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Scope:	STOXX Benchmarks
Approved by:	Management Board ("MB")
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Responsible department:	Product Development ("Product")
Relevant documents:	Terms of Reference – Index Management Committee ("IMC") Terms of Reference / Index Governance Committee ("IGC") Terms of Reference – Oversight Committee ("OC") Terms of Reference –MB
Valid from:	Date of STOXX Recognition within the meaning of art. 32 Regulation (EU) 2016/1011
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1 Background

The regulations of benchmarks in the various jurisdictions and for the various types of regulated entities vary in detail, but the general approach is equivalent in principle. In addition, the various rules and regulations use different language and terminology while content wise being very similar. As such, this Policy uses a harmonized language, which is to be read in conjunction with the specific (national) legal terminology. The most relevant parts of the legislative framework applicable can be summarized as follows:

- Global:

Administrators of benchmarks need to comply with requirements of Principle 12 (Changes to the Methodology) of the IOSCO Principles for Financial Benchmarks FR07/13.

- European Union:

Administrators of benchmarks used in the EU need to comply with the requirements Regulation (EU) No. 2016/1011 "EU Benchmark Regulation" or "EU BMR").

- United Kingdom¹:

Administrators of benchmarks used in the UK need to comply with the requirements of Section 3(1) European Union (Withdrawal) Act 2018 (UK) in conjunction with EU BMR ("UK BMR").

2 Objective and Purpose²

The Policy addresses the requirements that must be addressed by STOXX Ltd., Zug, Switzerland ("STOXX") when changing the benchmark methodology.

3 Scope

¹ According to current status UK BMR will only become effective in the event of a no-deal Brexit.

² Cases or situations not covered by this policy will be covered by processes in the respective STOXX or DAX Index Guides.

This Policy applies to all benchmarks STOXX administers within the meaning of Art. 3 (1), (5) and (6) EU BMR and any similar or equivalent regime ("STOXX Benchmarks").

4 Benchmark Integrity

Product must ensure that a change of methodology does not violate any of the requirements on benchmark methodology as described in the Policy on Benchmark Design.

After a change in methodology is implemented, the revised methodology must remain executable and result in an accurate and reliable representation of the economic realities of the interest the benchmark seeks to measure.

Under no circumstances will STOXX retroactively change any of its rules and/or methodology.

5 Approval of Changes and Stakeholder³ Consultation

The following STOXX Committees are responsible for making the decisions on amendments of an Index Methodology:

The IMC decides on changes to the Index Methodology, unless

- a. a material change to the Index Methodology is proposed
- b. the change is triggered by an Unclear Rule or Insufficient Rule (as part of a Limitation, as described in the Index Guides), or
- c. where financial products relating to the Index have a notional value/notional amount of more than EUR 100 Mio.

If the IMC is not in charge, the decision is taken by IGC (i.e. in the cases set forth in a) to c) above).

In case of proposed material changes to the Index Methodology a consultation will be performed.

A change to an Index Methodology shall be considered as material in particular in the event of:

- a change in the Index objective or market/economic reality the Index aims to represent (e.g. market leader components vs. mid cap companies),
- a change which affects the composition and weighting rules of an Index,
- a change in the calculation methods and formulas, or
- a change in the Index Maintenance treatment, in particular a change of the rules governing weightings of, composition of Constituent Elements, and Corporate Action Adjustments

resulting in a significant change of the concept / nature of the Index. The IMC determines whether an amendment is material as defined. In cases where the materiality cannot clearly be assessed the IMC decides taking into consideration the principles stipulated in the Index Guides.

STOXX consults a proposed material change with reasonably affected licenses/investors. A licensee shall be considered affected if he has licensed the respective Index. An investor shall be considered affected if he owns contracts or Financial Instruments that reference the respective Index. Taking into account the Principle of Proportionality, STOXX informs affected licenses/investors as follows:

- licensees either directly and/or via public consultation;
- investors either via licensees affected by the material change and/or via public consultation.

STOXX shall inform affected licensees and investors of the key elements of the Index Methodology that will in its view be impacted by a proposed material change and information on the rationale for any proposed material change including an assessment as to whether the representativeness of the Index and its appropriateness for its intended use are put at risk in case the proposed material change

³ A Stakeholder means (a) persons or entities that purchase benchmark determination services from STOXX/DBAG regarding a benchmark administered by STOXX and/or (b) persons or entities who have an index license with STOXX/DBAG regarding a benchmark administered by STOXX (Subscriber) and/or as far as STOXX is reasonable aware (c) persons or entities and/or third parties who own contracts or financial instruments that reference a benchmark administered by STOXX.

is not put in place.

The consultation shall enable investors and licensees to submit comments. The standard consultation period shall be at least 1 month with the option to extend this period. The IGC may decide taking into consideration the principles stipulated in the Index Guides to shorten the 1-month period in the following cases:

- in urgent cases, such as a situation in which the Index cannot be replicated anymore;
- in situations where there is no known licensee / investor impact or only a limited number of affected licensees / investors;
- in order to align the effective date of a proposed change with Index Maintenance; e.g. an Equity/Bond Index Rebalancing, Index Review, and Corporate Action Adjustment, or
- any other similar cases.

The IGC in accordance with the Index Guides will consider the feedback received and decide whether the material change shall become effective. The IGC is not bound by any feedback received. If the received feedback is ambiguous, the IGC may decide to conduct another consultation. If no licensee / investor participates in the consultation, the consulted material change shall enter into effect as outlined in the consultation material.

If the IGC decides that a material change shall become effective, STOXX will communicate a timeline on the implementation of the material change, if not already communicated in the consultation material. The decision will be communicated as a Notification pursuant to the Index Guides.

STOXX will after the consultation make available the licensees / investors feedback received in the consultation and STOXX's summary response to those comments, except where confidentiality has been requested by the respective licensee / investor.

NON-MATERIAL CHANGES WITHOUT CONSULTATION

Non-material changes of the Index Methodology, including a description of the impact and the rationale, will be announced by means of a Notification pursuant to the Index Guides, effective immediately following publication, unless otherwise specified in the Notification.

6 Publication of Changes

The effective date for benchmark methodology changes is aligned, where feasible, with the periodic benchmark reviews dates when the benchmark composition is changed, and a rebalancing is triggered to avoid extra ordinary impact for clients. Material methodology changes should generally be publicly announced 3 months prior to implementation. IGC may decide to shorten the notice period:

- a) In exceptional or urgent cases or in situations where there is no stakeholder impact and where it has been agreed that the notice period has to be shortened but immediate communication is not possible. A case that requires urgent action is for example a situation in which the investor's ability to replicate the index benchmark performance with his or her portfolio is no longer ensured. In such cases, changes or amendments to the published index methodology ("**Index Guides**") must be made on the same day the new rule or change is implemented.
- b) To align with the period benchmark review dates and the rebalancing of the benchmarks.

In case of any proposed material change in its methodology, STOXX shall share its view on the key elements of the methodology that will be impacted by a proposed material change. Furthermore, STOXX shall include an assessment as to whether the representativeness of the benchmark and its appropriateness for its intended use are put at risk in case the proposed material change is not put in place. In case of any changes or amendments to the Index Guides, Operations and Product will work together to ensure both the public and subscribers are provided with detailed information about the nature and rationale of the change as well as the implications and terms for the new methodology to enter into force.

Product is responsible for adding any change or amendment to the benchmark methodology in the respective Index Guides. Any change or amendment must also be added to the Index Guides' change

history.

7 Policy Revision

This Policy will be reviewed in accordance with the Policy Management Policy and updated as necessary. The responsibility for the updates is assumed by the Head of Product.