

RULES GOVERNING SMI® INDEX FAMILY

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1. INDEX STRUCTURE

1.1

Securities universe

The SMI® Family comprises three indices: the Swiss Market Index (SMI)®, the SMI MID (SMIM)® and the SMI Expanded®. It contains the largest and most liquid stocks on the Swiss stock market. The entire Swiss market is represented by the SPI® Family (see [SPI® regulations](#)).

As a blue-chip index, the SMI® is Switzerland's key equity index. It represents about 85% of the free-float capitalisation of the Swiss equity market. The SMI® comprises the 20 largest and most liquid equities of the SPI®.

The SMIM® tracks the 30 next-largest and most liquid equities of the SPI® Mid, which comprises 80 securities. Together, the SMI® and the SMIM® form the SMI Expanded®. This index, then, comprises the 50 largest and most liquid equities of the Swiss equity market.

As the indices of the SMI® Family are representative of the Swiss market and have a high level of liquidity, they are extremely well suited as the basis for numerous financial products such as options, futures and ETFs (e.g., SMI® futures and options on Eurex, SMI® warrants, SMI® ETFs).

1.2

Standardisation

The SMI® (performance and price index) was standardised on 30 June 1988 with an initial baseline value of 1,500 points. The SMIM® and the SMI Expanded® (performance and price index) were standardised on 31 December 1999 with an initial baseline value of 1,000 points.

The indices' divisors (see Section 2.2) were established such that the result of dividing the total market capitalisation by the divisor was a corresponding index level of 1,500 and 1,000 points respectively.

1.3

Index Commission

The Management Committee of SIX Swiss Exchange is supported by the Index Commission (advisory board) in all index-related matters, notably in connection with changes to the index rules and adjustments, additions and exclusions outside of the established review and acceptance period.

The Index Commission convenes at least twice a year. It provides valuable input on how existing products can be improved and new ones created.

2. INDEX CALCULATION

2.1 *Laspeyres Index formula*

The SMI® Family, like all other SIX Swiss Exchange indices, is calculated using the Laspeyres method with the weighted arithmetic mean of a defined number of securities issues. The index level is calculated by dividing the market capitalisation of all securities included in the index by a divisor.

$$I_s = \frac{\sum_{i=1}^M p_{i,s} * x_{i,t} * f_{i,t} * r_s}{D_t}$$

Legend:

t:	current day
s:	current time on day t
I _s :	current index level at time s
D _t :	divisor on day t
M:	number of issues in index
p _{i,s} :	last-paid price of security i
x _{i,t} :	number of shares of security i on day t
f _{i,t} :	free float for security i on day t
r _s :	current CHF exchange rate at time s

2.2 *Divisor*

The divisor is a technical number used to calculate the index. If the market capitalisation changes due to a corporate event (see Section 4), the divisor changes while the index value remains the same.

The new divisor is calculated on the evening of the day before the corporate event takes effect.

2.3 *Treatment of dividends*

The SMI®, the SMIM® and the SMI Expanded® are non-dividend-adjusted price indices. They are also calculated as performance indices in whose calculation dividend payments are taken into account. The treatment of dividend payments is detailed in Section 4.4.

2.4 *Free Float*

The securities included in the SMI®, SMIM® und SMI Expanded® are weighted according to their free float. This means that large share packages that reach or exceed the threshold of 5% are subtracted from the total market capitalisation.

The free float is calculated on the basis of outstanding shares. Issued and outstanding equity capital is, as a rule, the total amount of equity capital that has been fully subscribed and wholly or partially paid in and documented in the Commercial Register. Not counting as issued and outstanding equity capital are the approved capital and the conditional capital of a company.

The free float is calculated on the basis of listed shares only. If a company offers several different categories of listed participation rights, each is treated separately for the purposes of index calculation.

2.4.1

Shares in fixed ownership: definition

Fundamentally deemed to be shares held in firm hands are shareholdings that have been acquired by one person or a group of persons in companies domiciled in Switzerland and which, upon exceeding or falling below the 5% or higher threshold values defined in [Arts. 20ff. SESTA](#), have been reported to SIX Swiss Exchange.

