR. Levels of the HSIEAIGB Index published for a period prior to the LIVE DATE have been back-tested.

1.4. PRICES AND CALCULATION FREQUENCY

The closing level of the HSIEAIGT Index is calculated in respect of each CALCULATION DAY and is based on the BASE INDEX LEVEL of the HSIEAIGB Index.

The closing level HSIEAIGB Index is calculated in respect of each CALCULATION DAY and is based on the CLOSING LEVELS in respect of the HSIEAIGB INDEX COMPONENTS.

1.5. LICENSING

Licenses to use each INDEX as the underlying value for financial instruments, investment funds and financial contracts may be issued to stock exchanges, banks, financial services providers and investment houses by the Index IP Owner and/or its affiliates.

2. INDEX SELECTION

2.1. INDEX COMPONENTS

The INDEXES are created as follows:

HSIEAIGB Index has two components (each a "HSIEAIGB INDEX COMPONENT"):

No.	Name	ISIN	Currency	Type	RIC	BBG ticker
1.	HSBC Dynamic US Fixed Income Index ("HSIEAIGB INDEX COMPONENT 1")	DE000SL0GTC7	USD	ER	.HSIEFIDU	HSIEFIDU Index
2.	Solactive Global Macro AI Rotator GTR Index ("HSIEAIGB INDEX COMPONENTS 2")	DE000SL0G177	USD	GTR	.SOAIGMRT	SOAIGMRT Index



HSIEAIGB INDEX COMPONENT 1 is combined with the HSIEAIGB INDEX COMPONENT 2 to comprise the HSIEAIGB INDEX, as further described in Section 4.

The HSIEAIGT Index is a volatility-controlled version of the HSIEAIGB Index. Therefore, the HSIEAIGT Index has the following component (the "HSIEAIGT INDEX COMPONENT"):

Name	ISIN	Currency	Type	RIC	BBG ticker
HSBC AI Global Tactical BASE INDEX	DE000SLOGTB9	USD	Excess Return	.HSIEAIGB	HSIEAIGB Index

3. CALCULATION OF THE HSIEAIGT INDEX

3.1. INDEX FORMULA

The HSIEAIGT Index (referred to in this section as the INDEX) is calculated as an excess return Index.

The level of the INDEX (I_t) on each CALCULATION DAY t is calculated in accordance with the following formula:

If CALCULATION DAY t is the START DATE:

$$I_t = 100$$

Else:

$$I_t = I_{t-1} * \left(1 + E_{t-1} * \left(\frac{IVL_t}{IVL_{t-1}} - 1 \right) - fee * \frac{DC_{t,t-1}}{360} - TC * abs(E_t - E_{t-1}) \right)$$

Where:

I_{t-1} The level of the INDEX as of the CALCULATION DAY immediately preceding CALCULATION DAY t .

E_t The EXPOSURE in respect of the INDEX as of CALCULATION DAY t .

E_{t-1} The EXPOSURE in respect of the INDEX as of the CALCULATION DAY immediately preceding CALCULATION DAY t .

IVL_t The BASE INDEX LEVEL as of CALCULATION DAY t .

IVL_{t-1} The BASE INDEX LEVEL as of the CALCULATION DAY immediately preceding CALCULATION DAY t .

fee The fee of 0.5%.

$DC_{t,t-1}$ The number of calendar days in the period from (and including) CALCULATION DAY t to (but excluding) the CALCULATION DAY immediately preceding CALCULATION DAY t .

TC The transaction costs parameter of 0.02%.



The exposure (the “EXPOSURE”) in respect of the INDEX as of CALCULATION DAY t (except for the CALCULATION DAY immediately preceding the START DATE) is calculated in accordance with the following formula:

$$E_t = \begin{cases} E_{t-1} & \text{if } \text{abs}(TargetExp_t - E_{t-1}) \leq RebalThreshold \\ TargetExp_t & \end{cases}$$

Where:

RebalThreshold The rebalancing threshold of 10%

The EXPOSURE in respect of the INDEX as of the CALCULATION DAY immediately preceding the START DATE is calculated as follows:

$$E_t = TargetExp_t$$

The target exposure as of CALCULATION DAY t, *TargetExp_t*, is calculated as follows:

$$TargetExp_t = \min\left(MaxExp, \frac{TargetVolatility}{\sigma_{t-1}}\right)$$

Where:

abs The absolute value.

MaxExp The maximum exposure of 200%.

