

MARKET CONSULTATION SOLACTIVE US BENCHMARK INDEX SERIES

07 March 2025



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'):

Name	ISIN	RIC
Solactive US Broad Market Index (GTR)	DE000SLA1GB6	.SOLUSBMG
Solactive US Broad Market Index (PR)	DE000SLA1F15	.SOLUSBMI
Solactive US Large Cap Index (GTR)	DE000SLA0Q47	.SOLUSLCG
Solactive US Large Cap Index (PR)	DE000SLA0Q54	.SOLUSLCP
Solactive US Large Cap Index (NTR)	DE000SLA1706	.SOLUSLCX
Solactive US Large & Mid Cap Index (GTR)	DE000SLA0Q62	.SOLUSMCG
Solactive US Large & Mid Cap Index (PR)	DE000SLA0Q70	.SOLUSMCP
Solactive US Small Cap Index (GTR)	DE000SLA0Q88	.SOLUSSCG
Solactive US Small Cap Index (PR)	DE000SLA0M41	.SOLUSSCP
Solactive US Small & Mid Cap Index (PR)	DE000SLA1JT2	.SOLUSSMP
Solactive US Small & Mid Cap Index (GTR)	DE000SLA1JU0	.SOLUSSMG
Solactive US Large Cap Equal Weight Index (PR)	DE000SLA3FM1	.SOLUSLEP
Solactive US Large Cap Equal Weight Index (GTR)	DE000SLA3FN9	.SOLUSLEG
Solactive US Large Cap Equal Weight Index (NTR)	-	.SOLUSLEN
Solactive US Large Cap Index (CA NTR)	DE000SLA9K10	.SOLUSLCC
Solactive US Large Cap CAD Index (CA NTR)	DE000SLA5AL9	.SOUSLCCC
Solactive US Large Cap CAD Index (PR)	DE000SLA5BU8	.SOUSLCCP



Rationale for the Market Consultation

The Solactive US Benchmark Index series aims to track various segments of the US stock market. We are proposing certain changes in the index series to improve the investability of the indices. Our proposed changes are intended to

- Allow inclusion of multiple share lines of companies eligible for inclusion to the index series: Under the current methodology, if a company with multiple share lines are considered eligible for inclusion, all the share lines of the company are added to the index only if the less liquid share lines have 6-month ADVs that are at least 75% of the ADV of the most liquid share line. We want to remove this relative liquidity requirement to allow inclusion of all share lines that meet the universe requirements.

To ensure that the multiple share lines of a company belong to the same capitalization size bucket we are also proposing to change our market capitalization ranking from free float share class market capitalization based ranking to total company market capitalization based ranking.

The proposed changes no. 1 and 2 would allow us to implement this modification

- Reduce turnover in edge cases for high-priced securities: The current methodology prohibits inclusion of securities with a closing price of US\$ 20,000 or higher as on the selection day. We intend to reduce turnover for high-priced securities by introducing a buffer rule that would exclude any current component of the index if its price as on the selection day is US\$25,000 or more but include new securities only if the closing price as on the selection day is less than US\$ 20,000.

The proposed change no. 3 would implement this modification.

- Conduct quarterly rebalances: Currently, this index series goes through semi-annual rebalance with semi-annual IPO review. We want to remove the IPO reviews and conduct quarterly rebalances in February, May, August and November of each year to bring the rebalance frequency in line with our other Benchmark Indices.

This will be executed by implementing our proposed change no. 4.

Overall, the proposed changes are expected to improve the investability and responsiveness of the indices to changing market conditions.



Proposed Changes to the Index Guideline

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

1. Section 4 Definitions

From:

- 7. In case a company has multiple share lines, a ratio will be calculated that divides the 6 months ADV of every share class by the most liquid share class (in terms of 6 months ADV) of the respective company. Only share lines whose ratio exceeds 75% are eligible for the Universe.

To:

- The rule will be removed completely

2. Section 2.1.1 Capitalization Weighted Indices and 2.1.2 Equal Weight Indices:

From:

- All references of "(every share line is reviewed separately)" in respect to company ranking throughout the sections
- All references of "Float Market Capitalization of the company" in respect to company ranking throughout the sections

To:

- The (every share line is reviewed separately) references will be removed throughout the sections
- These references will be changed to "Total Market Capitalization of the Company" throughout the sections

3. Section 4 Definitions

From:

- 9. The security must have a closing price of less than 20,000 USD on the Selection Day.

To:

- 8. A current constituent security must have a closing price of less than 25,000 USD and a new constituent security must have a closing price of less than 20,000 USD on the Selection Day

4. Section 4 Definitions



From:

- "IPO Review Day" is 10 Business Days before the IPO Adjustment Day. As of the IPO Review Date, the IPO needs to have been traded for at least 10 Business Days before it is eligible for index inclusion at the IPO Adjustment Day
- "IPO Adjustment Day" is the 1st Wednesday of February and August. In case that day is not a Business Day the Adjustment Day will be the following Business Day
- "Adjustment Day" is the close of the first Wednesday in May and November that is also a Business Day according to the definition in this document. In case that day is not a Business Day the Adjustment Day will be the following Business Day.

To:

- The "IPO Review Day...." section will be removed
- The "IPO Adjustment Day..." section will be removed
- "Adjustment Day" is the close of the first Wednesday in February, May, August and November that is also a Business Day according to the definition in this document. In case that day is not a Business Day the Adjustment Day will be the following Business Day.

These proposed changes will be accompanied by any other necessary changes in the wordings and sentence structure in the guideline to ensure consistency and comprehensibility.



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 US Benchmark Index Series 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 *2025-03-28*

[Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on *2025-04-11*

Please send your feedback via email to marketconsultation@solactive.com, specifying "Market Consultation Solactive US Benchmark Index Series" 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

Website: www.solactive.com

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