

MARKET CONSULTATION | SOLACTIVE GENOMICS INDEX

06 February 2025



Content of the Market Consultation

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

NAME	RIC	ISIN
Solactive Genomics Index	.SOLGNOM	DE000SLA7166

Rationale for the Market Consultation

The market consultation aims to enhance the index's thematic coverage by increasing the number of constituents from 40 to 50 and allowing the inclusion of pre-revenue and diversified companies alongside existing pure players. This adjustment ensures the index evolves with industry trends, maintaining its relevance and accuracy. While no standard market practices govern these changes, thematic industries often require methodological updates to reflect shifting market dynamics. To maintain balance, the weights of diversified players will be capped at an aggregate 10%, with an individual weight limit of 2%.

Proposed Changes to the Index Guideline

The following Methodology changes are proposed in the following points of the Index Guideline (ordered in accordance with the numbering of the affected sections):

2.2. SELECTION OF THE INDEX COMPONENTS

From:

- 4) Companies are only eligible if they generate at least 50% of their revenues from Genomics related business operations and/or are classified as "Biotechnology" according to the FactSet Industries and Economic Sectors classification system. Genomics business operations include the following: (i) gene editing (ii) genomic sequencing (iii) development and testing of genetic medicine/therapies, and/or (iv) computational genomics and genetic diagnostics. If a company is a potential candidate for inclusion as a result of its classification as "Biotechnology", its exposure to the field of Genomics is further reviewed and confirmed by analyzing the company's R&D expenditures, product pipeline, and operating business segments. The remaining companies are ranked by their INDEX Score, and the 40 highest ranking companies are determined as the final INDEX constituents.

To:

- 4) Each company is then classified as follows according to the extent to which it generates revenues from relevant activities:



1. Pure-Play: Derives at least 50% of revenues from Genomics Activities.
2. Pre-Revenue: Has primary business operations in Genomics Activities but does not currently generate revenues.
3. Diversified: Derives revenues from Genomics Activities but less than 50%.

Genomics business operations include but are not limited to the following: (i) gene editing (ii) genomic sequencing (iii) development and testing of genetic medicine/therapies, and/or (iv) computational genomics and genetic diagnostics. The remaining companies are ranked by their INDEX Score:

1. The 20 highest ranking Pure-Play/Pre-Revenue companies are added as final INDEX constituents.
2. The 5 highest Diversified companies are added as final INDEX constituents.
3. Current INDEX constituents that fulfill the following requirements are added as INDEX constituents by priority of their weight as of the SELECTION DAY until there are a maximum of 50 INDEX constituents:
 - i) The INDEX constituent has an INDEX Score.
 - ii) The INDEX constituent satisfies the INDEX COMPONENT REQUIREMENTS.
 - iii) If the total number of INDEX constituents is still below 50 after the previous steps, companies that satisfy the index universe requirements are added as INDEX constituents according to their INDEX Score, until there are a maximum of 50 INDEX constituents. Diversified INDEX constituents will be capped at 10 INDEX constituents.

From:

- 5) If there are two or more companies that share the last rank, then preference is given to the company with the highest average daily volume over the last 6 months.

For any future selection the following buffer rules apply:

- A) A company that is currently in the INDEX is only excluded if it does not meet the index universe requirements, have a positive INDEX Score anymore, or generates less than 50% of its revenues from Genomics related business operations and/or is no longer classified as "Biotechnology".
- B) If there are 40 constituents as of the selection day, a new company is only added if its INDEX Score ranks 10th or higher and derives at least 50% of its revenue from Genomics and/or is classified as "Biotechnology" and passes the additional analysis. In this case, the last ranking company of the current selection is removed

To:

- 5) If there are two or more companies that share the last rank, then preference is given to the company with the highest market capitalization.



2.3. WEIGHTING OF THE INDEX COMPONENTS

From:

Each INDEX COMPONENT of the Solactive Genomics INDEX is weighted according to Free Float Market Capitalization subject to the following constraints:

- 1) The maximum weight of a company is 4.0%.
- 2) The maximum weight of a company that has a Market Capitalization larger than USD 50 bn is 2.0%.
- 3) The minimum weight of a company is 0.3%.
- 4) If a company was subject to the constraint b) on the previous Selection Day and its Market Capitalization is not below USD 40 bn on the current Selection Day, then the maximum weight of the company is 2.0%. The excess weight that results from implementing these constraints is redistributed proportionally such that none of the above constraints are breached.

To:

Each INDEX COMPONENT of the Solactive Genomics INDEX is weighted according to Free Float Market Capitalization subject to the following constraints:

- 1) The maximum weight of a company is 4.0%.
- 2) The aggregate weight of Diversified companies cannot exceed 10% of the index weight, and the maximum weight of a Diversified company is 2%.

The excess weight that results from implementing these constraints is redistributed proportionally such that none of the above constraints are breached.

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 Genomics 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 2025-02-20.

[Subject to feedback received on this Market Consultation, the changes mentioned above are intended to become effective on *2025-03-07*.

Please send your feedback via email to marketconsultation@solactive.com, specifying "Market Consultation | Solactive Genomics Index" as the subject of the email, or

via postal mail to: Solactive AG
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Germany

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

