RULES GOVERNING SIX STRUCTURED PRODUCTS STRATEGY INDICES

<Identification>

<Title>	RULES GOVERNING SIX STRUCTURED PRODUCTS STRATEGY INDICES
<Date>	13.12.2013
<Classification>	Unrestricted

Autor   GBP-PSI

CONTENTS

1. INDEX CONSTRUCTION

1.1
Introduction

This concept describes the rule-based strategy indices from Derivative Partners Research (dp-Research), which are distributed under the SIX Structured Products Exchange brand (SIX Structured Products Strategy Indices).

Structured products in the "Participation", "Yield Enhancement" and "Capital Protection" categories according to the SSPA Swiss Derivative Map are replicated by a total of three indices.

The indices are designed to provide investors with a representative benchmark. A further objective, in cooperation with issuers, is to offer indirect investments in the index.

1.2
Base universe

The base universe comprises all structured products traded on SIX Structured Products Exchange that belong to the SSPA "Participation", "Yield Enhancement" and "Capital Protection" categories.

1.3
Number of securities

The indices are essentially composed of a maximum of 10 and a minimum of 5 products, all of which are given equal weighting. No product may be a component of more than one index at a time.

1.4
Adjustments to index basket composition

With the exception of the Participation Index, which will be adjusted monthly, changes to the SIX Structured Products Strategy Indices will be made every two months as of the first trading day of the new month. dp-Research will make the new composition available to SIX Swiss Exchange.

In urgent cases, structured products may also be reclassified, included for the first time or excluded from SIX Structured Products Strategy Indices outside the set adjustment dates.

2. INDEX CALCULATION

2.1
Calculation formula

$$I_t = I_{t-1} + I_{t-1} \cdot \sum_{i=1}^{M}\left[\left(\frac{P_{i,s} + r_{i,t} \cdot C_i}{P_{i,t-1} + r_{i,t-1} \cdot C_i} - 1\right)/M\right]$$

Legend:

I_t: current index level

I_{t-1}:   closing value of index on previous day

$P_{i,s}$:   last mid price of security i at time s

$P_{i,t-1}$:   last mid price of security i on previous day

$r_{i,t}$:   current fraction of an interest period since the last coupon for security i fell due prior to inclusion in the index (calculated on the basis of 30/360) *

$r_{i,t-1}$:   current fraction of an interest period on the previous day since the last coupon for security i fell due prior to inclusion in the index (calculated on the basis of 30/360 days) *

C_i: coupon of security i per annum in % *

s: current time on day t

M: number of securities in the index

* This attribute is used to calculate the SIX Structured Products Yield Enhancement Index (SSPY) only. It has the value 0 for the other indices.

2.2
Type of price used

Currently valid mid prices are used to calculate the index. The mid price is the arithmetic mean of the best bid and ask prices. If no current mid price is available at the time of calculation, the last available mid price is used.

A valid mid price satisfies the following conditions:

- bid/ask spread is no more than 1000 basis points (relative spread, formula: (bid/ask) - 1)).

- the bid/ask volumes on which their respective prices are based are at least CHF 40,000 each.

Securities are included in the index initially at their mid price. Mid prices will be reported by dp-Research if no valid mid prices are available on the day of inclusion.

2.3
Base

The base of the SIX Structured Products Strategy Indices was set at 1000 points after the close of trading on February 27, 2009.

2.4
Calculation intervals and publication

All SIX Structured Products Strategy Indices are calculated every 3 minutes from 09.15 to 16.45 on SIX Structured Products Exchange trading days.

The indices are published as total return indices to two decimal places. The internal calculation is based on seven decimal places.

All index data is distributed by SIX Exfeed, a subsidiary of SIX Group.

2.5
Unavailability of price data

If prices for a given product cease to be available for any reason, the product will remain in the index at its last valid mid price.

3. NEW INCLUSIONS

3.1
Typical and optimum

In a first step, a selection is made of SIX Structured Products Exchange listed products that are **typical** of the

- Participation

- Yield Enhancement and

- Capital Protection

categories.

Depending on the product category, **typical** is determined using the following criteria:

