

LETTER OF COMPLIANCE

Letter of Compliance with the IOSCO Principles for Financial Benchmarks*

On Jul. 31, 2014, STOXX Limited announced its compliance with the International Organisation of Securities Commission's (IOSCO) Principles for Financial Benchmarks for STOXX-branded indices.

The objective of the IOSCO Principles for Financial Benchmarks is to create an overarching regulatory framework for benchmarks used in global financial markets. The internationally valid guidelines focus on the methodology, transparency and overall quality of benchmarks, as well as the overall governance arrangements and accountability for index providers and other relevant bodies.

Having completed a thorough assessment and updated its governance structure, policies and control framework, STOXX ensures the administration of the STOXX-branded indices in compliance with the recommendations and in line with the principle of proportionality set forth in the IOSCO principles.

Below is the full list of the principles and how STOXX ensures its compliance with them.

IOSCO Principle	How STOXX complies with the Principle
1. Overall responsibility of the administrator	STOXX assumes primary responsibility for all stages of index administration for all STOXX labelled indices, such as: <ul style="list-style-type: none"> » Definition and maintenance of the index methodologies » Compilation, publication and distribution of indices » Ensuring appropriate transparency over significant decisions affecting the compilation of indices and related determination process » Establishing appropriate governance, oversight and accountability procedures for the index determination process.
2. Oversight over third parties	<ul style="list-style-type: none"> » STOXX may outsource certain activities within the index determination process to third-parties. In particular, index calculation and index dissemination may be outsourced to group entities of Deutsche Börse AG and SIX. In addition, for some indices, STOXX may outsource determination of index components to specialized third-party financial service providers. A list of outsourcing partners and their roles may be obtained on request from regulations@stox.com. » STOXX has clear written agreements in place with its outsourcing partners. » STOXX monitors the services provided by its outsourcing partners to ensure their compliance with the agreed service levels and standards. » STOXX ensures through its controls framework that operational risks arising from index administration are duly managed.

LETTER OF COMPLIANCE

3. Conflicts of interest for administrators	<ul style="list-style-type: none"> » STOXX has created a specific policy for conflicts of interest and is subject to the compliance policies of Deutsche Börse Group, which address potential and actual conflicts of interest in general. » STOXX does not issue, market, trade or clear securities or financial products on its indices. STOXX's revenue includes fees linked to financial products based on STOXX indices licensed to clients, amongst which is Eurex Exchange owned by STOXX's majority shareholder Deutsche Börse AG. However, Eurex Exchange only provides the trading infrastructure and does not hold any positions in the indices itself. STOXX currently has not identified any further material conflicts of interest arising from its business relationships or ownership structure. STOXX is committed to disclose such material conflicts of interests should they arise.
4. Control framework for administrators	<ul style="list-style-type: none"> » STOXX has a formalized internal controls framework in place which substantially covers all stages of the index administration. A summary of the controls framework may be obtained on request from regulations@stox.com. » STOXX is committed to appoint an independent auditor to issue an annual assurance report on its controls framework, which will be made available to outsourcing partners, in order to provide them detailed information about the controls environment at STOXX.
5. Internal oversight	<ul style="list-style-type: none"> » STOXX has an appropriate governance structure which oversees all stages of the index administration process. The governance structure is composed of several committees, all of which are assigned with specific tasks and which ultimately report to STOXX's senior management. » An organizational chart of the governance structure and a summary of the roles of individual committees can be obtained on request from regulations@stox.com. To protect the independence of the governance function, STOXX does not disclose publicly the names of employees who are members of the governance committees.
6. Benchmark design	<ul style="list-style-type: none"> » STOXX has dedicated policies and procedures in place that regulate the index design process. » Internal controls with respect to benchmark design are integrated into the STOXX controls framework.
7. Data sufficiency	<ul style="list-style-type: none"> » STOXX has dedicated policies and procedures in place that ensure that the data quality for index determination purposes is in compliance with IOSCO principles. » The respective data sufficiency provisions are also reflected in the methodology descriptions of specific indices in the index rulebooks that are available on the STOXX website.
8. Hierarchy of data inputs	<ul style="list-style-type: none"> » STOXX has dedicated policies and procedures in place to ensure that the data hierarchy used for index determination purposes is in compliance with IOSCO principles.

