# 

Market Consultation Solactive J.P. Morgan Asset Management China Carbon Transition Index

15 November 2024

**Content of the Market Consultation**

Solactive AG has decided to conduct a Market Consultation with regards to changing the Index Methodology of the following Indices.

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| **NAME** | **RIC** | **ISIN** |
| Solactive J.P. Morgan Asset Management China Carbon Transition Index PR | .SJPMCCTP | DE000SL0GMQ2 |
| Solactive J.P. Morgan Asset Management China Carbon Transition Index NTR | .SJPMCCTN | DE000SL0GMR0 |
| Solactive J.P. Morgan Asset Management China Carbon Transition Index GTR | .SJPMCCTT | DE000SL0GMS8 |

**Rationale for the Market Consultation**

Solactive J.P. Morgan Asset Management China Carbon Transition Index is a rules-based, Carbon transition benchmark index that targets subset of the Solactive GBS China Large & Mid Cap USD Index that meet minimum exclusions standards for EU Climate Transition Benchmarks. Selected securities are weighted based on a multi-stage process which takes into consideration relative market capitalization weights, constraints on individual stock liquidity, Carbon Transition Percentiles and concentration risks while trying to minimize turnover and meet EU Climate Transition Benchmark rules.

Proposed changes add four additional relaxation constraints in step **“2.3.12.1. Relax Holding and Liquidity Constraints”** in addition to existing two constraints. Constraints defined in step 2.3.12.1 are only relaxed if Target WACI of Index is not achieved with Maximum Turnover Threshold of 20%. These Holding and Liquidity constraints need to be relaxed to achieve the target WACI which is defined as minimum of the CARBON INTENSITY of the decarbonization trajectory on the SELECTION DAY and 70% of INDEX UNIVERSE CARBON INTENSITY on the SELECTION DAY.

In the Latest Selection on 2024-10-09 the constraints were not relaxed and the Target WACI (WACI of index <= Target WACI) was achieved with a Turnover below 20%.

**Proposed Changes to the Index Guideline**

The following Methodology changes are proposed in the following points of the Index Guideline.

2.3.12.1. Relax Holding and Liquidity Constraints

***From:***

In case the Target WACI can’t be reached within the maximum turnover budget. The holding and liquidity constraints are relaxed. By the following formulae:

***To:***

In case the Target WACI can’t be reached within the maximum turnover budget. The holding and liquidity constraints are relaxed. By the following formulae:

= 𝑓( ) = min (4.5 ∗ (1 + 𝑗) ∗ , 60 𝑏𝑝𝑠 + + 𝑗 ∗ 20𝑏𝑝𝑠)

𝑥2 = 𝑓() = min (3.5 ∗ (1 + 𝑗) ∗ , 40 𝑏𝑝𝑠 + + 𝑗 ∗ 20 𝑏𝑝𝑠)

= ∗ (1 + 𝑗)

= ∗ (1 + 𝑗)

Iterate through 2.3.12 (begin with j = 1,2,3…10) until .

**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 J.P. Morgan Asset Management China Carbon Transition 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 *2024-11-29*

[Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on *2024-12-13*

Please send your feedback via email to [marketconsultation@solactive.com](mailto:marketconsultation@solactive.com), specifying “**Market Consultation** Solactive J.P. Morgan Asset Management China Carbon Transition Index as the subject of the email, or

via postal mail to: **Solactive AG**

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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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