The threshold values defined Art. 20 SESTA are, as of 5%, applicable analogously to companies domiciled abroad.

Shares of persons and groups of persons who are subject to a shareholder agreement which is binding for more than 5% of the listed shares or who, according to publicly known facts, have a long-term interest in a company are also deemed to be in fixed ownership.

2.4.2

Sources of information

For the calculation of the number of shares in firm hands, SIX Swiss Exchange may also use other sources than the reports submitted under Art. 20 SESTA and [Art. 55 Listing Rules, Annex 1 Admission Board Circular No. 1](#). In particular, SIX Swiss Exchange may use data gained from issuer surveys that it conducts itself.

2.4.3

Exceptions

In principle, shares held by the following groups are deemed free-floating regardless whether a report has been made pursuant to Section 2.4.1.

- Custodian nominees
- Trustee companies
- Investment funds
- Pension funds
- Investment companies

SIX Swiss Exchange classifies at its own discretion persons and groups of persons who, because of their area of activity or the absence of important information, cannot be clearly assigned.

The free-float rule applies only to bearer shares and registered shares. Capital issued in the form of participation certificates ("*Partizipationsscheine*") and bonus certificates ("*Genussscheine*") is taken into full account in calculating the index because it does not confer voting rights.

2.5

Calculation interval and publication

The SMI® family is calculated in real time. The index is recalculated every time a new transaction is made for a stock included in the index. The shortest interval is one second.

All index data is distributed by SIX Exfeed Ltd (subsidiary of SIX Group Ltd).

2.6
Prices used

In calculating the index, the last-paid price is taken into account. If no price has been paid on the day of calculation, the previous day's price is used. Only the prices achieved via the electronic order book of SIX Swiss Exchange are used.

2.7
Trading hours

The trading hours for Swiss equities, participation certificates and bonus certificates are determined by SIX Swiss Exchange.

Since the opening phase usually causes strong price fluctuations, the SMI® is first calculated two minutes after the start of on order book trading. This index level is called the "open".

A closing auction takes place ten minutes before close of trading. At the close of trading, the final closing prices used in calculating the closing level of the SMI® are established.

3. ADMISSION TO AND EXCLUSION FROM THE INDEX

3.1
Adjustment date

The changes to the index-basket composition will be made once a year after prior notice of at least two months on the third Friday in September after close of trading.

3.2
Determination of rankings

A selection list in which all SPI® securities are ranked and which forms the basis for the rankings can be downloaded from the [SIX Swiss Exchange Website](#). The position of each security is determined by a combination of the following criteria:

- Average free-float capitalisation (compared to the capitalisation of the entire SPI®)
- Cumulated on order book turnover (compared to the total turnover of the SPI®)

The average market capitalisation in per cent and the turnover in per cent are each given a weighting of 50% and yield the so-called weighted market share.

The time period used for making the calculation is 1 July of the current year through 30 June of the following year. For shares that have been listed after 1 July of the current year, the cumulated on order book turnover will be extrapolated, whereas generally the first 5 trading days for those shares will not be included in the calculation.

Provisional interim selection list is published following the end of the quarter on 30 September, 31 December and 31 March.

3.2.1

Tolerance zone

In order to limit fluctuations in the index baskets of the SMI® Family, the selection list features a tolerance zone of 10 per cent which inhibits securities' addition to and exclusion from the index.

In the SMI®, this tolerance is +/- 2 positions, i.e. it encompasses positions 19 through 22 in the SMI®, which comprises 20 securities.

In the SMIM®, the tolerance is +/-3 positions, i.e. it encompasses positions 48 through 53 in the SMIM®, which comprises 30 securities.

3.2.2

Admission criterion

A security is admitted to the SMI® if it ranks 18 or better in the selection list. A share ranked 19 or 20 is admitted only if a share included in the SMI® meets the exclusion criteria directly (position 23 or lower) and no other share that either meets the admission criteria directly (position 18 or higher) or is rated higher has moved up in its place.

