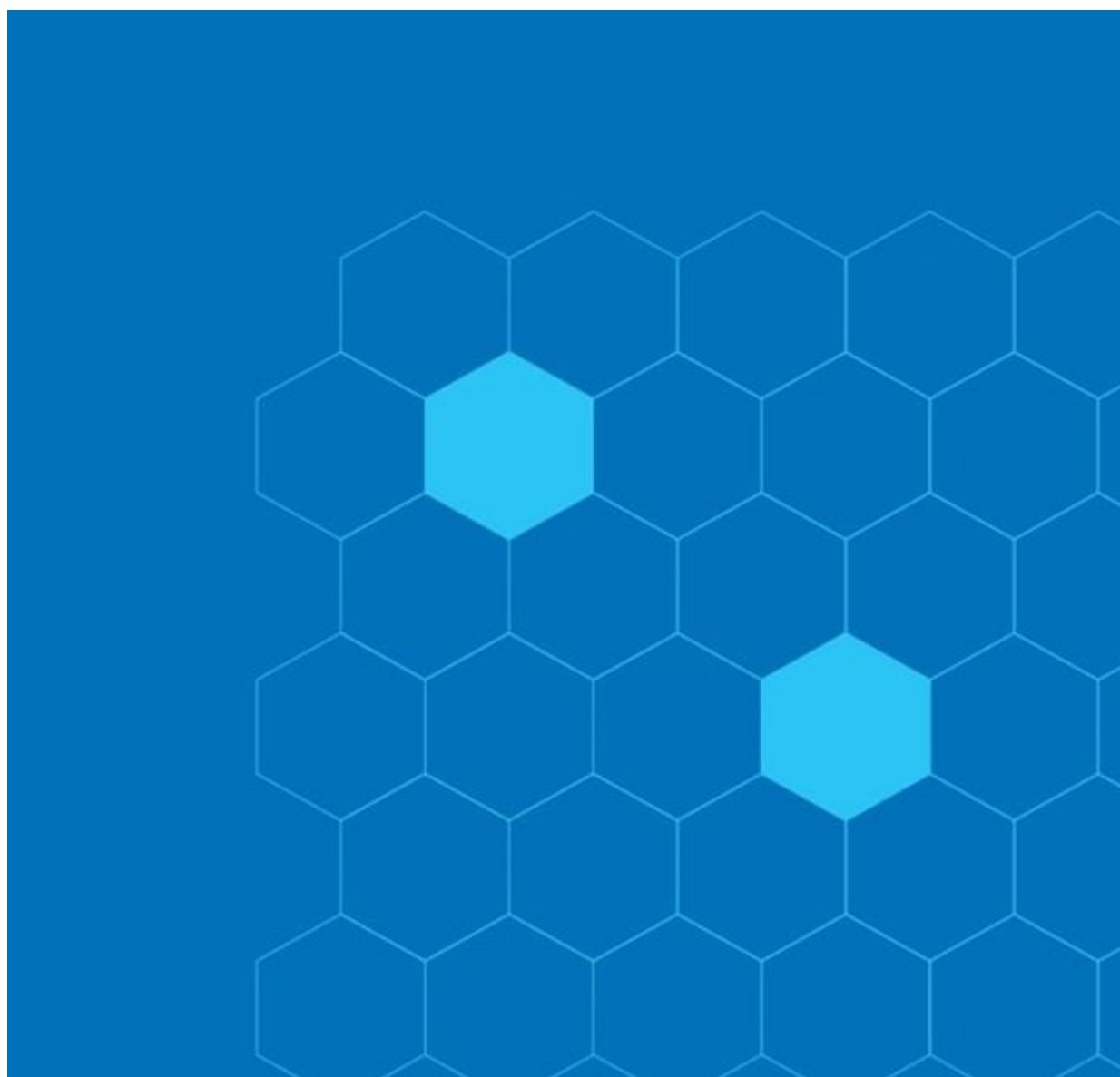


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STOXX QUALITY CHARTER FOR DECREMENT AND NET- OF-COSTS INDICES



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STOXX QUALITY CHARTER FOR DECREMENT AND NET-OF-COSTS INDICES

1. INTRODUCTION

STOXX Ltd. calculates under its iSTOXX brand a number of indices that incorporate a synthetic performance deduction (“Decrement Indices”) or include costs (“Net-of-costs Indices”) in the index methodology.

In order to ensure full transparency and adequate usage, STOXX has created this binding Quality Charter for all such indices, and their usage in financial products¹.

2. PROVISIONS FOR DECREMENT INDICES

2.1. WHAT ARE DECREMENT INDICES

Decrement indices incorporate a synthetic performance deduction in the index methodology. The performance deduction is expressed in percentage points per annum or index points per annum and accrues on a daily basis.

2.2. USE OF DECREMENT INDICES

STOXX may assess the fulfilment of the requirements set forth in the present Quality Charter for any Decrement Index on a case-by-case basis and retains the right to rescind the license for those indices in case of non-compliance of the below requirements.