TargetVolatility The level of the target volatility of 7%.

σ_{t-1} The REALIZED VOLATILITY of *IVL_t* as of the CALCULATION DAY immediately preceding CALCULATION DAY t as defined in section 3.2

3.2. REALIZED VOLATILITY CALCULATION

The realized volatility (“REALIZED VOLATILITY”) of *IVL_t* as of CALCULATION DAY (σ_t) is calculated in accordance with the following formula:

$$\sigma_t = \max(\sigma_{s,t}, \sigma_{l,t})$$

Where:

σ_{s,t} The short-term volatility as of CALCULATION DAY t

σ_{l,t} The long-term volatility as of CALCULATION DAY t



The short-term and long-term volatilities as of CALCULATION DAY t are derived from their respective variances in accordance with the following formula:

$$\sigma_{k,t} = \sqrt{252 * Var_{k,t}} \text{ for } k \in \{s, l\}$$

The short-term and long-term variances are calculated according to the following formulae for each CALCULATION DAY after the VARIANCE START DATE:

$$Var_{k,t} = \lambda_k * Var_{k,t-1} + (1 - \lambda_k) * \left(\ln \left(\frac{IVL_t}{IVL_{t-1}} \right) \right)^2 \text{ for } k \in \{s, l\}$$

Where:

λ_s The short-term decay factor of 0.97

λ_l The long-term decay factor of 0.94

On the VARIANCE START DATE, the short-term and long-term variances are calculated in accordance with the following formula:

$$VarShort_{VST} = \sum_{i=m+1}^{VST} \frac{\alpha_{Short,m,i}}{WeightingFactor_{Short}} \times \left[\ln \left(\frac{IVL_t}{IVL_{t-1}} \right) \right]^2$$

$$VarLong_{VST} = \sum_{i=m+1}^{VST} \frac{\alpha_{Long,m,i}}{WeightingFactor_{Long}} \times \left[\ln \left(\frac{IVL_t}{IVL_{t-1}} \right) \right]^2$$

Where:

$$\alpha_{Short,m,i} = (1 - \lambda_s) \times \lambda_s^{N+m-i}$$

$$\alpha_{Long,m,i} = (1 - \lambda_l) \times \lambda_l^{N+m-i}$$

with N = 40

and

$$WeightingFactor_{Short} = \sum_{i=m+1}^{VST} \alpha_{Short,m,i}$$



$$WeightingFactor_{Long} = \sum_{i=m+1}^{VST} \alpha_{Long,m,i}$$

4. HSIEAIGB INDEX

The HSIEAIGB Index (also referred to in this section as the BASE INDEX) combines the two HSIEAIGB INDEX COMPONENTS listed in Section 2.1 by weighting each HSIEAIGB INDEX COMPONENT by its respective inverse volatility.

The HSIEAIGB Index is rebalanced on the first CALCULATION DAY of each quarter (i.e. January, April, July, and October in each calendar year) (each such date, an "BASE INDEX REBALANCING DATE"). The first BASE INDEX REBALANCING DATE shall be the CALCULATION DAY immediately preceding the BASE INDEX START DATE.

4.1. BASE INDEX FORMULA

On the BASE INDEX START DATE, the HSIEAIGB Index level (the "BASE INDEX LEVEL") is equal to 100.

$$BIL_0 = 100$$

On each CALCULATION DAY following the BASE INDEX START DATE, the BASE INDEX LEVEL in respect of the HSIEAIGB Index is calculated in accordance with the following formula:

$$BIL_t = BIL_{t-1} * \left(\sum_{j=1}^2 iw_{t-1}^j * \frac{L_t^j}{L_{t-1}^j} - R_t * TC * \sum_{j=1}^2 abs(iw_t^j - iw_{t-1}^j) \right)$$

Where:

<i>abs</i>	The absolute value.
BIL_t	The BASE INDEX LEVEL as of CALCULATION DAY t.
BIL_{t-1}	The BASE INDEX LEVEL as of the CALCULATION DAY immediately preceding CALCULATION DAY t.
iw_t^j	The BASE INDEX WEIGHTS in respect of HSIEAIGB INDEX COMPONENT j as of CALCULATION DAY t.
iw_{t-1}^j	The BASE INDEX WEIGHTS in respect of HSIEAIGB INDEX COMPONENT j as of the CALCULATION DAY immediately preceding CALCULATION DAY t.
R_t	The rebalancing indicator, equal to 1 if CALCULATION DAY t is an BASE INDEX Rebalancing Date and 0 otherwise.
L_t^j	The level of HSIEAIGB INDEX COMPONENT j as of CALCULATION DAY t.



