

Market Consultation- Solactive Blockchain Index

04 July 2024

**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’):

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| **NAME** | **RIC** | **ISIN** |
| Solactive Blockchain Index PR  Solactive Blockchain Index  Solactive Blockchain Index GTR | .SOBKCHP  .SOLBKCH  .SOBKCHT | DE000SL0DNQ7  DE000SL0DNR5  DE000SL0DNS3 |

**Rationale for the Market Consultation**

Currently the index has a semi-annual rebalance and semi-annual reweighting. The reweighting is only triggered in the event that the INDEX ADMINISTRATOR determines that the aggregate INDEX weight of the Diversified and Pre-Revenue INDEX COMPONENTS is greater than 20% on any REVIEW DAY, the aggregate INDEX weight of the Diversified and Pre-Revenue INDEX COMPONENTS is capped at 18%. Unfortunately, this is a trigger that does not take place often. As a result, the reweighting of the index is often skipped. With the recent volatility in the Blockchain industry, many Pure Play index components have experienced an increase in their index weights. This increase in weight has significantly impacted the diversification of the index which affects end users and licensees of the index who must comply with geographic diversification requirements for their products.

**Proposed Change to the Index Guideline**

The following Methodology change is proposed in the following point of the Index Guideline:

***From:***

**2.3.2. REWEIGHTING OF THE INDEX COMPONENTS**

If the INDEX ADMINISTRATOR determines that the aggregate INDEX weight of the Diversified and Pre-Revenue INDEX COMPONENTS is greater than 20% on any REVIEW DAY, the aggregate INDEX weight of the Diversified and Pre-Revenue INDEX COMPONENTS is capped at 18%.

Here, the excess weight is redistributed proportionally from Diversified and Pre-Revenue INDEX COMPONENTS exceeding an index weight of 0.3%. If these INDEX COMPONENTS would drop below an index weight of 0.3% in the redistribution, they are floored at 0.3%.

If the aggregate INDEX weight of the Pure Play INDEX COMPONENTS weighted above 4.5% is below 45%, the excess weight is redistributed proportionally to the Pure Play INDEX COMPONENTS that are weighted below 12.0% up to a maximum of 12.0% for each company. Here, the final aggregate weight of the Pure Play INDEX COMPONENTS weighted above 4.5% is capped at 45%. The remaining companies are capped at 4.5%.

If the aggregate weight of the Pure Play Index Components weighted above 4.5% is above 45%, the excess weight is redistributed proportionally to the Pure Play Index Components that are weighted below 4.5% up to a maximum of 4.5% for each company.

***To:***

**2.3.2. REWEIGHTING OF THE INDEX COMPONENTS**

On each REVIEW DAY the index is reweighted if at least one of the following two conditions is true:

1. If the INDEX ADMINISTRATOR determines that the aggregate INDEX weight of the Diversified and Pre-Revenue INDEX COMPONENTS is greater than 20% on any REVIEW DAY, the aggregate INDEX weight of the Diversified and Pre-Revenue INDEX COMPONENTS is capped at 18%.

Here, the excess weight is redistributed proportionally from Diversified and Pre-Revenue INDEX COMPONENTS exceeding an index weight of 0.3%. If these INDEX COMPONENTS would drop below an index weight of 0.3% in the redistribution, they are floored at 0.3%.

If the aggregate INDEX weight of the Pure Play INDEX COMPONENTS weighted above 4.5% is below 45%, the excess weight is redistributed proportionally to the Pure Play INDEX COMPONENTS that are weighted below 12.0% up to a maximum of 12.0% for each company. Here, the final aggregate weight of the Pure Play INDEX COMPONENTS weighted above 4.5% is capped at 45%. The remaining companies are capped at 4.5%.

If the aggregate weight of the INDEX COMPONENTS weighted above 4.5% is above 45%, the excess weight is redistributed proportionally to the INDEX COMPONENTS that are weighted below 4.5% up to a maximum of 4.5% for each company.

1. If the INDEX ADMINISTRATOR determines that any INDEX COMPONENT exceeds a weight of 15% on any REVIEW DAY, that component’s weight will be capped at 15%.

If the aggregate weight of the INDEX COMPONENTS weighted above 4.5% is above 45%, the excess weight is redistributed proportionally to the INDEX COMPONENTS that are weighted below 4.5% up to a maximum of 4.5% for each company.

**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 Blockchain Index and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.

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**Consultation Procedure**

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until July 18th, 2024.

[Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on August 1st, 2024.

Please send your feedback via email to [marketconsultation@solactive.com](mailto:marketconsultation@solactive.com), specifying “**Market Consultation- Solactive Blockchain Index**” 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

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](mailto:info@solactive.com)

Website: [www.solactive.com](http://www.solactive.com)

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