A security is admitted to the SMIM® if it ranks 47 or better in the selection list. A share ranked 48, 49 or 50 is admitted only if a share included in the SMIM® meets the exclusion criteria directly (position 54 or lower) and no other share that either meets the admission criteria directly (position 47 or higher) or is rated higher has moved up in its place

3.2.3

Exclusion criterion

A security is excluded from the SMI® if it ranked 23 or lower in the selection list. A share ranked 21 or 22 is excluded only if a share meets the admission criteria directly (position 18 or higher) and no other share that either meets the exclusion criteria directly (position 23 or lower) or is rated lower has been excluded in its place.

A security is excluded from the SMIM® if it ranked 54 or lower in the selection list. A share ranked 51, 52 or 53 is excluded only if a share meets the admission criteria directly (position 47 or higher) and no other share that either meets the exclusion criteria directly (position 54 or lower) or is rated lower has been excluded in its place.

3.2.4

Additional criterion for the admission of companies whose securities have a primary listing on several exchanges and less than 50% of their total turnover is generated on SIX Swiss Exchange

A security is admitted to the SMI® if it fulfils the provisions of Section 3.2.2 and, as measured solely on the basis of cumulated on order book turnover in keeping with Section 3.2 ranks 18 or better in the selection list.

A security is admitted to the SMIM® if it fulfils the provisions of Section 3.2.2 and, as measured solely on the basis of cumulated on order book turnover in keeping with Section 3.2, ranks 47 or better in the selection list.

In assessing the relevant proportion of turnover, only the trading turnover on those exchanges where the company has a primary listing will be taken into account.

3.2.5

Additional criterion for the exclusion of companies whose securities have a primary listing on several exchanges and less than 50% of their total turnover is generated on SIX Swiss Exchange

A security is excluded from the SMI® if it fulfils the provisions of Section 3.2.3 or, as measured solely on the basis of cumulated on order book turnover in keeping with Section 3.2, ranks 23 or lower in the selection list.

A security is excluded from the SMIM® if it fulfils the provisions of Section 3.2.3 or, as measured solely on the basis of cumulated on order book turnover in keeping with Section 3.2, ranks 54 or lower in the selection list.

In assessing the relevant proportion of turnover, only the trading turnover on those exchanges where the company has a primary listing will be taken into account.

3.3

Reallocations outside accepted review and acceptance period

In the case of major market changes as a result of capital events such as mergers or new listings, the Executive Committee of SIX Swiss Exchange can decide at the request of the Index Commission that a security should be admitted to the SMI® or SMIM® outside the accepted admission period as long as it clearly fulfils the criteria. For the same reasons, a security can also be excluded if the requirements for admission to the SMI® or SMIM® are no longer fulfilled. As a general rule, extraordinary acceptances into the index take place after a three-month period, this on a quarterly basis after the close of trading on the third Friday of March, June, September and December as follows:

Latest listing date	Earliest extraordinary acceptance date
5 trading days prior to the end of November	March
5 trading days prior to the end of February	June
5 trading days prior to the end of May	September
5 trading days prior to the end of August	December

4. INDEX ADJUSTMENTS

4.1

Ordinary adjustment dates

The number of securities and free-float shares are adjusted on two ordinary adjustment dates a year:

- The third Friday in March (after close of trading)

- The third Friday in September (after close of trading)

SIX Swiss Exchange may conduct a capital survey among issuers in order to obtain the required data.

The announcement of the provisional new securities occurs at least one month before the adjustment date. SIX Swiss Exchange reserves the right to take account of recent changes before the adjustment date, so the definite new securities are announced only five trading days before the adjustment date.

4.2
Extraordinary adjustment of the number of shares

In order to maintain the stability of the index and avoid frequent minor changes to the weighting, a change of the total number of outstanding securities leads to an extraordinary adjustment only if it is equal to or greater than five percent.

If an increase amounts to a change of less than five percent, it is taken into account in the next event and added to it. If the cumulative change is equal to or greater than 5%, the total number of outstanding securities is adjusted outside the ordinary dates on the day of the corporate event responsible for the cumulative change. A notification period of 10 trading days applies. In exceptional cases, SIX Swiss Exchange reserves the right to make this adjustment without observing the notification period.

4.3
Extraordinary adjustment of the free float

If the free float changes by 10 percentage points or more in a given year, the extraordinary adjustment is made immediately. A notification period of 10 trading days applies. In exceptional cases, SIX Swiss Exchange reserves the right to make this adjustment without observing the notification period.

