

# INDEX GUIDELINE

*Solactive USD EM Corporate TR Index*

***Version 1.4***

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## TABLE OF CONTENTS

Introduction .....	3
1. Index Specifications.....	3
1.1. Scope of the Index .....	3
1.2. Identifiers and Publication.....	3
1.3. Initial Level of the Index .....	4
1.4. Prices and calculation frequency.....	4
2. Index Selection .....	4
2.1. Selection of the Index Components .....	4
2.2. Weighting of the Index Components.....	5
3. Ordinary Rebalance.....	5
4. Corporate Actions .....	6
5. Definitions .....	6
Contact.....	8



## INTRODUCTION

This document (the “GUIDELINE”) is to be used as a guideline with regard to the composition, calculation and maintenance of the Solactive USD EM Corporate TR Index (the “INDEX”). Any amendments to the rules made to the GUIDELINE are approved by the OVERSIGHT COMMITTEE as specified in the Bond Index Methodology. The INDEX is owned, calculated, administered and published by Solactive AG (“SOLACTIVE”) assuming the role as administrator (the “INDEX ADMINISTRATOR”) under the Regulation (EU) 2016/1011 (the “BENCHMARK REGULATION” or “BMR”). The name “Solactive” is trademarked.

The GUIDELINE and the policies and methodology documents referenced herein contain the underlying principles and rules regarding the structure and operation of the INDEX. SOLACTIVE does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the INDEX nor the level of the INDEX at any certain point in time nor in any other respect. SOLACTIVE strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for SOLACTIVE – irrespective of possible obligations to issuers of financial instruments or investment funds referencing the INDEX under a valid license – to advise third parties, including investors and/or financial intermediaries, of any errors in the INDEX. The publication of the INDEX by SOLACTIVE does not constitute a recommendation for capital investment and does not contain any assurance or opinion of SOLACTIVE regarding a possible investment in a financial instrument based on this INDEX.

## 1. INDEX SPECIFICATIONS

### 1.1. SCOPE OF THE INDEX

The Solactive USD EM Corporate TR Index (“the INDEX”) is designed to measure the performance of emerging market corporate bonds issued in USD. The classification of a country as Emerging is dependent on the Solactive Bond Market Country Classification Framework.

### 1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	Calculation Formula*	RIC	BBG ticker
Solactive USD EM Corporate TR Index	DE000SLOAX13	USD	TR	Periodic	.SOLEBUC	-

\*TR means that the INDEX is calculated as Total Return index as described in the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>

\*The calculation formula refers to the index calculation's dependency on cash reinvestment, based on whether the cash reinvestment occurs on a daily/direct basis or periodically.

The INDEX is published on the website of the INDEX ADMINISTRATOR (www.solactive.com) and is, in addition, available via the price marketing services of Boerse Stuttgart GmbH and may be distributed to all of its affiliated vendors. Each vendor decides on an individual basis as to whether it will distribute or display the INDEX via its information systems.



Any publication in relation to the INDEX (e.g. notices, amendments to the GUIDELINE) will be available at the website of the INDEX ADMINISTRATOR: <https://www.solactive.com/news/announcements/>.

### 1.3. INITIAL LEVEL OF THE INDEX

The initial level of the INDEX on June 8<sup>th</sup> 2020 is 1000. Levels of the INDEX published for a period prior to this date have been back-tested. Historical values from the June 8<sup>th</sup> 2020 will be recorded in accordance with Article 8 of the BMR.

### 1.4. PRICES AND CALCULATION FREQUENCY

The INDEX is calculated and distributed once every BUSINESS DAY based on the LAST EVALUATED BID PRICE of the INDEX COMPONENTS. Bonds added in a rebalancing (see Section 3) are included the INDEX at the LAST EVALUATED ASK PRICE on the relevant REBALANCE DAY. Bonds which are excluded from the INDEX in a rebalance are reflected in the calculation of the level of the INDEX for the REBALANCE DAY at the LAST EVALUATED BID PRICE on the relevant REBALANCE DAY. INDEX analytical values are calculated each BUSINESS DAY using the LAST EVALUATED BID PRICE based on FIXING TIME.

## 2. INDEX SELECTION

On each SELECTION DAY, all bonds which meet the INDEX COMPONENT REQUIREMENTS are eligible for inclusion in the INDEX and will be added as INDEX COMPONENT on the REBALANCE DAY. Additionally, on each SELECTION DAY, it will be evaluated whether all current INDEX COMPONENTS still meet the INDEX COMPONENT REQUIREMENTS. Each INDEX COMPONENT that does not meet the INDEX COMPONENT REQUIREMENTS will be removed from the INDEX on the next REBALANCE DAY.

