

Zug, June 19th, 2020

Results of Market Consultation on the treatment of stock dividends with unknown ratio but announced cash equivalent

Dear Sir and Madam,

STOXX Ltd., Qontigo's global index provider, currently calculating a global, comprehensive index family of over 10,000 strictly rules-based and transparent indices. Best known for the leading European equity indices EURO STOXX 50, STOXX Europe 50 and STOXX Europe 600, STOXX indices are licensed to more than 600 companies around the world as underlyings for Exchange Traded Funds (ETFs), futures and options, structured products and passively managed investment funds, announces the results of the market consultation on the treatment of certain stock dividends published on May 26th, 2020.

Specifically, the consultation related to the case in which the issuer, instead of communicating the ratio of newly issued shares ahead of the stock dividend ex-date, announces a cash equivalent based on which the effective stock dividend ratio is determined, on the basis of prices observed on or after the ex-date and before the pay-date.

RESULTS

The majority of respondents agreed that by nature such a dividend is a stock dividend since shareholders only have the option to receive shares. The argument provided in favor of a cash dividend treatment was based on the fact that single stock derivatives incorporate the event as a cash dividend.

A second adjustment of the index once the actual ratio is announced was preferred.

DECISION

STOXX decided to treat such a dividend as a stock dividend whereby the share ratio is determined in a two-step approach. First, the ratio is estimated based on the cash equivalent announced by the company and the close price from the day before the ex-date. Second, once the actual ratio is communicated by the issuer, STOXX will announce a second stock dividend event that will adjust the index with two trading days' notice.