



Market Consultation on potential discontinuation of SPI Subsector and Sector indices

Zurich, 30 June 2018

SIX, the provider of the SMI indices has decided to conduct a market consultation for a potential discontinuation of the SPI Sector and Subsector indices. This market consultation does not concern any SPI Industry or SPI Supersector indices in any way. The market consultation may or may not lead to the discontinuation of the SPI Sector and Subsector indices. However, the purpose of the consultation is to identify the market demand and the use of those indices.

1. Process and timeline

With this market consultation, SIX aims to identify market views on the need for the SPI Sector and Subsector indices. The consultation is open to all market participants until 31 August 2018. In addition to responses from clients, input from the Index Commission will be considered. A summary of the feedback and a corresponding statement by SIX will be made available to all market participants, unless the commentator has requested confidentiality. An additional announcement about the potential discontinuation will be sent in 2018-Q3. A discontinuation would be implemented no earlier than for the index review in December 2018.

All questions and feedback regarding the market consultation can be sent to the following e-mail address: indices@six-swiss-exchange.com

Only responses with complete contact information will be considered.

Name	
Role	
Company	
E-Mail	
Phone	
Confidentiality (Yes/No)	

2. Current Methodology and consequences

According to the Rules Governing the SPI Index Family (version as of 4 July 2018) the components of the SPI Sector and Subsector indices are assigned based on the Industry Classification Benchmark (ICB). ICB allocates companies based on the source of the revenue or the source of the majority of its revenues. SIX applies a hierarchical structure with four levels which is similar to ICB, but not identical with the current ICB version of FTSE Russell. The SIX structure reaches from the broadest Industry level over Supersector and Sector to the Subsector level which is the most detailed. There are currently 10 Industries, 18 Supersectors, 39 Sectors and 104 Subsectors defined and assigned by a four letter code. By discontinuing the support for the two lowest levels, "Sector" and "Subsector", SIX would reduce the number of indices provided by a total of 286.

3. Reasoning

The equity universe listed at SIX is rather small. 250 out of the 286 indices mentioned have less than 5 components and a majority do have zero or just one. Especially those indices are therefore not representative for a market to be measured. In addition, 10 out of 18 Supersector indices have the same components as the Sector level. Consequently, these Sector indices do not provide any additional information compared to the Supersector versions.

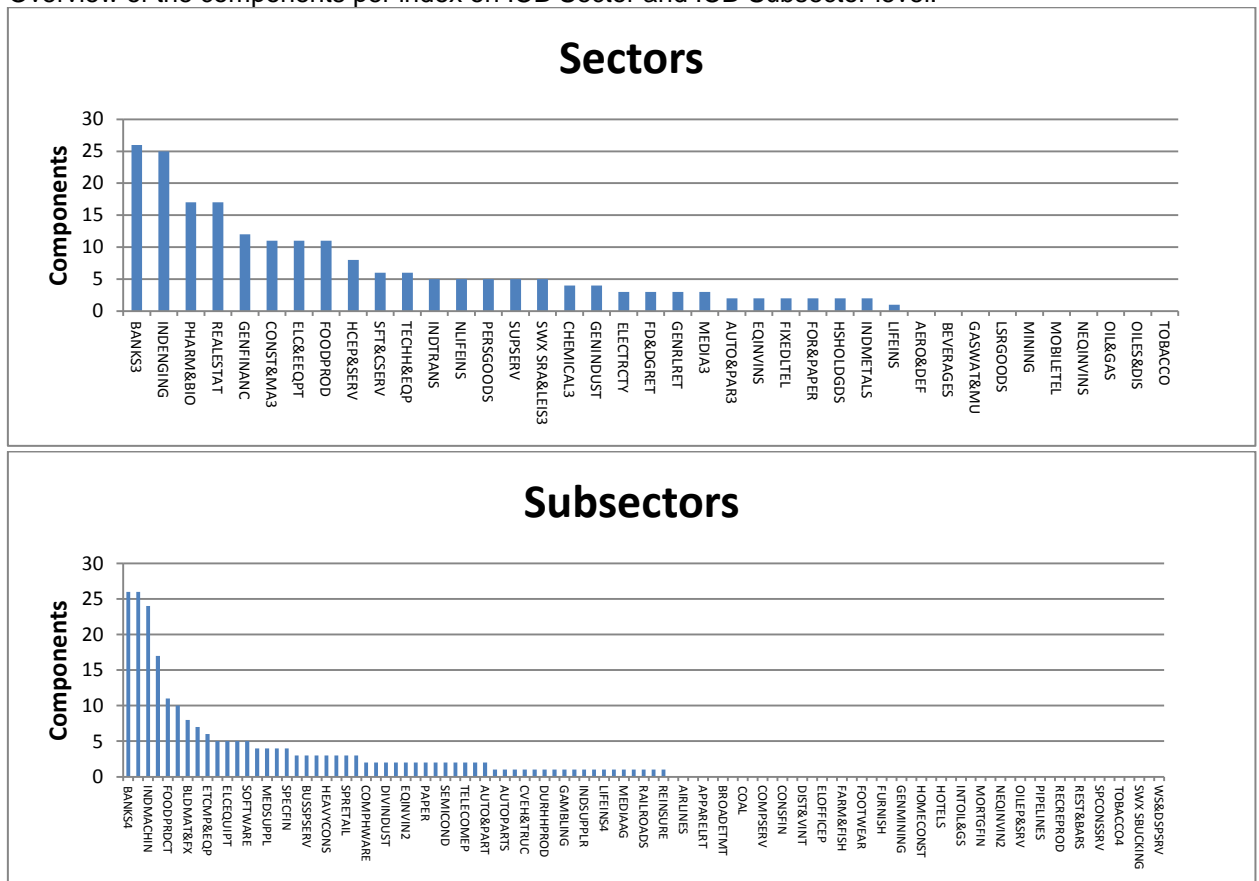
A separate Excel file is available on the website with a list of all potentially affected indices.

4. Questions

1. Please specify if and how you use the SPI Sector indices on the two lowest levels “Sector” and “Subsector”. e.g. for derivative trading, product issuances, active management benchmarking, fund and asset management or research
2. Do you have any concerns if SIX stops providing indices for the two lowest ICB levels “Sector” and “Subsector”?
3. If you believe the “Sector” and “Subsector” levels are necessary for the index offering would you consider sector indices offered by SIX with a different sector methodology or structure than ICB?
4. Do you have any comments on the timeline concerning the discontinuation of “Sector” and “Subsector indices”?
5. Are there any other changes for the SPI or any other indices that SIX should investigate? Please elaborate whether you see any dependencies that make it necessary to adjust the methodology of another index.

5. Appendix

Overview of the components per index on ICB Sector and ICB Subsector level:



6. References

Rules Governing The SPI Index Family:

https://www.six-swiss-exchange.com/downloads/indexinfo/online/share_indices/spi/spifamily_rules_en.pdf

More information on ICB:

<http://www.ftserussell.com/financial-data/industry-classification-benchmark-icb>