If the free float changes as a result of an extraordinary adjustment of the number of shares, the free float is adjusted at the same time as the number of shares even if the free float changes by less than ten percentage points.

After a takeover, SIX Swiss Exchange may, in exceptional cases, adjust the free float of the company in question upon publication of the end results. A five-day notification period applies. At the same time, SIX Swiss Exchange may exclude the security from the relevant index family.

4.4
Dividend and other payments

4.4.1
Regular cash dividend

Regular cash dividend payments do not result in adjustments to the divisors of price indices. Dividends are, however, fully taken account of in performance indices.

	Divisor performance indices	Divisor price indices	Dividend points
Regular cash dividend	↘	→	Yes

Dividend payments are always treated as gross amounts, including the withholding tax portion.

4.4.2
Repayments of capital instead of a cash dividend

Repayments of capital through the reduction of a share's par value, which can take the place of a regular cash dividend or constitute a component of the regular distribution, are treated in the same way as a normal dividend payment (i.e. no adjustment to the price index divisor).

	Divisor performance indices	Divisor price indices	Dividend points
Repayments of capital instead of a cash dividend	↘	→	Yes

4.4.3
Extraordinary payments

Distributions (e.g., special dividends and anniversary bonuses) that, contrary to the company's usual dividend policy, are paid out or declared extraordinary dividends, are not deemed dividends in the above sense. These distributions are considered corporate events and also result in adjustments to the divisors of price indices.

	Divisor performance indices	Divisor price indices	Dividend points
Extraordinary payments	↘	↘	No

4.4.4
Share dividend (company's own shares)

Share dividends are not treated like ordinary dividend payments. The increase in the number of shares is offset by the lower price of the share on the ex date. The capitalisation does not change in total and the divisors are not adjusted.

	Divisor performance indices	Divisor price indices	Dividend points
Share dividend (company's own shares)	→	→	No

4.4.5
Share dividend (shares of another company)

The distribution of a dividend on shares of another company is not classified as an ordinary dividend payment and so necessitates an adjustment of the price index divisor.

	Divisor performance indices	Divisor price indices	Dividend points
Share dividend (shares of another company)	↓	↓	No

4.4.6
Extraordinary situations

At variance to the treatment of dividends and other distributions described in Section 4.4.1 through 4.4.5, SIX Swiss Exchange reserves the right in justifiable instances to diverge from those provisions.

4.5
Information on corporate events

Any relevant forthcoming extraordinary corporate events that result in an adjustment to the indices are published by e-mail via Investor Service Equity. This service is offered free of charge by SIX Swiss Exchange Indices department.

The registration form is available on the [SIX Swiss Exchange Website](#). SIX Swiss Exchange accepts no liability for Investor Service Equity.

5. TRADEMARK PROTECTION, USE AND LICENSING

5.1
Protection

The [SIX Swiss Exchange Indices Trademarks](#) are internationally registered trademarks of SIX Swiss Exchange.

5.2
Licensing

5.2.1
Free usage

The [SIX Swiss Exchange Indices Trademarks](#) 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 Swiss Exchange, Zurich.

5.2.2
Usage subject to licence

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SIX Swiss Exchange Ltd
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P.O. Box
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E-mail: indices@six-group.com

Offering prospectuses must include the following disclaimers,
which is accessible via the [SIX Swiss Exchange Website](#).

6. CONTACT

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

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

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E-mail: indices@six-group.com

Helpdesk: T +41(0)58 854 22 80

E-mail information service

Information on corporate events related to SIX Swiss Exchange equity indices is included in the weekly Investor Service Equity. You can subscribe to this e-mail service, which is free of charge, at the following link:

http://www.six-swiss-exchange.com/.../subscription_en.html

Telephone helpdesk

Our helpdesk is open on trading days from 8.30 a.m. to 12.00 noon and from 1.30 p.m. to 6.00 pm. Tel. helpdesk +41(0)58 854 22 80.

7. STATIC DATA

A current list of all indices calculated by SIX Swiss Exchange is accessible at the SIX Swiss Exchange Website: www.six-swiss-exchange.com/.../calculated_indices.xls