LETTER OF COMPLIANCE

	<ul style="list-style-type: none"> » The respective provisions regarding hierarchy of data inputs and exercise of expert judgement are reflected in the methodology descriptions of specific indices and in the <u>index rulebooks</u> that are available on the STOXX website.
9. Transparency of benchmark determinations	<ul style="list-style-type: none"> » The indices administered by STOXX are typically derived from data sourced from regulated markets or exchanges with mandatory post-trade transparency requirements and typically do not involve significant expert judgement. The relevant details on index determination are described and disclosed in published <u>rulebooks</u> of the respective indices, which are available on the STOXX website. » For indices that may involve significant expert judgement, STOXX is committed to disclosing the relevant information with each index determination.
10. Periodic review	<ul style="list-style-type: none"> » STOXX has dedicated policies and procedures in place with respect to periodic review of index conditions and parameters. » Internal controls with respect to the index review are integrated into the STOXX controls framework. » Summaries of material revisions of indices as a result of such reviews are published under the <u>announcement</u> section on the STOXX website.
11. Content of methodology	<ul style="list-style-type: none"> » STOXX publishes the methodology for all of its administered indices in the <u>index rulebooks</u> on the STOXX website and ensures that the contents of the methodology meet the requirements of the IOSCO principles.
12. Changes to the methodology	<ul style="list-style-type: none"> » Changes to the methodology of indices administered by STOXX are disclosed through the STOXX website. » The internal controls framework of STOXX ensures that changes to the index methodology follow the STOXX policies and are subject to the appropriate oversight and stakeholder consultation.
13. Transition	<ul style="list-style-type: none"> » STOXX has put a dedicated policy in place that regulates transitions and cessations of indices administered by STOXX. This policy can be obtained from regulations@stox.com.
14. Submitter code of conduct	<ul style="list-style-type: none"> » The indices administered by STOXX are based on data sourced from regulated markets or exchanges with mandatory post-trade transparency requirements, except for the iSTOXX® Efficient Capital® Managed Futures 20 that is based on submissions, according to the terms of the IOSCO Principles, but that is currently not being licensed to clients. Applying the proportionality principle of the IOSCO Principles, STOXX currently excludes this index from IOSCO compliance. » STOXX is committed to develop a Submitter Code of Conduct and to implement specific monitoring controls with respect to potential submission-based indices that may become key indices going forward.
15. Internal controls over data	<ul style="list-style-type: none"> » STOXX collects underlying data from stock exchanges and a

LETTER OF COMPLIANCE

collection	variety of market data vendors. Within its internal controls framework, STOXX has implemented appropriate internal control procedures with respect to the collection and processing of the underlying index data.
16. Complaints procedure	» STOXX has implemented a dedicated complaints policy and a procedure which allows stakeholders to lodge their complaints in a user-friendly manner via the STOXX website.
17. Audits	<ul style="list-style-type: none"> » STOXX is committed to appointing an independent external auditor to perform an audit of compliance of STOXX with the IOSCO Principles. An independent audit will be conducted by the end of 2014 if possible. » Given that STOXX indices are designed to be replicated by clients, STOXX does not deem it necessary to undergo additional audits with respect to adherence to index methodologies.
18. Audit trail	<ul style="list-style-type: none"> » STOXX has implemented a dedicated policy with respect to storage and archiving of data and information that are used in the process of index administration. This policy complies with the regulatory requirements and the IOSCO Principles. » In general, STOXX archives all relevant index information and underlying data on a daily basis as well as the end of day for at least five years. » IOSCO Principles stipulate that the application of the principles should be proportional to the size and risks posed by each benchmark. It is STOXX's interpretation of the IOSCO proportionality principle that STOXX is not required to archive the real-time or input data due to the following factors: <ul style="list-style-type: none"> » Stakeholders can typically obtain real-time/intra-day data from the established information service providers; » The headline indices of STOXX are replicated and monitored by a large range of market participants, ensuring the correctness of the indices instantaneously; » Applicable law does not impose an obligation on STOXX to archive real-time/intra-day data.
19. Cooperation with regulatory authorities	» Currently STOXX is not being supervised by any regulatory authority and there is no legal basis for such supervision.

*This document is for information purposes only and in no way shall be interpreted or construed to create any obligations or warranties of any kind, either express or implied, regarding the information contained herein.