L_{t-1}^j The level of HSIEAIGB INDEX COMPONENT j as of the CALCULATION DAY immediately preceding CALCULATION DAY t.

The level of HSIEAIGB INDEX COMPONENT 1 as of CALCULATION DAY t is equal to its CLOSING LEVEL as of CALCULATION DAY t.

The level of HSIEAIGB INDEX COMPONENT 2 as of CALCULATION DAY t is transformed to excess return (the "EXCESS RETURN") calculated in accordance with the following formula:

$$L_t^2 = L_{t-1}^2 * \left(1 + \frac{CL_t^2}{CL_{t-1}^2} - \frac{C_t}{C_{t-1}} \right)$$

Where:

CL_t^2 : The CLOSING LEVEL of HSIEAIGB INDEX COMPONENT 2 as of CALCULATION DAY t.

CL_{t-1}^2 : The CLOSING LEVEL of HSIEAIGB INDEX COMPONENT 2 as of the CALCULATION DAY immediately preceding CALCULATION DAY t.

C_t : The level of the CASH INDEX as of CALCULATION DAY t.

C_{t-1} : The level of the CASH INDEX as of the CALCULATION DAY immediately preceding CALCULATION DAY t.

L_t^2 : The EXCESS RETURN of HSIEAIGB INDEX COMPONENT 2 as of CALCULATION DAY t.

L_{t-1}^2 : The EXCESS RETURN of HSIEAIGB INDEX COMPONENT 2 as of the CALCULATION DAY immediately preceding CALCULATION DAY t.

The level of the CASH INDEX as of CALCULATION DAY t is calculated according to the following formula:

$$C_t = C_{t-1} * \left(1 + rate_{t-1} * \frac{DC_{t,t-1}}{360} \right)$$

Where:

If CALCULATION DAY t is prior to the RATE SWITCH DAY, the rate is equal to the FEDERAL FUNDS RATE (RIC: USONFFE) as of the CALCULATION DAY immediately preceding CALCULATION DAY t.

If t is on or after the RATE SWITCH DAY, the rate is equal to the SECURED OVERNIGHT FUNDING RATE (RIC: USDSOFR) as of CALCULATION DAY t-1

The BASE INDEX weights (the "BASE INDEX WEIGHTS") as of CALCULATION DAY t in respect of HSIEAIGB INDEX COMPONENT 1 and HSIEAIGB INDEX COMPONENT 2 are calculated in accordance with the following formulas:

If CALCULATION DAY t is an BASE INDEX REBALANCING DATE:



$$iw_t^1 = \frac{\frac{1}{s_{t-1}^1}}{1/s_{t-1}^1 + 1/s_{t-1}^2}$$

$$iw_t^2 = 1 - iw_t^1$$

Where:

s_{t-1}^1 The VOLATILITY LEVEL of HSIEAIGB INDEX COMPONENT 1 as of the CALCULATION DAY immediately preceding CALCULATION DAY t.

s_{t-1}^2 The VOLATILITY LEVEL of HSIEAIGB INDEX COMPONENT 2 as of the CALCULATION DAY immediately preceding CALCULATION DAY t.

If CALCULATION DAY t is not an BASE INDEX REBALANCING DATE:

$$iw_t^j = \frac{\frac{iw_r^j * L_t^j}{L_r^j}}{\frac{IVL_t}{IVL_r}}$$

Where:

iw_r^j The BASE INDEX WEIGHT of HSIEAIGB INDEX COMPONENT j as of the BASE INDEX REBALANCING DATE r immediately preceding CALCULATION DAY t.

L_r^j The level of HSIEAIGB INDEX COMPONENT 1 if j = 1 and the EXCESS RETURN of HSIEAIGB INDEX COMPONENT 2 if j = 2, in each case as of the BASE INDEX REBALANCING DATE r immediately preceding CALCULATION DAY t.

IVL_t The BASE INDEX LEVEL as of CALCULATION DAY t.

IVL_{t-1} The BASE INDEX LEVEL as of BASE INDEX REBALANCING DATE r immediately preceding CALCULATION DAY t.

