

MARKET CONSULTATION
SOLACTIVE ISS ESG SCREENED
PARIS ALIGNED NORDIC INDEX
SERIES– CHANGE OF
METHODOLOGY

18 April 2023



Content of the Market Consultation

Solactive AG has decided to conduct a Market Consultation with regard to changing the Indices Methodology of the following Indices (the 'Affected Indices'):

Name	ISIN	Currency	Type	RIC
Solactive ISS ESG Screened Paris Aligned Nordic Index PR	DE000SL0DXW4	SEK	PR*	.SSPABNOP
Solactive ISS ESG Screened Paris Aligned Nordic Index NTR	DE000SL0DXX2	SEK	NTR*	.SSPABNON
Solactive ISS ESG Screened Paris Aligned Nordic Index TR	DE000SL0DXY0	SEK	GTR*	.SSPABNOT
Solactive ISS ESG Screened Paris Aligned Norway Index PR	DE000SL0DXZ7	NOK	PR*	.SSPABNWP
Solactive ISS ESG Screened Paris Aligned Norway Index NTR	DE000SL0DX02	NOK	NTR*	.SSPABNWN
Solactive ISS ESG Screened Paris Aligned Norway Index TR	DE000SL0DX10	NOK	GTR*	.SSPABNWT

Rationale for Market Consultation

The last few years saw an extensive emphasis being put on climate change mitigation and multiple countries and entities setting targets to get to net-zero emissions by 2050. This objective is at the heart of the European Green Deal and in line with the EU's commitment to global climate action under the Paris Agreement. Given the success of the product(s) linked to the Affected Indices, Solactive enhanced the methodology of the Affected Indices in order to account for the tradability constraints faces by stakeholder in replicating the Affected Indices. In order to avoid unnecessary price impact in several instruments, Solactive is suggesting applying a specific weight capping mechanism for instrument with limited trading volume relative to their weights within the Affected Indices.

Proposed Changes to the Index Guideline

The following Methodology changes are proposed in the following point of the Indices' Guideline:

Section 2.3.2. WEIGHTING OF THE INDEX COMPONENTS

From:



[...]

2. Each INDEX COMPONENT is assigned a weight in line with the requirements for EU Paris-aligned Benchmarks. I.e., an optimization is applied that minimizes the cumulative squared weight deviation from the PARENT INDEX on each SELECTION DAY, subject to the following constraints:
 - a. Reduce the CARBON INTENSITY of the INDEX compared to the CARBON INTENSITY of the PARENT INDEX by at least 55%.
 - b. Maximum absolute weight deviation from the weight in the PARENT INDEX is capped at the minimum of 2% and 10 times the weight in the PARENT INDEX. Individual Weights are floored at 0.0001%.

To:

[...]

2. Each INDEX COMPONENT is assigned a weight in line with the requirements for EU Paris-aligned Benchmarks. I.e., an optimization is applied that minimizes the cumulative squared weight deviation from the PARENT INDEX on each SELECTION DAY, subject to the following constraints:
 - a. Reduce the CARBON INTENSITY of the INDEX compared to the CARBON INTENSITY of the PARENT INDEX by at least 55%.
 - b. Maximum absolute weight deviation from the weight in the PARENT INDEX is capped at the minimum of 2% and 10 times the weight in the PARENT INDEX. Individual Weights are floored at 0.0001%. Moreover, Individual weights are capped based on the securities' MEDIAN DAILY VALUE TRADED according to below formula:

$$\max weight_i = \frac{MDVT_i}{1.000.000.000}$$

Where:

MDVT_i: Security i's minimum MEDIAN DAILY VALUE TRADED over the preceding 1-month and 6-month period in SEK.

Feedback on the proposed changes

If you would like to share your thoughts with Solactive, please use this consultation form and provide us with your personal details and those of your organization.



Name	
Function	
Organization	
Email	
Phone	
Confidentiality (Y/N)	

Solactive is inviting all stakeholders and interested third parties to evaluate the proposed changes to the Methodology for the Solactive ISS ESG Screened Paris Aligned Nordic Index Series and welcomes any feedback on how this may affect and/or improve their use of Solactive indices.



Consultation Procedure

Stakeholders and third parties who are interested in participating in this Market Consultation, are invited to respond until April 25st, 2023 (cob).

Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on *April 26th, 2023*.

Please send your feedback via email to marketconsultation@solactive.com, specifying “Market Consultation Solactive ISS ESG Screened Paris Aligned Nordic Index Series – Change of Methodology” as the subject of the email, or

via postal mail to: Solactive AG
Platz der Einheit 1
60327 Frankfurt am Main
Germany

Should you have any additional questions regarding the consultative question in particular, please do not hesitate to contact us via above email address.

CONTACT

Solactive AG

German Index Engineering

Platz der Einheit 1

60327 Frankfurt am Main

Germany

Tel.: +49 (0) 69 719 160 00

Fax: +49 (0) 69 719 160 25

Email: info@solactive.com

Website: <http://www.solactive.com>

© Solactive AG