

# INDEX CHANGES AND CESSATION POLICY

VERSION 002  
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## 1. INTRODUCTION

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This document describes the procedure regarding the changes to Index methodologies and the procedures around the cessation of Indices.

This procedure is provided and updated by the Euronext Index Design department ("Index Design").

### 1.1 VERSION NOTES

Version	Effective date	New or changed parts
001	30 December 2022	First version
002	29 December 2023	Merge of Index changes Policy and Index Cessation policy documents; addition of External Index data change

## 2. INDEX METHODOLOGY CHANGES

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### Definition

This Chapter refers to any change in the index methodology or criteria that could:

- Lead to change the constituents of an index,
- Change the weight of an index constituents,
- Change the review timeline of an index.

It also refers to general changes for every index. For information regarding the treatment of corporate actions or the calculation and the reviews of indices, please refer to the dedicated documents available on the Euronext website, the 'Euronext Corporate Actions rules' and the 'Index Calculation and Periodical Reviews'.

Index Design is in charge of reviewing and approving material methodology changes, and decide if methodology changes are needed.

The Independent Supervisor can propose changes or refinements to an existing Rulebook relating to constituent methodology of the index, including selection, ranking and weighting. In case there is no Independent Supervisor, Index Design is in charge of it.

### Index consultations

Euronext Indices is committed to provide indices that respond to the best of its ability to the needs of all stakeholders of its indices. In order to achieve this and in response to developments on the markets, frequent feedback is sought among the known users of the indices.

For material changes to the methodology of main Indices, Euronext Indices will launch a consultation prior to implementing the change. Consultations will be available on [Index consultations procedure | live \(euronext.com\)](https://www.euronext.com/en/indices/consultations-procedure-live). Index Design is responsible for writing and publication of consultations, and reviews the feedback received in the consultation. For Indices with an Independent Supervisor, the Independent Supervisor approves any consultation before the publication.

A material change is a change that would reasonably be expected to have a significant effect on the index. It is a change that an average, careful investor would want to know about before making an investment decision. Examples of material changes include, but are not limited to, a change in capping methodology, a change to liquidity screening, or a change of selection methodology.

The decision on whether a change to the methodology of an Index requires consultation is with Index Design, taking into consideration the materiality of the change as well as the nature of the Index and affected stakeholders.

Each consultation will be open for at least 3 weeks. A consultation paper will be published, detailing the proposed methodology change and the potential impact of this change.

A summary of the comments received will be published within 3 weeks after the consultation is closed. In principle the comments will be made public anonymously, indicating only the nature of person or institution providing the comment.

### Responsibility and approval

Taking into account the feedback received in the consultation, Index Design will formulate a proposal for a rule change.

The Independent Supervisors of Euronext indices are responsible for the main significant indices and in particular approve changes relating to the constituents methodology of the index. If an index has no Independent Supervisor, then Index Design approves the changes to the methodology.

As a rule such decision will be taken within 3 months after the decision.

### **Announcement of changes**

Barring exception, a period of at least two months should pass between the date a proposed change is announced by an Euronext Indices Announcement (EIA) and the effective date. Exceptions can be made only if the change is not in conflict with the interests of any stakeholder.

### 3. EXTERNAL INDEX DATA CHANGE

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#### External Index Data

Euronext is using external data from multiple data provider in its Index methodologies. These external data can be used in the process of selecting the constituents of an Index, as well as for the final weighting of the constituents in the Index composition. This external data can be both ESG related and non-ESG related. A situation can occur in which Euronext will look for alternative external data to use in the methodology of their Indices. For clarification, this means a replacement from of one external Index data source to another external Index data source rather than an Index methodology change.

#### Responsibility for decision to change External Index data

The Independent Supervisor must approve the change of external Index data for any significant and non-significant Benchmark.

For any non-significant Benchmark, if no Independent Supervisor exists for such Index, Index Design must approve the change of the external Index data.

#### Situations in which Euronext will look for alternatives

In the following situations Euronext will look for alternative external data to use in their Indices:

- Data provider stops providing data;
- Data provider goes bankrupt;
- External data of data provider is outdated or uses outdated data;
- External data of data provider has limited coverage;
- External data of data provider does not have good quality

These situations will be assessed by Index Design. Euronext will keep using, if possible, the existing external data of the current data provider for their Indices until the analysis for an alternative external data has been finalized and the new external data has been implemented in the relevant Indices. For example, Euronext will keep using the latest available external data of a data provider that stops providing external data or Euronext will keep using external data of a data provider that does not have good quality until the alternative external data has been analyzed and implemented.

#### Alternative external data analysis

In case Index Design has established that it needs to look at alternative external Index data, an analysis will be performed to see if any other alternative index data is available and could be used for the relevant Indices. In order to keep the relevant Indices aligned with the stated Economic Reality it is intended to measure Index Design will take into consideration, among others, the following elements:

- Similarity of old and new external Index data methodology;
- Similarity of old and new external Index data in terms of scores/ranking and their effect on the index composition and/or weighting;
- Frequency of updates on new external Index data;
- Coverage of new external Index data;
- Quality of new external Index data;
- Reliability and relationship with potential new external Index data provider

For changes on external Index data of main Indices, Euronext Indices will launch a consultation prior to implementing the change in line with the process described under chapter 2.

