

MARKET CONSULTATION  
SOLACTIVE J.P. MORGAN  
ASSET MANAGEMENT CHINA  
CARBON TRANSITION INDEX

15 November 2024



## Content of the Market Consultation

Solactive AG has decided to conduct a Market Consultation with regards to changing the Index Methodology of the following Indices.

NAME	RIC	ISIN
Solactive J.P. Morgan Asset Management China Carbon Transition Index PR	.SJPMCCTP	DE000SLOGMQ2
Solactive J.P. Morgan Asset Management China Carbon Transition Index NTR	.SJPMCCTN	DE000SLOGMRO
Solactive J.P. Morgan Asset Management China Carbon Transition Index GTR	.SJPMCCTT	DE000SLOGMS8

## Rationale for the Market Consultation

Solactive J.P. Morgan Asset Management China Carbon Transition Index is a rules-based, Carbon transition benchmark index that targets subset of the Solactive GBS China Large & Mid Cap USD Index that meet minimum exclusions standards for EU Climate Transition Benchmarks. Selected securities are weighted based on a multi-stage process which takes into consideration relative market capitalization weights, constraints on individual stock liquidity, CARBON TRANSITION PERCENTILES and concentration risks while trying to minimize turnover and meet EU Climate Transition Benchmark rules.

Proposed changes add four additional relaxation constraints in step "2.3.12.1. Relax Holding and Liquidity Constraints" in addition to existing two constraints. Constraints defined in step 2.3.12.1 are only relaxed if Target WACI of Index is not achieved with Maximum Turnover Threshold of 20%. These Holding and Liquidity constraints need to be relaxed to achieve the target WACI which is defined as minimum of the CARBON INTENSITY of the decarbonization trajectory on the SELECTION DAY and 70% of INDEX UNIVERSE CARBON INTENSITY on the SELECTION DAY.

In the Latest Selection on 2024-10-09 the constraints were not relaxed and the Target WACI (WACI of index <= Target WACI) was achieved with a Turnover below 20%.



## Proposed Changes to the Index Guideline

The following Methodology changes are proposed in the following points of the Index Guideline.

### 2.3.12.1. Relax Holding and Liquidity Constraints

*From:*

In case the TARGET WACI can't be reached within the maximum turnover budget. The holding and liquidity constraints are relaxed. By the following formulae:

$$x_{1\_new} = f(w_{cap}^i) = \min(4 * (1 + j) * w_{cap}^i, 50 \text{ bps} + j * 20 \text{ bps} + w_{cap}^i)$$

$$x_{min\_new}^i = \begin{cases} 0, & \text{if } w_{cap}^i - (1 + j) * 40 \text{ bps} < minnw \\ w_{cap}^i - (1 + j) * 40 \text{ bps}, & \text{otherwise} \end{cases}$$

*To:*

In case the TARGET WACI can't be reached within the maximum turnover budget. The holding and liquidity constraints are relaxed. By the following formulae:

$$x_{1\_new} = f(w_{cap}^i) = \min(4 * (1 + j) * w_{cap}^i, 50 \text{ bps} + j * 20 \text{ bps} + w_{cap}^i)$$

$$x_{min\_new}^i = \begin{cases} 0, & \text{if } w_{cap}^i - (1 + j) * 40 \text{ bps} < minnw \\ w_{cap}^i - (1 + j) * 40 \text{ bps}, & \text{otherwise} \end{cases}$$

$$w_{max-c}^i = f(w_{cap}^i) = \min(4.5 * (1 + j) * w_{cap}^i, 60 \text{ bps} + w_{cap}^i + j * 20 \text{ bps})$$

$$x2 = f(w_{cap}^i) = \min(3.5 * (1 + j) * w_{cap}^i, 40 \text{ bps} + w_{cap}^i + j * 20 \text{ bps})$$

$$\Delta_L^i = \Delta_L^i * (1 + j)$$

$$w_L^i = w_L^i * (1 + j)$$

Iterate through 2.3.12 (begin with  $j = 1, 2, 3, \dots, 10$ ) until  $WACI_6 \leq WACI_P$ .

## 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 J.P. Morgan Asset Management China Carbon Transition Index 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 *2024-11-29*



[Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on *2024-12-13*

Please send your feedback via email to [marketconsultation@solactive.com](mailto:marketconsultation@solactive.com), specifying "Market Consultation Solactive J.P. Morgan Asset Management China Carbon Transition Index as the subject of the email, or

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

# CONTACT

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