- moneyness of the strike price

- remaining term to maturity

- any further specific criteria per strategy

The criteria are set once only and reflect the core investment precept behind the product category. The criteria are determined on the basis of an analysis of expert opinions, an empirical analysis of new issues (which tend to be representative of **typical** products) and an analysis of trading volumes.
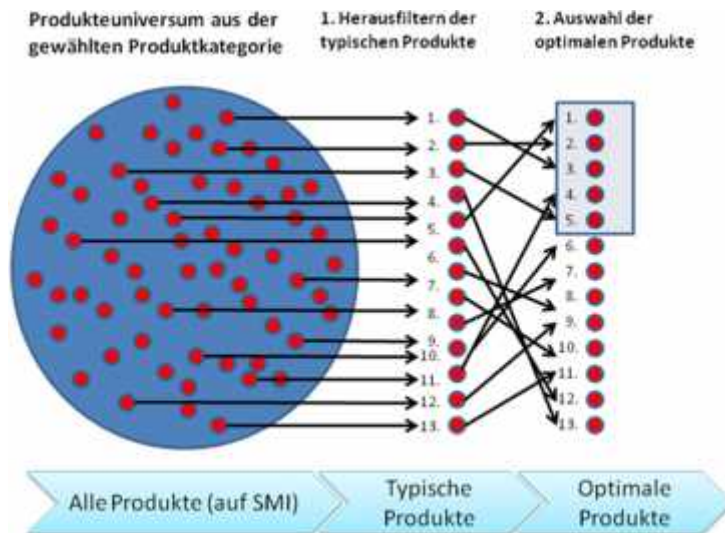
Fig. 1 Selection process for index components

The second step is then to select the products that are **optimum** to the composition of the index.

In the shortlist of **typical** products, a product is **optimum** if:

- it has the best liquidity figures; the dp liquidity rating is taken into account here.

- it scores low in the dp fair value gap analysis.

3.2
Underlying

The SMI® is defined as the underlying. The basic rules set out the procedure to be followed should there be too few SMI-based products.

3.3
Basic rules

The selection of **typical** and then **optimum** products follows a set of basic rules that are adjusted for the various categories of structured product.

The following basic rules apply to the production of the Strategy Index:

- At least three different issuers must be represented in the Strategy Index.

- Maturities must be typical of the type of structured product in question.

- The index must contain structured products with a strike or issue price which, within a defined interval, lies in the same range as the current market price.

- Products which have no dp liquidity rating and/or dp fair value gap are not considered.

- The structured products' dp liquidity rating may not fall below a certain threshold.

- The dp fair value gap may not exceed a certain threshold.

- Typical products are sorted first in ascending order according to fair value gap, and then in descending order according to liquidity rating.

- If there are insufficient products which use the SMI as their underlying, then products based on the EURO STOXX 50® Index may also be used. In such cases, EURO STOXX 50 Index products may be used only to achieve the necessary minimum of index components.

4. TRADEMARK PROTECTION, USE AND LICENSING

4.1
Protection

The names of the SIX Structured Products Strategy Indices are internationally registered trademarks of SIX Structured Products Exchange Ltd.

4.2
Licensing

4.2.1
Free usage

The names of the SIX Structured Products Strategy Indices may be freely used for the purpose of honest reporting of the relevant index. Insofar as it is technically possible, the symbols ® and ™ should be used, possibly with a footnote stating that these names are registered trademarks of SIX Structured Products Exchange Ltd. Furthermore, where possible this should always be followed by the words "calculated in association with Derivative Partners Research Ltd".

4.2.2
Usage subject to licence

Any additional use of the SIX Structured Products Strategy Indices or any commercial use of the index figures (e.g., issue of index-linked financial instruments or capital insurance with or without mention of the trademark in the name or description) is only permissible with a valid licensing agreement. Any requests should be sent to the following address together with documentation of the planned products:

SIX Structured Products Exchange Ltd
Selnaustrasse 30
P.O. Box
CH-8021 Zurich

www.six-structured-products.com
E-Mail: structured-products@six-swiss-exchange.com

5. CONTACT

Information concerning SIX Swiss Exchange indices (index adjustments, announcements etc.) is available at the following Internet address:

http://www.six-swiss-exchange.com/indices/overview_en.html

Derivative Partners Research Ltd	**SIX Swiss Exchange Ltd**
Splügenstrasse 10 CH-8002 Zurich	SIX Swiss Exchange AG Index Department Selnaustrasse 30 P.O. Box CH-8021 Zurich
E-mail:	E-mail:
info@derivativepartners.com	indices@six-group.com
Helpdesk:	Helpdesk:
+41 (0)43 305 05 30	+41 (0)58 854 22 80

6. STATIC DATA

Name	Short Name	Symbol	ISIN	Initial date	Initial value
SIX Structured Products Participation Index	SSP Particip. Index	SSPP	CH0113557455	27.02.2009	1'000
SIX Structured Products Yield Enhancement Index	SSP Yield Enh. Index	SSPY	CH0113557489	27.02.2009	1'000
SIX Structured Products Capital Protection Index	SSP Protect. Index	SSPC	CH0113557521	27.02.2009	1'000

7. DISCLAIMER

In addition to the statements required by law, the issuing prospectus for an index-based financial product must reproduce the following disclaimer:

"The SIX Structured Products Strategy Indices do not constitute any invitation to buy or sell securities. SIX Swiss Exchange, SIX Structured Products Exchange Ltd and Derivative Partners Research Ltd accept no liability whatsoever for losses resulting from the use of the SIX Structured Products Strategy Indices."