Cboe Europe Index Restatement Policy and Guidelines

Version 1.0

May 2020

1. Introduction

This policy has been created in accordance with Regulation 2016/1011/EU of the European Parliament and of the Council of June 8, 2016 on indices use as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (EU Benchmark Regulation) and based on the IOSCO principles for Financial Benchmarks FR07/13.

A list of current Cboe Europe Indices is available on the Cboe Europe Index website, here.

2. Policy

This policy applies to all Cboe Europe Indices.

Every effort is made to maintain accurate index levels that provide a true reflection of the relevant market. From time to time, issues may arise that result in errors in the data in the determination or calculation of an index. There are various reasons that may result in such errors which include but are not limited to the following:

- Complex corporate actions
- Late announced, missed or revised dividends
- Incorrect pricing
- External disturbance or market variations
- Data that is wrong, not complete, or delayed, either internal or external to Cboe Europe
- Errors in constituent membership

Where an issue is discovered, Cboe Europe will adhere to the rules summarised herein to determine if an index and the corresponding files should be restated. Given the intricacy of corporate actions and the various array of potential issues that may occur, these guidelines should not be seen as definitive rules that Cboe Europe will follow in all instances, but instead a framework to utilise in evaluating the error and apply in the determination whenever reasonably practicable. When dealing with such situations, Cboe Europe will endeavour to liaise with relevant stakeholders (i.e., market participants) in the more complicated scenarios to determine the most reasonable way to proceed and to determine whether to restate values and files.

Save for any liability to the extent the same may not be excluded or limited as a matter of law, Cboe Europe does not accept any responsibility to investors, index constituents, licensees or other market participants for the accuracy of the index or its constituent data and disclaims any liability, whether as a result of negligence or otherwise, for any direct or indirect losses, damages, claims or expenses suffered by any person as a result of any inaccuracies or errors in the composition of the Cboe Europe Indices or constituent data or their calculated values.

3. Guidelines

The table below sets out the guidelines Cboe Europe will follow in order to determine whether an index should be recalculated and/or the corresponding files restated.

Event type	Issue	Criteria	Action	Recalculation	File reissue	Basis point*
Dividend	Dividend amount incorrect (where corrected amount is greater than initial amount)	On ex date	Adjustment made intra-day. Close file would reflect change in values.	No	No	-
	Dividend amount incorrect (where corrected amount is less than initial amount)	On ex date	If within 2 business days, review and re-calculate if impact on index performance is greater than the basis point threshold.	Yes	Yes	5
		After ex date	If within 2 business days, review and re-calculate if impact on index performance is greater than the basis point threshold.	Yes	Yes	5
	Dividend ex date incorrect	Applied on or before correct ex date	If within 2 business days, review and re-calculate	Yes	Yes	-
	Dividend currency incorrect	On or after ex date	If within 2 business days, review and re-calculate	Yes	Yes	-
	Dividend missed	On or after ex date	If within 2 business days, review and re-calculate if impact on index performance is greater than the basis point threshold.	Yes	Yes	5
	Dividend cancelled	On or after ex date	If within 2 business days, review and re-calculate	No	No	-
		After pay date	No adjustment applied	No	No	-
Index Constituent change	Security incorrectly added or missing from index	-	- Correct if within 2 business days of the event - Correct at the next rebalance if discovered within the rebalance period* - Make the change t+2 with notification	Yes	Yes	-

Event type	Issue	Criteria	Action	Recalculation	File reissue	Basis point*
	Addition added with incorrect shares	-	- Correct if within 2 business days of the event, and impact on index performance is greater than threshold - Correct at the next rebalance if discovered within the rebalance period and impact on index performance is greater than threshold - Make the change t+2 with notification and impact on index performance is greater than the basis point threshold	No	No	5
	Addition added with incorrect free float	-	- Correct if within 2 business days of the event and impact on index performance is greater than threshold - Correct at the next rebalance if discovered within the rebalance period and impact on index performance is greater than threshold - Make the change t+2 with notification and impact on index performance is greater than the basis point threshold	No	No	5
	Addition to wrong index/sector	-	- Correct if within 2 business days of the event - Correct at the next rebalance if discovered within the rebalance period - Make the change t+2 with notification	Yes	Yes	-
Rights issue, entitlement offer, capital repayment, bonus issue, stock split, consolidation	Missed/ incorrect terms / incorrect date	On ex date	Adjustment made intra-day. Close file would reflect change in values.	No	No	-
		After ex date	If within 2 business days, review and re-calculate if impact on index performance is greater than the basis point threshold.	Yes	Yes	5
Close price	Price incorrect	One security	If within 2 business days, review and re-calculate if impact on index performance is greater than the basis point threshold.	Yes	Yes	5

Event type	Issue	Criteria	Action	Recalculation	File reissue	Basis point*
		Whole market (stock exchange issue)	If within 2 business days, review and re-calculate if impact on index performance is greater than the basis point threshold.	Yes	Yes	5
	Currency incorrect	One security	- If within 2 business days, review and re-calculate - Correct currency doing forward if longer than 2 business days	Yes	Yes	-
		Exchange rate	If within 2 business days, review and re-calculate if impact on index performance is greater than the basis point threshold.	Yes	Yes	5
Identifier	Identifier incorrect (ISIN, ticker, RIC ,etc.)	Intraday	Apply in the close file	No	No	-
Witholding Tax Rate	Incorrect	-	If within 2 business days, review and re-calculate if impact on index performance is greater than the basis point threshold.	Yes	Yes	5
Index Calculation Issue	EOD index values not generated	-	Index values would be generated	Yes	Yes	-
	Real time index values not generated	-	Real time calculation would continue once the issue was resolved, there would be no re-calculation of missing or incorrect intraday values	No	No	-

*Basis Point - One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

4. Review

This Policy will be reviewed annually and is made available on the Cboe Europe Index website: http://www.cboe.com/indexeurope/rules