4.2. BASE INDEX CALCULATION

The level of the volatility (the "VOLATILITY LEVEL") of HSIEAIGB INDEX COMPONENT j as of CALCULATION DAY t is calculated according to:

$$s_t^j = \sqrt{\frac{252}{125} * \sum_{i=0}^{125} (ret_{t-i}^j - \bar{R}_t^{j-})^2}$$



Where:

$$\bar{R}_t^j = \frac{1}{126} * \sum_{i=0}^{125} ret_{t-i}^j$$

and

$$ret_{t-i}^j = \frac{L_{t-i}^j}{L_{t-1-i}^j} - 1$$

and

L_{t-1-i}^j The level of HSIEAIGB INDEX COMPONENT 1 if $j = 1$ and the EXCESS RETURN of HSIEAIGB INDEX COMPONENT 2 if $j = 2$, in each case as of the CALCULATION DAY which is $i+1$ CALCULATION DAYS prior to CALCULATION DAY t .

Note that this calculation only needs to be performed on the CALCULATION DAY immediately preceding an BASE INDEX REBALANCING DATE.

4.3. ACCURACY

The level of each INDEX will be rounded to 4 decimal places for publication purposes.

4.4. RECALCULATION

The INDEX ADMINISTRATOR makes the greatest possible efforts to accurately calculate and maintain each INDEX. However, errors in the determination process may occur from time to time for a variety of reasons (internal or external) and therefore, cannot be completely ruled out in respect of any INDEX. The INDEX ADMINISTRATOR endeavors to correct all errors that have been identified within a reasonable period of time. The understanding of "a reasonable period of time" as well as the general measures to be taken are generally depending on the underlying and is specified in the Solactive Correction Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/correction-policy/>.

4.5. MARKET DISRUPTION

In periods of market stress the INDEX ADMINISTRATOR shall calculate each INDEX following predefined and exhaustive arrangements as described in the Solactive Disruption Policy which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/disruption-policy/>. Such market stress can arise due to a variety of reasons, but generally results in inaccurate or delayed prices for one or more INDEX COMPONENTS. The determination of an INDEX may be limited or impaired at times of illiquid or fragmented markets and market stress.



5. MISCELLANEOUS

5.1. DISCRETION

Any discretion which may need to be exercised in relation to the determination of the INDEX shall be limited to (i) exercising routine judgement (in the expert view of the by the INDEX ADMINISTRATOR) in the administration of the Index rules, provided, however, that such routine judgment does not include deviations or alterations to the Index rules that are designed to improve the financial performance of the Index, (ii) correcting errors in the implementation of the rules or calculations made pursuant to the rules, or (iii) making an adjustment to respond to an unanticipated event outside of INDEX ADMINISTRATOR'S control, such as a stock split, merger, listing or delisting, nationalization, or insolvency, a disruption in the financial markets for specific assets or in a particular jurisdiction, regulatory compliance requirement, force majeure, or any other unanticipated event of similar magnitude and significance, subject to sections 4.4 to 4.5 hereof

5.2. METHODOLOGY REVIEW

The methodology of each INDEX is subject to regular review, at least annually. If a change in methodology has been identified as a result of such review (e.g. if the underlying market or economic reality has changed since the launch of one or both INDEXES or if the present methodology is based on obsolete assumptions and factors and no longer reflects the reality as accurately, reliably and appropriately as before), such change will be made in accordance with the Solactive Methodology Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.

Any such change in the methodology will be announced on the SOLACTIVE website under the Section "Announcement", which is available at <https://www.solactive.com/news/announcements/>.

5.3. CHANGES IN CALCULATION METHOD

The application by the INDEX ADMINISTRATOR of the method described in this document is final and binding. The INDEX ADMINISTRATOR shall apply the method described above for the composition and calculation of each INDEX. However, it cannot be excluded that the market environment, supervisory, legal and financial or tax reasons may require changes to be made to this method. The INDEX ADMINISTRATOR may also make changes to the terms and conditions of the INDEX and the method applied to calculate each INDEX that it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. Any such changes or modifications made in respect of each INDEX in accordance with this Section 5.3 shall be made by the INDEX ADMINISTRATOR in its sole and absolute discretion and the INDEX ADMINISTRATOR is not obliged to provide information on any such modifications or changes. Despite the modifications and changes, the INDEX ADMINISTRATOR will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.