The entity issuing the financial product which contains the Decrement index as the underlying (“product issuer”) has to comply with the following requirements:

1. No products that reflects 1:1 the performance of the index without additional structures such as capital guarantees or others shall be issued based on a Decrement Index;
2. Product issuer has provided a clear description of the use of the Decrement for the benefit of the final investor; and
3. Product issuer is authorised to provide the financial product in the jurisdictions mentioned and shall market the financial product in accordance with all applicable laws and regulations.

2.3. NAMING CONVENTION

In order to ensure full transparency, financial products based on Decrement Indices must use the index name unchanged.

2.4. INDEX DESCRIPTIONS

The description of any Decrement Index displayed publicly in marketing materials, texts or websites must contain a clear reference to the decrement part and the full amount of such decrement shall be stated clearly.

The text may read:

¹ Indices launched prior to August 2017 may be exempt from this Quality Charter

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- “The iSTOXX [ABC] Decrement [x]% index replicates the performance of the [ABC] index and assuming a constant [x]% performance deduction per annum. The performance deduction accrues constantly on a daily basis.” (percentage points)
- “The iSTOXX [ABC] Decrement [x] Series [n] index replicates the performance of the [ABC] index and assuming a constant [x] index points deduction per annum. The performance deduction accrues constantly on a daily basis.” (index points)

2.5. FINANCIAL PRODUCT DESCRIPTIONS

The description of any Decrement Index as referenced in product prospectuses, marketing materials, texts or websites must contain a clear reference to the decrement part and the full amount of such decrement shall be stated clearly.

The product prospectus must include a clear and complete description of how the decrement part is used for the purpose of benefiting the final investor.

2.6. FINANCIAL PRODUCT DISCLAIMERS

The following disclaimers are required to be placed in materials referring products based on a Decrement Index and are accepted and directly binding for the parties licensing the Decrement Indices:

iSTOXX indices are tailored to a customer request or market requirement based on an individualized rulebook which is not integrated into the STOXX Global index family.

STOXX, Deutsche Börse Group and their licensors, research partners or data providers do not:

- » *sponsor, endorse, sell or promote the [■ Licensee to insert product designation].*
- » *recommend that any person invest in the [■ products] or any other securities.*
- » *have any responsibility or liability for or make any decisions about the timing, amount or pricing of [■ products].*
- » *have any responsibility or liability for the administration, management or marketing of the [■ products].*
- » *consider the needs of the [■ products] or the owners of the [■ products] in determining, composing or calculating the [■ relevant index] or have any obligation to do so.*

STOXX, Deutsche Börse Group and their licensors, research partners or data providers:

- » *expressly declare that the valuation and calculation methodologies for [■ relevant iSTOXX Decrement index] require deductions from the index performance (the "Performance Deductions") and therefore may not be reflecting the aggregate fair or full performance of the index.*
- » *do not have any responsibility for, and do not purport, neither expressly nor by implication, that any Performance Deduction is adequate or sufficient for any particular purpose, such as serving as a sufficient basis for achieving capital protection in capital protected products.*

STOXX, Deutsche Börse Group and their licensors, research partners or data providers give no warranty, and exclude any liability (whether in negligence or otherwise), in connection with the [■ products] or their performance.

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STOXX does not assume any contractual relationship with the purchasers of the [■ products] or any other third parties.

Specifically,

- » STOXX, Deutsche Börse Group and their licensors, research partners or data providers do not give any warranty, express or implied, and exclude any liability about:
 - The results to be obtained by the [■ products], the owner of the [■ products] or any other person in connection with the use of the [■ relevant index] and the data included in the [■ relevant index];
 - The accuracy, timeliness, and completeness of the [■ relevant index] and its data;
 - The merchantability and the fitness for a particular purpose or use of the [■ relevant index] and its data;
 - The performance of the [■ products] generally.
 - » STOXX, Deutsche Börse Group and their licensors, research partners or data providers give no warranty and exclude any liability, for any errors, omissions or interruptions in the [■ relevant index] or its data;
 - » Under no circumstances will STOXX, Deutsche Börse Group or their licensors, research partners or data providers be liable (whether in negligence or otherwise) for any lost profits or indirect, punitive, special or consequential damages or losses, arising as a result of such errors, omissions or interruptions in the [relevant index] or its data or generally in relation to the [■ products], even in circumstances where STOXX, Deutsche Börse Group or their licensors, research partners or data providers are aware that such loss or damage may occur.
- The licensing Agreement between the [■ Licensee] and STOXX is solely for their benefit and not for the benefit of the owners of the [■ products] or any other third parties.”*

3. PROVISIONS FOR NET-OF-COSTS INDICES

3.1. WHAT ARE NET-OF-COSTS INDICES

Net-of-costs Indices incorporate elements of cost in the index methodology.

These costs may include, for instance, the costs borne by the product issuer to design and implement the financial product which has the Net-of-costs Index as underlying or in connection with the replication or the hedging of the index.

