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DISCUSSION PAPER ON ESMA'S POLICY ORIENTATIONS ON GUIDELINES FOR UCITS EXCHANGE-TRADED FUNDS AND STRUCTURED UCITS (ESMA/2011/220)

Frankfurt, March 03, 2011

Dear Sir or Madam,

STOXX welcomes the opportunity to contribute to the Discussion paper dated 22 July 2011 on ESMA's policy orientations on guidelines for UCITS Exchange-Traded Funds and Structured UCITS.

STOXX is a provider of financial indices including the EURO STOXX 50 Index which amongst others are widely used by asset management companies as basis for UCITS ETFs or structured UCITS. As an index provider who operates independently of UCITS management companies we are convinced that we can contribute to ESMA's goal to enhance transparency and to mitigate risks on the UCITS market.

We note that some of ESMA's considerations relate to publication requirements for index providers in respect to UCITS ETFs and structured UCITS. We would like to take this opportunity to point out that STOXX already today publishes all index related information retail investors require in order to determine their investment strategy and to assess their risk. STOXX generally shares ESMA's view in respect to transparency requirements for financial markets. However, STOXX is concerned that some parts of the Discussion paper, in particular regarding the publication requirements for ETF prospectus and strategy indices, could be interpreted as an attempt to impose a disproportionate burden on independent index providers which in addition raise serious legal concerns since indices are protected by intellectual property rights.

Based on STOXX' intense experience with the provision of indices as underlyings for financial instruments, in particular for UCITS ETFs and structured UCITS, STOXX encourages ESMA to consider the attached comments and suggestions in order to make the proposed guidelines as effective as possible while at the same time taking account of the legitimate interest of independent index providers to license their indices to a broad spectrum of clients.

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Commercial Register of the
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CH-020.3.020.062-1

BANK DETAILS

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SWIFT/BIC-CODE: CRESCHZZ80A
ACCOUNT NO.: 789445-62
VAT-ID NO.:437 518

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STOXX is at ESMA's disposal if you have any questions or if you wish to discuss these suggestions in a personal meeting.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'H. Graf', is written over the typed name.

Dr. Hartmut Graf
CEO

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SUMMARY

STOXX appreciates that the Discussion paper does not include any formal proposals for guidelines but rather seeks stakeholders' views on a suggested policy approach. However, the considerations regarding the ETF prospectus and strategy indices may require index providers - depending on the actual approach ESMA takes - to disclose virtually all available information on proprietary indices. If this would be implemented in the guidelines, STOXX summarizes the consequences as follows:

- 1. Index publication requirements are not necessary since index providers publish sufficient information which fulfill ESMA's transparency goals.**

Already today, index providers publish detailed information on their indices, e.g. components, weightings, market capitalization, selection criteria, performance and volatility. These data are sufficient for so called "passive" investors in index products who are not buying a static portfolio of securities but rather a dynamic portfolio following (ideally) clear and transparent rules. Thus the methodology of the index is of utmost importance. This information is available without the need for any statutory disclosure obligation.

- 2. Investors do not benefit from the disclosure of current component data.**

Investors in "passive" index products are interested in the index methodology but do not need access to current component level data. Unlike the methodology, composition data does not indicate how an index will develop in the future. Thus, an obligation to publish vast amount of data on the daily index composition does not foster transparency but rather may blur the valid information requirements investors have.

- 3. The proposed index publication requirements do not appropriately consider the intellectual property rights and the significant investment of index providers in their indices.**

Indices are protected by various intellectual property rights in all major jurisdictions including the European Union, EU Member States and the US. ESMA's proposed guidelines may not interfere with these important property rights which are enshrined, amongst others, in the Charter of Fundamental Rights of the European Union and the Database Directive. The constitutional and intellectual property rights protection of the indices and index composition mirrors the significant investment of index providers in their products. Thus, the guidelines may not oblige all independent index providers to publish their indices in a way which would effectively erode their legally protected IP rights.

- 4. ESMA's proposal jeopardizes the independency of index providers.**

ESMA's proposals could foster market structures which are not consistent with the European Union's goal to secure independent index providers and thus transparency on the financial markets. The publication of proprietary index information would deprive the index providers of the basis for their business. As a consequence, UCITS management companies would increasingly develop own indices which would be exclusively designed as underlying for their own financial products. Such indices would not be suitable to fulfill general market functions which are typical for indices of independent providers.

