

MARKET CONSULTATION SOLACTIVE EUROPEAN EQUITY INDICES

02 October 2019



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	RIC	ISIN
Solactive European Equity Price Index	.TEET	DE000SLA3V13
Solactive European Equity Net Total Return Index	.TEETNR	DE000SLA3S26
Solactive European Equity Total Return Index	.TEETTR	DE000SLA3V21

Rationale for the Market Consultation

Solactive proposes an additional rule to cap the number of companies domiciled outside of the European Economic Area (EEA) at 20% during the annual rebalance process, and also add a capping procedure semi-annually in September in addition to the quarterly ESG review that caps the weight of companies domiciled outside of the EEA at 20% should their weight exceed 25%.

The changes will improve replicability and investability of the index as limiting the exposure to companies domiciled outside of the European Economic Area will ensure investability by investors located in the European Union.

Proposed Change(s) 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):

Introduction

From:

The INDEX is owned, 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.

To:

The INDEX is owned, calculated, administered and published by Solactive AG ("SOLACTIVE") assuming the role as administrator (the "INDEX ADMINISTRATOR") within the meaning of the Principles for Financial



Benchmarks published by the International Organization of Securities Commissions in July 2013. The name "Solactive" is trademarked.

Section 2.1: Index Universe Requirements

From:

Starting with a FactSet Universal Screening:

- Screen for securities that have a primary listing in one of the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and United Kingdom.

To:

Starting with a FactSet Universal Screening:

- Screen for securities that have a primary listing and are domiciled in one of the European countries that are part of the Developed Markets as defined by the Solactive Country Classification (<https://www.solactive.com/documents/>)

From:

A capping procedure is implemented, at the same time, to avoid excessive concentration in any of the countries mentioned above and ensure a diversified allocation. The cap is applied to the maximum number of stocks allowed to be included into the index universe from each country and ensures that no more than 20% of the total number of stocks are included in the index, i.e. 20 stocks per country. Once the cap for any country is breached, the stocks from other countries with the highest ranking in term of free float capitalization are selected and added to the index to replace the removed stocks until the target number of 100 stocks is reached.

A 20% buffer rule is also applied either at an index level (across all countries), or separately (for countries which have breached the capping procedure stipulated above) in the following manner:

- Non-constituents will be eligible if ranked within the top 80% by component count in descending order of free-float market capitalization
- Current constituents will remain eligible if ranked within the top 120%
- Both rules will be applied while respecting the capping limitations



Should there be less or more than 100 stocks in this selection pool after the capping mechanism was applied, the constituents will be added or removed based on their ranking until the required count is reached, whilst respecting capping restrictions.

In addition to the yearly index reconstitution, there is a quarterly index review, where the composition of the index is screened for any ESG criteria breaches defined above. In case a current index component does not fulfill those requirements anymore, it will be replaced by (and its weight will be attributed to) the immediately following stock ranked on free float market capitalization. In case there are more stocks to be removed, then the exchange will take place in pairs: the weight of the largest current index component will be attributed to the highest ranked non-component, based on free float market capitalization, and so on to determine each pair. The country capping restriction of 20% is still to be applied.

To:

A capping procedure is implemented, at the same time, to avoid excessive concentration in any of the countries mentioned above and ensure a diversified allocation. The cap is applied to the maximum number of stocks allowed to be included into the index universe from each country and ensures that no more than 20% of the total number of stocks are included in the index, i.e. 20 stocks per country. Once the cap for any country is breached, the stocks from other countries with the highest ranking in term of free float capitalization are selected and added to the index to replace the removed stocks until the target number of 100 stocks is reached. The total number of stocks domiciled outside of the European Economic Area (EEA) will be capped at 20. Once the number of stocks domiciled outside of the European Economic Area is larger than 20, stocks from EEA countries with the highest ranking in term of free float capitalization are selected and added to the index to replace the removed stocks until the target number of 100 stocks is reached.

A 20% buffer rule is also applied either at an index level (across all countries), or separately (for countries which have breached the capping procedure stipulated above) in the following manner:

- Non-constituents will be eligible if ranked within the top 80% by component count in descending order of free-float market capitalization
- Current constituents will remain eligible if ranked within the top 120%
- Both rules will be applied while respecting the capping limitations

Should there be less or more than 100 stocks in this selection pool after the capping mechanism was applied, the constituents will be added or removed based on their ranking until the required count is reached, whilst respecting capping restrictions.

In addition to the yearly index reconstitution, there is a semi-annual index review in September, where the index is screened for any ESG criteria breaches defined above. In case a current index component does not fulfill those requirements anymore, it will be replaced by (and its weight will be attributed to) the immediately following stock ranked on free float market capitalization. In case there are more stocks to be removed, then the exchange will take place in pairs: the weight of the largest current index component will



be attributed to the highest ranked non-component, based on free float market capitalization, and so on to determine each pair. The country and region capping restriction is still to be applied when selecting non-component replacement stocks. Additionally, during the semi-annual index review, the total weight of stocks domiciled outside of the European Economic Area is reviewed. In case the total weight of stocks domiciled outside of the European Economic Area is larger than 25%, the weight is scaled back proportionally to 20%, with the excess weight redistributed on a pro-rata basis to stocks domiciled in the European Economic Area.

In addition to the yearly index reconstitution and semi-annual review, there is a quarterly index review in the months of June and December, where the composition of the index is screened for any ESG criteria breaches defined above. In case a current index component does not fulfill those requirements anymore, it will be replaced by (and its weight will be attributed to) the immediately following stock ranked on free float market capitalization. In case there are more stocks to be removed, then the exchange will take place in pairs: the weight of the largest current index component will be attributed to the highest ranked non-component, based on free float market capitalization, and so on to determine each pair. The country and region capping restriction is still to be applied when selecting non-component replacement stocks.

Section 4 Definitions

From:

"Adjustment Day" is the third Tuesday of March, for the yearly reconstitution and third Tuesday of June, September and December for the quarterly review. If this is not a Trading Day, then the Adjustment will be delayed until the following Trading Day.

To:

"Adjustment Day" is the third Tuesday of March, for the yearly reconstitution, third Tuesday of September for the semi-annual review, and third Tuesday of June, and December for the quarterly reviews. If this is not a Trading Day, then the Adjustment will be delayed until the following Trading Day.

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 European Equity Indices 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 *2026-02-24*.

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on *2026-02-27*.



Please send your feedback via email to marketconsultation@solactive.com, specifying "Market Consultation Solactive European Equity Indices" as the subject of the email, or

via postal mail to:

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Germany

Should you have any additional questions regarding the consultative question in particular, please do not hesitate to contact us via above email address.

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