5.4. TERMINATION

The INDEX ADMINISTRATOR shall make the greatest possible efforts to ensure the resilience and continued integrity of each INDEX over time. Where necessary, the INDEX ADMINISTRATOR shall follow a clearly defined and transparent procedure to adapt each INDEX methodology to account for changing underlying markets (see Section 5.2 "*Methodology Review*") in order to maintain continued reliability and comparability of the relevant INDEX. Nevertheless, if no other options are available the orderly cessation of the relevant INDEX may be indicated. This is usually the case when the underlying market or economic reality, which the relevant INDEX is set to measure or to reflect, changes substantially and in a way not foreseeable at the time of inception of the relevant INDEX, and the index methodology can no longer be applied coherently or the relevant INDEX is no longer used as the underlying value for financial instruments, investment funds and financial contracts.

The INDEX ADMINISTRATOR has established and maintains clear guidelines on how to identify situations in which the cessation of an index is unavoidable, how stakeholders are to be informed and consulted and the procedures to be followed for a termination or the transition to an alternative index. Details are specified in the Solactive Termination Policy, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/termination-policy/>.

5.5. OVERSIGHT

An oversight committee composed of staff from the INDEX ADMINISTRATOR and its subsidiaries (the "OVERSIGHT COMMITTEE") is responsible for decisions regarding any amendments to the rules of each INDEX. Any such amendment, which may result in an amendment of the GUIDELINE, must be submitted to the OVERSIGHT COMMITTEE for prior approval and will be made in compliance with the Methodology Policy, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/methodology-policy/>.



6. DEFINITIONS

"BENCHMARK REGULATION" shall have the meaning as defined in Section "Introduction".

"BMR" shall have the meaning as defined in Section "Introduction".

"CALCULATION DAY" is every weekday where the New York Stock Exchange (MIC: XNYS), Nasdaq (MIC: XNAS) and CBOT (MIC: XCBT) are open for general business.

"CLOSING LEVEL" is, in respect of each HSIEAIGB INDEX COMPONENT and a relevant day, the level as calculated and published by Solactive in respect of such HSIEAIGB INDEX COMPONENTS and such relevant day.

"EXCESS RETURN" is, in respect of HSIEAIGB INDEX COMPONENT 2 and a relevant day, as calculated by the INDEX ADMINISTRATOR in accordance with Section 4.1.

"FEDERAL FUNDS RATE" is, in respect of any day, the Federal Funds (Effective) rate published in N.Y. Federal Reserve Statistical Release H.15(519) for such day, or such other recognized source used for the purpose of displaying such rate.

"GUIDELINE" shall have the meaning as defined in Section "Introduction".

"HSIEAIGB INDEX COMPONENT" is each of HSIEAIGB INDEX COMPONENT 1 and HSIEAIGB INDEX COMPONENT 2 as defined in Section 2.1.

"HSIEAIGT INDEX COMPONENT" is HSBC AI Global Tactical BASE INDEX.

"INDEX" and "INDEXES" shall have the meanings as defined in Section "Introduction".

"INDEX ADMINISTRATOR" shall have the meaning as defined in Section "Introduction".

"INDEX CURRENCY" is the currency specified in the column "Currency" in the table in Section 1.2.

"BASE INDEX LEVEL" is the level calculated by the INDEX ADMINISTRATOR in respect of the HSIEAIGB INDEX in accordance with Section 4.1.

"BASE INDEX REBALANCING DATE" have the meaning as defined in Section 4.

"BASE INDEX START DATE" is 06/12/2005.

"LIVE DATE" shall have the meaning as defined in Section 1.3.

"OVERSIGHT COMMITTEE" shall have the meaning as defined in Section 5.5.

"RATE SWITCH DAY" is 2 April 2018.

"SECURED OVERNIGHT FUNDING RATE" is, in respect of any day, the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator), on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source.



INDEX GUIDELINE

"SIGNAL CALCULATION DAY" is every Friday, or if such Friday is not a CALCULATION DAY, the immediately preceding CALCULATION DAY.

"SOLACTIVE" shall have the meaning as defined in Section "Introduction".

"START DATE" shall have the meaning as defined in Section 1.3.

"VARIANCE START DATE" is 02/12/2005.

CONTACT

Solactive AG
German Index Engineering
Platz der Einheit 1
60327 Frankfurt am Main
Germany

Tel.: +49 (0) 69 719 160 00

Fax: +49 (0) 69 719 160 25

Email: info@solactive.com

Website: www.solactive.com

© Solactive AG