3.2. USE OF NET-OF-COSTS INDICES

STOXX may assess the fulfilment of the requirements set forth in the present Quality Charter for any Net-of-costs Index on a case-by-case basis and retains the right to rescind the license for those indices in case of non-compliance with the below requirements.

The entity issuing the financial product which contains the Net-of-costs Index as the underlying (“product issuer”) has to comply with the following requirements:

1. Product issuer has provided a complete and exhaustive description of the costs, including, as applicable:
 - a. a full breakdown of the costs

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- b. a comprehensive and detailed explanation of how the costs relate to the replication or the hedging of the index; and
2. Product issuer shall confirm it is authorised to provide the financial product in the jurisdictions mentioned and shall market the financial product in accordance with all applicable laws and regulations.

3.3. NAMING CONVENTION

In order to ensure full transparency, issuers of financial products referencing Net-of-costs Indices must use the index names unchanged.

3.4. INDEX DESCRIPTIONS

The description of the Net-of-costs Index displayed publicly in marketing materials, texts or websites must contain a clear reference to the costs inclusion and a clear and comprehensive description of how the costs are calculated and how they are connected to the replication or the hedging of the index, as applicable.

The text may read:

- “The iSTOXX [ABC] Net-of-costs index replicates the performance of the [ABC] index assuming that costs in the amount of [...] are included.”
- “The iSTOXX [ABC] Net-of-costs index replicates the performance of the [ABC] index assuming that costs linked to the replication or hedging of the index are included. These costs can be described as [...]”.

3.5. FINANCIAL PRODUCT DESCRIPTIONS

The description of any Net-of-costs Index as referenced in product prospectuses, marketing materials, texts or websites must contain a clear reference to the costs and a clear and comprehensive description of how the costs are calculated and how they are connected to the replication or the hedging of the index, as applicable.

3.6. FINANCIAL PRODUCT DISCLAIMERS

The following disclaimers are required to be placed in materials referring to financial products based on a Net-of-costs Index and are accepted and directly binding for the parties licensing the Net-of-costs Indices:

iSTOXX indices are tailored to a customer request or market requirement based on an individualized rulebook which is not integrated into the STOXX Global index family.

STOXX, Deutsche Börse Group and their licensors, research partners or data providers do not:

- » sponsor, endorse, sell or promote the [■ Licensee to insert product designation].
- » recommend that any person invest in the [■ products] or any other securities.
- » have any responsibility or liability for or make any decisions about the timing, amount or pricing of [■ products].

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- » *have any responsibility or liability for the administration, management or marketing of the [■ products].*
- » *consider the needs of the [■ products] or the owners of the [■ products] in determining, composing or calculating the [■ relevant index] or have any obligation to do so.*

STOXX, Deutsche Börse Group and their licensors, research partners or data providers:

- » *expressly declare that the valuation and calculation methodologies for [■ relevant iSTOXX Net-of-Costs index] require deductions from the index performance (the "Costs") and therefore may not be reflecting the aggregate fair or full performance of the index.*
- » *do not have any responsibility for, and do not purport, neither expressly nor by implication, that any Cost is adequate or sufficient for any particular purpose.*

STOXX, Deutsche Börse Group and their licensors, research partners or data providers give no warranty, and exclude any liability (whether in negligence or otherwise), in connection with the [■ products] or their performance.

STOXX does not assume any contractual relationship with the purchasers of the [■ products] or any other third parties.

Specifically,

- » *STOXX, Deutsche Börse Group and their licensors, research partners or data providers do not give any warranty, express or implied, and exclude any liability about:*
 - *The results to be obtained by the [■ products], the owner of the [■ products] or any other person in connection with the use of the [■ relevant index] and the data included in the [■ relevant index];*
 - *The accuracy, timeliness, and completeness of the [■ relevant index] and its data;*
 - *The merchantability and the fitness for a particular purpose or use of the [■ relevant index] and its data;*
 - *The performance of the [■ products] generally.*
- » *STOXX, Deutsche Börse Group and their licensors, research partners or data providers give no warranty and exclude any liability, for any errors, omissions or interruptions in the [■ relevant index] or its data;*
- » *Under no circumstances will STOXX, Deutsche Börse Group or their licensors, research partners or data providers be liable (whether in negligence or otherwise) for any lost profits or indirect, punitive, special or consequential damages or losses, arising as a result of such errors, omissions or interruptions in the [relevant index] or its data or generally in relation to the [■ products], even in circumstances where STOXX, Deutsche Börse Group or their licensors, research partners or data providers are aware that such loss or damage may occur.*

The licensing Agreement between the [■ Licensee] and STOXX is solely for their benefit and not for the benefit of the owners of the [■ products] or any other third parties."

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4. PROVISIONS FOR DECREMENT NET-OF-COSTS INDICES

Indices that combine decrement and net-of-costs features can be created. In such cases, all provisions for both Decrement Indices and Net-of-costs Indices must be satisfied including in the respective disclaimers.

5. CONTACT

In case of any further questions or comments please contact our Customer Support at:

STOXX CUSTOMER SUPPORT

P: +41 43 430 72 72

customersupport@stoxx.com