As a consequence of the concerns set out above, STOXX suggests that

- » ESMA should not require the disclosure of index data since this does not enhance transparency, would infringe intellectual property of the index providers and endangers the independency of index providers
- » ESMA considers alternative solutions to address the tracking error problem, e.g. providing investors with more information on the UCITS data such as the indicative net asset value (iNAV) of an ETF.

IN DETAIL:

1. THE PROPOSED INDEX PUBLICATION REQUIREMENTS ARE NOT NECESSARY SINCE INDEX PROVIDERS PUBLISH SUFFICIENT INFORMATION WHICH FULFILLS ESMA'S TRANSPARENCY GOALS

The Discussion paper discusses possible disclosure obligations for indices in the following context:

- » For **index-tracking ETFs**, ESMA believes that the prospectus should contain a clear description of the index including details of the underlying index components (paragraph 25, questions 11-15).
- » For **strategy indices**, ESMA suggests that information on the index calculation and rebalancing methodologies, index changes and operational difficulties must be publicly available in a timely manner (paragraph 70 et seq.). Strategy indices which involve proprietary information on the composition that the index provider is unwilling to disclose should not be considered as eligible financial indices (paragraph 73).

STOXX agrees with ESMA's goal of providing investors with the necessary detailed information on the financial product. Therefore,

- » STOXX already today publishes a wide range of information, e.g. the index histories and the components of its indices in the respective fact sheets on its website and grants licensed ETFs the permission to make such data available to its (potential) investors via term-sheet, presentations, reports, websites or otherwise, including data on the composition of the indices.
- » STOXX also publishes and frequently updates for all of its indices (blue chip indices, benchmark indices, sector indices, strategy indices etc.) factsheets and methodology descriptions which provide information on, *inter alia*, components, historic weightings, market capitalization, selection criteria, performance and volatility. Examples of such factsheets and methodology descriptions for a blue chip index (EURO STOXX 50) and a strategy index (EURO STOXX 50 Risk Control) are attached to this letter as **Annex 1**. More information is available at <http://www.stoxx.com/indices/factsheets/coverage.html>.
- » Finally, STOXX generally publicly announces significant changes to the composition of its indices via press release and its on its website (see **Annex 2** and <http://www.stoxx.com/news/announcements.html>).

Thus, STOXX believes that investors are provided with exactly the information they need for the risk-assessment of their investment. However, STOXX is concerned that ESMA's proposals in paragraphs 25 and 70 et seq. may be interpreted even broader and, as a result, require index providers to publicly disclose without compensation more, confidential and IP rights-protected information although these data are not necessary for the risk assessment of retail investors. Such information could include the selection lists, change files, current weightings or information on corporate actions.

STOXX concludes that additional disclosure obligations are not necessary. It should be noted that the Working Papers published by the Financial Stability Board (FSB) and the Bank for International Settlements (BIS) in April 2011, which deal with ETF transparency and investor protection and to which ESMA refers in its Discussion Paper, do not consider the full disclosure of independent index providers' information as a necessary remedy.

2. ADDITIONAL DISCLOSURE OBLIGATIONS FOR INDEX PROVIDERS DO NOT ENHANCE TRANSPARENCY BUT COULD RATHER DISORIENT INVESTORS IN THEIR RISK ASSESSMENT

STOXX notes that publishing additional data on the constituents and current weightings of an index would not result in more transparency for investors. In contrast, it could even distract the investor's ability

to focus on the information which enables him to assess how the UCITS methodology works and this might affect its development in the future.

Transparency and risk-mitigation need to address two important questions of investors: First, investors want to understand "**what they buy**", i.e. how the financial product works. In case of passive investors all this information is embedded in the index methodology. Second, investors want to know whether "**what they get is what they wanted**", i.e. whether the product in which they invested performs as the underlying index. Investors cannot take answers to these questions from the information which index providers would need to publish in addition to what is already freely available according to ESMA's proposal in paragraphs 25 and 70 et seq.:

- » In order to determine "**what investors buy**", the stand-alone information on the detailed composition of an index does not enable investors to fully assess the related risk with an UCITS investment. Investors do not buy a static composition of securities but a dynamic portfolio which follows rules which are ideally clear and transparent. Ultimately important for the risk assessment are the rules according to which the initial composition is going to change. These rules are already available.

