SIX Swiss Exchange message no. 23/2017

Subject	**Introduction of a Component Capping on SMI**
Category	Index Rulebook
Authorized by	Werner Bürki, Member of the Management Committee
	Christian Bahr, Head Market Data & Analytics
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Information i

Based on the feedback of the Market Consultation on SMI changes and the recommendation of the Index Commission, the Management Committee of SIX Swiss Exchange has decided to make the following changes in the Rulebook. The changes will be effective on 18 September 2017 under consideration of a transition period.

At each quarterly index review all components of the SMI which have a weight that would exceed 18% are reduced to that value. During the transition period the weights of those components is reduced by a maximum of 3% additional until their weight reached 18%. Between the Index Reviews the weights are reduced to 18% as soon as two index components individually exceed a weight of 20%.

The market consultation, especially the feedback from issuers of financial products and users of index derivatives reviled the preference for a capped version of the SMI. Further suggestions to the index rules were considered in addition. With the adjusted index rules the SMI is compliant with the diversification guidelines of the ESMA – UCITS directives and can be used in the European Union as a reference index for the Swiss Equity Market.

Feedback from other users showed the need for an uncapped Index. Therefore SIX Swiss Exchange will launch a new index which considers the current rules. Details on that index will be communicated at a later stage.

All details can be found in the SMI Rulebook:

http://six-swiss-exchange.com/downloads/indexinfo/online/share_indices/smi/smifamily_rules_fut_en.pdf

If you have any questions, please do not hesitate to contact the Index Department helpdesk:

Phone: +41 58 399 2229

E-mail: indexsupport@six-swiss-exchange.com

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