### 2.1. SELECTION OF THE INDEX COMPONENTS

The initial composition of each INDEX, as well as any selection for a rebalance (as specified in Section 3) is determined using the following rules:

- Bonds sold by entities that are owned by national governments or their departments, or those guaranteed by them, are excluded from the index. Additionally, bonds issued by entities undertaking government-sponsored roles, particularly in the public sphere, are also excluded. These exclusions fall under the category 3 classification based on the issuer type, as outlined in the Bond Index Methodology, accessible on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>
- Bonds must be issued in USD and the bond coupon and principal are payable in the same currency.
- The country of risk must be classified as an emerging market as defined below.
- The list of eligible emerging markets is reviewed once a year for the June selection in May and takes into account the following factors:



- The classification under the Solactive Bond Market Country Classification Framework. Countries which are classified as Developed will not normally be classified as an Emerging Market.
  - Accessibility for foreign investors, including the presence of capital controls, currency convertibility, availability and transparency of market data, registration restrictions, limits on foreign ownership and taxation policies.
- Fixed or Zero-Coupon bonds and sukuk are eligible.
  - Instruments must be issued prior to Rebalance Day.
  - The initial maturity must be at least 18 months and the remaining EFFECTIVE TIME TO MATURITY must be at least 1 year.
  - Bonds must have a minimum amount outstanding of USD 500 million.
  - REGs and 144a securities are eligible. Bonds must not be predominantly retail focused and non144a private placements are not eligible. When both a REGs and a 144a version of the bond are available, the REGs version will be preferred.
  - Floating rate notes, perpetual bonds, inflation-linked bonds, hybrid, bank capital bonds and securitized bonds are not eligible.
  - A price from the PRICING PROVIDER must be available for each INDEX COMPONENT on each SELECTION DAY.

The determination of the INDEX COMPONENTS is fully rule-based and the INDEX ADMINISTRATOR has no discretion determined using the following rules:

## 2.2. WEIGHTING OF THE INDEX COMPONENTS

On each REBALANCE DAY each INDEX COMPONENT is weighted using the market value based on the LAST EVALUATED BID PRICE and accrued interest as on the SELECTION DAY in order to achieve the aim of the INDEX. The weighting of the INDEX COMPONENTS will be as follows:

The INDEX COMPONENTS are weighted according to their respective Market Values in proportion to the aggregated Market Value of all INDEX COMPONENTS in the index.

## 3. ORDINARY REBALANCE

In order to reflect the new selection of the INDEX COMPONENTS determined on the SELECTION DAY (in accordance with Section 2.1) the INDEX is adjusted on the REBALANCE DAY after CLOSE OF BUSINESS.

For more information on the rebalance procedure please refer to the Bond Index Methodology, which is incorporated by reference and available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>.



SOLACTIVE will publish any changes made to the INDEX COMPONENTS with sufficient notice before the REBALANCE DAY on the SOLACTIVE webpage.

## 4. CORPORATE ACTIONS

As part of the INDEX maintenance SOLACTIVE will consider various events – also referred to as corporate actions – which result in an adjustment to the INDEX between two regular REBALANCE DAYS. Such events have a material impact on the price, weighting or overall integrity of INDEX COMPONENTS. Therefore, they need to be accounted for in the calculation of the INDEX. Adjustments to the INDEX to account for corporate actions will be made in compliance with the Bond Index Methodology.

## 5. DEFINITIONS

“**BENCHMARK REGULATION**” shall have the meaning as defined in Section “Introduction”.

“**BMR**” shall have the meaning as defined in Section “Introduction”.

“**BUSINESS DAY**” is with respect to the INDEX each day Monday to Friday except the following sets of days: Saturday and Sunday as well as the 24th and 31th of December are not considered Business Days. Any day other than a Saturday or Sunday, as well as the 24th and 31th of December and other than holidays as recommended by SIFMA and Target 2 holidays in Europe.

“**CLOSE OF BUSINESS**” is a time stamp when an INDEX is calculated.

“**CURRENCY HEDGE INDEX**” represent the return resulting from the sum of an underlying index performance and the performance of the hedge of this index using currency forward contracts.

“**GUIDELINE**” shall have the meaning as defined in Section “Introduction”.

“**INDEX**” shall have the meaning as defined in Section “Introduction”.

“**INDEX ADMINISTRATOR**” shall have the meaning as defined in Section “Introduction”.

“**INDEX CALCULATOR**” is SOLACTIVE or any other appropriately appointed successor in this function.

“**INDEX COMPONENT**” is each bond reflected in the INDEX.

“**INDEX COMPONENT REQUIREMENTS**” shall have the meaning as defined in Section 2.1.

“**INDEX CURRENCY**” is the currency specified in the column “Currency” in the table in Section 1.2.

“**INDEX CURRENCY COMPONENTS**” is each currency on which UNDERLYING INDEX COMPONENT trades in the market.

“**INDEX CURRENCY COMPONENT WEIGHT**” is value resultant from the sum of all the UNDERLYING INDEX COMPONENT’S weights quoted in the respective currency.

“**INDEX CURRENCY UNIVERSE**” is the sum of all currencies which fulfill the INDEX CURRENCY UNIVERSE REQUIREMENTS.

“**INDEX CURRENCY UNIVERSE REQUIREMENTS**” shall have the meaning as defined in Section 2.1.1

“**ISSUER**” is the issuing entity of the respective bond.



**“OVERSIGHT COMMITTEE”** shall have the meaning as defined in the Bond Index Methodology.

**“PRICING PROVIDER”** is available under <https://www.solactive.com/documents/bond-pricing-provider/>

**“REBALANCE DAY”** is the last BUSINESS DAY of the month.

**“SELECTION DAY”** is 6 BUSINESS DAYS before the scheduled REBALANCE DAY, disregarding any potential change of the REBALANCE DAY

**“SOLACTIVE”** shall have the meaning as defined in Section “Introduction”.

**Please note that the definitions included in the Bond Index Methodology apply to this guideline. In case of a discrepancy, the definition presented in the guidelines should prevail.**

### History of Index Changes

Version	Date	Description
1.4	25 March 2024	Updating to new format
1.3	08 December 2022	Clarifying index holiday

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