The decision on whether a change to alternative external data of an Index requires consultation is with Index Design, taking into consideration the materiality of the change as well as the nature of the Index and affected stakeholders.

### Implementation

The analysis on alternative external Index data can lead to four outcomes:

- 1) Other external Index data from a different data provider will be incorporated in the methodology
- 2) Other external Index data from the same data provider will be incorporated in the methodology
- 3) No change of external Index data; in case no alternative external Index data can be established and decided to not cease the Index.
- 4) The Index will cease to exist; in case no alternative external Index data can be established and decided to cease the Index. See Chapter 4 Cessation of Indices in this document for further details.

In case of outcome 1 or 2, a period of at least two months should pass between the date the change is announced and the effective date. Euronext can decide to deviate from this two months period in case the next periodical review will take place in less than two months. If the change of external Index data is not in conflict with the interest of any stakeholders and can be communicated to the market in a timely manner Euronext can use a shorter announcement period in order to base the next periodical review on the alternative external Index data.

The replacement of the external Index data in the methodology of the applicable Indices will be announced via the usual communication channels to the market.

Note that no adjustment to historical levels will be made as a result of the replacement of the external Index data.

## 4. CESSATION OF INDICES

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### Cessation of Indices

Index Design can consider the cessation of Indices (in their existing form) if, for example, an Index no longer represents the underlying market, as a result of regulatory changes or changes to the economic reality. If an Index is still used by market participants, but in the opinion of Index Design, the maintenance of the Index is no longer possible, Index Design can consider certain alternatives to cessation of the Index, as described below under "Alternatives to cessation".

### Responsibility for decision on cessation of an Index

The Independent Supervisor must approve the cessation of any significant and non-significant Benchmark following a consultation process.

For any non-significant Benchmark, if no Independent Supervisor exists for such Index, Index Design must approve the cessation of the Index.

### Steps in case of the potential cessation of an Index

Index Design will consult clients, product issuers and/or internal sponsors of the index and the Index Panel regarding Indices that have been identified as Indices that could potentially cease to exist.

In case of a significant Benchmark a public consultation will be held in order to identify unknown users of the Index. Following this consultation, the proposal of cessation of the Index is brought before the Independent Supervisor of the Index. For Indices that do not have an Independent Supervisor, the decision to decommission is made by Index Design.

### Announcement

The cessation will be announced through a Market Data Announcement at least one month before the effective date of the cessation.

### Indices Review policy

In case an Index review is planned after the announcement of the cessation of such Index, Index Design reserves the right to cancel this Index review.

### Alternatives for cessation

If an Index is still used by market participants, but in the opinion of Index Design, the maintenance of the Index is no longer possible the following alternatives are investigated by Index Design:

- Re-launch of the Index, which entails the changing of the name (and mnemo) and possible selection/calculation rule changes.
- Transfer of the Index to another provider that may have more efficient resources to run the index.
- Redefining the underlying market segment or Index calculation method.
- Conversion into a custom index owned by a third party.



## Overview of Rulebooks and other documents applicable for Euronext Indices

The following documents, all available on or via the following link: <https://www.euronext.com/en/indices/index-rules> should be read in conjunction with this document or provide other relevant information for the reader.

### **BENCHMARK STATEMENT**

The Benchmark Statement identifies the primary features of an index family or families of indices in the context of the EU Benchmark regulation. For ESG based indices it also contains disclosure of ESG factors and reporting of scores.

### **COMPLIANCE STATEMENT**

The Compliance Statement provides details, for both significant and non-significant benchmarks, for which provisions the Administrator has chosen not to apply, and offers an explanation as to why it is appropriate not to apply each provision.

### **GOVERNANCE EURONEXT INDICES**

The purpose of the 'Governance Euronext Indices' is to describe the role and responsibilities of each of the governance bodies that are part of the Benchmark Administrators of Euronext.

### **RULEBOOK OF EACH FAMILY OF INDICES**

Each index is part of an index family that shares the basis for selection (universe) and which is managed in a comparable way. A separate rulebook is provided for each index family that will describe the specific features of that index family as well as specific elements of each index within that family.

### **INDEX CALCULATION AND PERIODICAL REVIEW Euronext Indices**

The Methodology Euronext describes all common aspects that apply for the

- periodical reviews, and
- the calculation of indices

### **EURONEXT INDICES CORPORATE ACTION RULES**

This document provides a description of the rules followed in Euronext Indices for the treatment of corporate actions and other events effecting constituents of indices.

### **EURONEXT ESG/EXTERNAL DATA PROVIDERS METHODOLOGIES**

An overview of various methods applied by providers of ESG scorings and labels and by providers of thematic data.

### **PROCEDURES EURONEXT INDICES**

These rulebooks describe the various procedures that are applied for all Euronext Indices:

- Correction Policy
- Announcement Policy
- Complaints Procedure
- Consultations Procedure
- Procedure For Cessation of Indices
- Procedure For Index Changes

### **RULES OF PROCEDURE INDEPENDENT SUPERVISORS**

For each Independent Supervisor Euronext publishes a 'Rules of Procedure' that describes the responsibilities and composition of each Independent Supervisor.

### **BENCHMARK OVERSIGHT COMMITTEE CHARTER**

The Benchmark Oversight Committee Charter describes the role and responsibilities of the Benchmark Oversight Committee.