In fact, providing investors with information on the index composition would not benefit the investor's ability to decide which information is crucial for the assessment of the overall strategy of the UCITS. First, data on the index components cannot be analyzed without knowledge of the real-time prices of the underlying securities and the calculation algorithm. Real-time prices are only available under agreements with data vendors and it is very difficult, if not impossible for individual retail investors to assess their individual risk by such complex calculations. Second, even if an investor managed to analyze such information it would only provide him with "pieces of a puzzle" whereas the "assembled puzzle" is only contained in the methodology.

Finally, if passive investors want to better understand their investment, they will not rely on current composition data which are subject to changes according to the rules set by index providers. STOXX submits that it is more efficient that index providers - as today - regularly inform investors and the public in advance about changes of the index composition (see above **Annex 2**) since otherwise investors would potentially use outdated information provided only before the investment.

- » In order to compare whether investors "**get what they wanted**" they need to compare the performance of the index with the performance of the ETF or structured UCITS. For this comparison STOXX encourages ESMA to consider alternative obligations for UCITS management companies as discussed below (see 5.).

In this context, STOXX draws ESMA's attention to the fact that UCITS which are based on the same underlying may have significantly different performances although the tracked index level, the index components, methodology, changes and weightings are identical.

3. THE SUGGESTED INDEX PUBLICATION REQUIREMENTS DO NOT APPROPRIATELY CONSIDER THE INDEX PROVIDERS' INTELLECTUAL PROPERTY RIGHTS AND THEIR SIGNIFICANT INVESTMENT IN THE INDICES

STOXX indices, as well as indices of other independent index providers, are the result of significant investments in the making and maintenance of the underlying database. STOXX continuously invests significant financial and operational resources and know-how in the creation and maintenance of its indices, obtaining and cleansing the raw financial data, periodic reviews according to the applicable criteria, index maintenance, provision of real-time calculation IT infrastructure and monitoring.

Such efforts are legally protected by intellectual property rights which are, *inter alia*, enshrined in Article 17(2) of the Charter of Fundamental Rights of the European Union, in various EU Directives and Regulations on copyright law and sui generis database rights as well as in the case law of the European Courts.

STOXX is concerned that several provisions of the Discussion paper could be interpreted as an attempt to deprive independent index providers of their IP rights and their investment costs if ESMA obliged them to disclose virtually all information in connection with the constitution of their indices. In fact, we understand from the invitation to comment on potential problems caused by the disclosure requirement on page 39 of the Discussion paper that ESMA is aware of the potential conflict with intellectual property rights of proprietary information.

STOXX encourages ESMA to consider these concerns in more detail since otherwise ESMA risks that the proposal infringes intellectual property law and would not be realizable. Even more, from a political perspective such clauses would contravene longstanding ambitions of the European Union to provide for an efficient protection of IP rights as a source of innovation, growth and economic dynamics in Europe:

- » STOXX particularly refers to Recital 1 of Directive 2004/48/EC on the enforcement of intellectual property rights, which states that "(...) the protection of intellectual property is an essential element for the success of the internal market. The protection of intellectual property is important not only for promoting innovation and creativity, but also for developing employment and improving competitiveness."
- » Accordingly, the Commission only back in May 2011 held in its "Communication on a Single Market for Intellectual Property Rights" (COM (2011) 287 final) that "IPR are property rights that protect the added value generated by Europe's knowledge economy on the strength of its creators and inventors. IPR catalogues are an important part of many European businesses. Capitalizing on IPR portfolios is key for European creators and businesses to sustain operations, generate revenues and develop new market opportunities".

The intellectual property rights guarantee that index providers can autonomously decide which data will be published and which is restricted or only available under licenses.

Thus, the constitutional and intellectual property rights protection of the indices mirrors the significant financial, technical and know-how investment of index providers in their products. ESMA's guidelines may not oblige independent index providers to publish their indices in a way which would effectively erode their legally protected IP rights.

4. ESMA'S PROPOSAL JEOPARDIZES THE INDEPENDENCY OF INDEX PROVIDERS

As set out above, STOXX already today publishes all the data investors need to analyze an index. However, restricted information or information subject to licensing would be practically devaluated if publicly disclosed. UCITS management companies could use the formerly restricted index information and foreclose independent index providers from the upstream market for the provision of such data.

