

Zug, November 7th, 2023

Market Consultation on proposed changes to the EURO STOXX 50 Volatility (VSTOXX) family of indices

Dear Sir and Madam,

STOXX Ltd. has decided to conduct a market consultation on proposed changes to the methodology of the EURO STOXX 50 Volatility (VSTOXX) family of indices.

The market consultation may or may not lead to changes in the index methodology.

Process and Timeline

STOXX invites relevant stakeholders and interested third parties to submit responses to consultation@stoxx.com.

The consultation is open to all market participants until November 28th, 2023.

STOXX intends to announce the results of the market consultation, as well as an announcement about potential changes to the index methodology, by December 8th, 2023.

STOXX intends to implement the potential changes resulting from this consultation in the second half of 2024.

Motivation for the Market Consultation

The VSTOXX Indices are based on EURO STOXX 50 real-time options prices and are designed to reflect the market expectations of near-term up to long-term volatility by measuring the square root of the implied variance across all options of a given time to expiration.

STOXX seeks market feedback to proposed methodology changes, which will enhance the index representativeness and robustness.

Proposed Treatments/Amendments

STOXX is looking to increase index robustness of the **EURO STOXX 50 Volatility (VSTOXX)** indices by introducing the following methodology changes:

	CURRENT METHODOLOGY	PROPOSED NEW METHODOLOGY
(a) Calculation of Index Settlement Level	The Settlement Level of each main index is calculated on the Settlement Day as the average of all valid ticks that index produced during an expanding time window starting at 11:30:00 CET up to the current calculation time and not later than 12:00:00 CET.	The Settlement Level of each main index is calculated on the Settlement Day as the average of all valid ticks that index produced during an expanding time window starting at 11:00:00 CET up to the current calculation time and not later than 12:00:00 CET.
(b) Preparation of Option Inclusion Prices	First, the trade price, the mid quote and settlement price of each option and corresponding timestamps are identified. A filter is applied in that any trade price, mid quote or settlement price below 0.5 points is ignored.	First, the trade price, the mid quote and settlement price of each option and corresponding timestamps are identified. A filter is applied in that any trade price, mid quote or settlement price below 1 point is ignored.

Table 1: Proposed changes to the EURO STOXX 50 Volatility (VSTOXX) indices

Impacted Main Indices

- EURO STOXX 50 Volatility (VSTOXX)
- EURO STOXX 50 Volatility (VSTOXX 60 days)
- EURO STOXX 50 Volatility (VSTOXX 90 days)
- EURO STOXX 50 Volatility (VSTOXX 120 days)
- EURO STOXX 50 Volatility (VSTOXX 150 days)
- EURO STOXX 50 Volatility (VSTOXX 180 days)
- EURO STOXX 50 Volatility (VSTOXX 210 days)
- EURO STOXX 50 Volatility (VSTOXX 240 days)
- EURO STOXX 50 Volatility (VSTOXX 270 days)
- EURO STOXX 50 Volatility (VSTOXX 300 days)
- EURO STOXX 50 Volatility (VSTOXX 330 days)
- EURO STOXX 50 Volatility (VSTOXX 360 days)
- EURO STOXX 50 Volatility (VSTOXX 1 month)
- EURO STOXX 50 Volatility (VSTOXX 2 months)
- EURO STOXX 50 Volatility (VSTOXX 3 months)
- EURO STOXX 50 Volatility (VSTOXX 6 months)
- EURO STOXX 50 Volatility (VSTOXX 9 months)
- EURO STOXX 50 Volatility (VSTOXX 12 months)
- EURO STOXX 50 Volatility (VSTOXX 18 months)
- EURO STOXX 50 Volatility (VSTOXX 24 months)
- EURO STOXX 50 Investable Volatility

Questions

1. Do you agree that the Settlement Level of each main index should be calculated on the Settlement Day as the average of all valid ticks that index produced during an expanding time window starting at 11:00:00 CET up to the current calculation time and not later than 12:00:00 CET? [see (a) Calculation of Index Settlement Level in table 1?]
2. Do you agree with the new filter level in that any trade price, mid quote or settlement price below 1 point is ignored [see (b) Preparation of Option Inclusion Prices in table 1?]

If your answer to any of the above questions is NO, please also kindly explain your reasons behind it.