

# INDEX GUIDELINE

*Solactive Australian Major Bank Subordinated  
FRN Index*

*Version 1.0*

*05 March 2024*



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## INTRODUCTION

This document (the "GUIDELINE") is to be used as a guideline with regard to the composition, calculation and maintenance of the Solactive Australian Major Bank Subordinated FRN 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 index aims to track the performance of Basel III Tier-2 subordinated floating rate bonds denominated in AUD issued by major Australian banks with remaining time to maturity of up to 10 years.

### 1.2. IDENTIFIERS AND PUBLICATION

The INDEX is published under the following identifiers:

Name	ISIN	Currency	Type	Calculation Formula*	RIC	BBG ticker
SOLACTIVE AUSTRALIAN MAJOR BANK SUBORDINATED FRN INDEX	DE000SLOELD7	AUD	TR	Direct	.SOLAMBBI	SOLAMBBI



Direct index means that the INDEX is calculated as [calculation method] index as described in the Bond Index Methodology, which is available on the SOLACTIVE website: <https://www.solactive.com/documents/bond-index-methodology/>

The INDEX is published on the website of the INDEX ADMINISTRATOR ([www.solactive.com](http://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 the 11<sup>th</sup> March 2024 is 1000. Levels of the INDEX published for a period prior to this date have been back-tested. Historical values from the 11<sup>th</sup> March 2024 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 MID PRICE of the INDEX COMPONENTS. Should there be no current EVALUATED PRICE available on Bloomberg (BVAL), the most recent EVALUATED PRICE on Bloomberg (BVAL) for the preceding BUSINESS DAY is used for calculations.

# 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:

- Inclusion of bonds issued by the following Australian banks:



- Australia and New Zealand Banking Group Limited
- Commonwealth Bank of Australia
- National Australia Bank Limited
- Westpac Banking Corporation

The index comprises of bonds that fulfill the following conditions:

- Basel III Tier-2 subordinated bonds which comply with Australian Prudential Regulation Authority's (APRA) APS 111 or equivalent foreign regulatory rules ('APRA Rules').
- Floating rate debt securities.
- Denominated in Australian dollars (AUD).
- Amount Outstanding of at least AUD 500 million.
- Minimum remaining time to first call of 1 year (in respect of callable securities) or minimum remaining time to maturity of 1 year (in respect of non-callable securities or callable securities where an exercise date has not been specified for the call option).
- Maximum remaining time to maturity of 10 years.
- The Securities are selected as follows: for each issuer (up to a maximum of 4 securities per issuer), the securities with the longest remaining time to first call (in respect of callable securities) or (ii) the longest remaining time to maturity (in respect of non-callable securities or callable securities where an exercise date has not been specified for the call option), are selected.
- Price from the PRICING PROVIDER must be available for each INDEX COMPONENTS on SELECTION DAY.

The determination of the INDEX COMPONENTS is fully rule-based and the SOLACTIVE has no discretion.

## 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 Mid Prices 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:

- If the number of INDEX COMPONENTS is more than or equal to 10 then market value weighting is applied. Additionally, an issuer cap of 35% per issuer is applied.
- If the number of INDEX COMPONENTS is less than 10 then equal weighing scheme is applied.



### 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 based on the holiday calendar. The index follows Australian Stock Exchange (ASX) holiday calendar.

"CLOSE OF BUSINESS" is a time stamp when an INDEX is calculated.

"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.

"ISSUER" is the issuing entity of the respective bond.

"Last Evaluated Mid Price" is the average between the Last Evaluated Ask Price and the Last Evaluated Bid Price.

"Last Evaluated Ask Price" is the last available evaluated ask price by the Pricing Provider.

"Last Evaluated Bid Price" is the last available evaluated bid price by the Pricing Provider.

"OVERSIGHT COMMITTEE" shall have the meaning as defined in the Bond Index Methodology.

"PRICING PROVIDER" is Bloomberg (BVAL).

"REBALANCE DAY" is the last BUSINESS DAY of February, May, August, and November.

"SELECTION DAY" is 7 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.



## 6. HISTORY OF INDEX CHANGES

Version	Date	Description
1.0	<i>05 March 2024</i>	Index Guideline creation ( <i>initial version</i> )



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