As a consequence, ESMA's suggestions could jeopardize the business model of the index providers which are independent of UCITS management companies. This is particularly inconsistent with ESMA's and the European Union's goal to foster transparency on the financial markets since independent index providers play an important role on which market participants strongly rely. While Article 12(4)(b) of the UCITS III Directive 2007/16/EC accepts that index providers and the index-replicating UCITS may form part of the same economic groups it is also aware that conflicts of interest may arise and imposes "Chinese Walls" safeguards. We appreciate that ESMA takes serious these concerns as its statement in paragraph 77 of the Discussion paper demonstrates. STOXX believes that the most efficient and secure way to deal with such conflicts is provided by fully independent index providers.

Index providers would certainly no longer be willing to invest into European index infrastructure which would be as diverse and innovative as today if they cannot expect to receive a fair compensation in the form of licensing fees. If publication requirements for proprietary index information deprived the index providers of the basis for a substantial part of their business (e.g. the licensing to other clients such as managers of active funds, issuers of structured products, exchange, traders, research companies etc.),

this would not only affect the ETF industry but the financial markets as a whole. Independent index providers offer their services to a wide range of customers other than ETF managers, e.g. to asset managers of actively managed funds. In doing so, they fulfill general market functions which are typical for indices of independent providers (e.g. risk management, strategy validation, stress testing).

In contrast, UCITS management companies which would replace the independent index providers' market position with own indices cannot reliably fill out such important market function as they are cross-subsidized by the UCITS fees. Such indices would be exclusively designed as underlying for their own financial products.

However, STOXX submits that ESMA's goal of increased transparency on the UCITS markets can be accomplished more efficiently if independent index providers continue to play an important and - as the current market results demonstrate - accepted role in the index licensing business.

SUGGESTIONS

For the reasons set out above, STOXX submits that ESMA should consider the following changes to its policy approach:

- » **Paragraph 25/Questions 11-15:** The publication requirements for ETF prospectus should be shaped in a way that it does not require independent index providers to disclose restricted data. While the first bullet of paragraph 25 does not necessarily contain such obligation, STOXX asks ESMA to ensure that the proposed guidelines will not suggest any regulatory publication requirements for index providers since index providers already today voluntarily publish detailed index information.
- » **Paragraphs 62 and 70 et seq./Questions 43-46:** STOXX submits that the catalogue of index data set out in the aforementioned paragraphs should be narrowed down to non-business sensitive information. Information on selection lists, change files or daily weightings should not be included as they do not benefit providing transparency for investors and, moreover, are protected by intellectual property rights.
- » **Paragraphs 19 et. seq./Question 15:** Finally, STOXX notes that the discussion paper discusses the problem of tracking error of index-tracking ETFs. STOXX takes the view that providing investors with sufficient information for their investment decisions does not only relate to the index methodology (as set out above under No. 1 and 2) but also to information on the deviation of an UCITS from the underlying index. Therefore, STOXX encourages ESMA to consider alternative disclosure obligations which provide investors with more information on the portfolio they have actually invested in, e.g. on the indicative net asset value (iNAV).

EURO STOXX 50® INDEX

Stated Objective

To provide a Blue-chip representation of supersector leaders in the Eurozone. Covers Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

Unique Aspects

- Captures approximately 60% of the free float market capitalisation of the EURO STOXX Total Market Index (TMI), which in turn covers approximately 95% of the free float market capitalisation of the represented countries.
- Serves as the basis for single country indices for all 12 Eurozone countries. For the time being the following indices are disseminated: EURO STOXX 50 Subindex France, EURO STOXX 50 Subindex Italy and EURO STOXX 50 Subindex Spain.

Descriptive Statistics

Market Capitalisation

Index	EUR Bil.
Full	1,597.50
Free Float	1,295.87
Coverage of EURO STOXX (%)	60.36

Components

	EUR Bil.
Mean	25.92
Median	22.47
Largest	75.49
Smallest	6.49

Component Weights

	(%)
Largest	5.83
Smallest	0.50

Performance*

Change	(%)
Last Month	-13.79
Year to date	-17.57
2010	-5.81
2009	21.14
2008	-44.37
2007	6.79
2006	15.12

Annualised

	(%)
1 Year	-12.08
3 Years	-11.72
5 Years	-9.45
Since Inception (31.12.91)	4.27

Volatility

	(%)
30 Days	37.14

Tracking Error vs.

	(%)
EURO STOXX	3.26

Fundamentals

Price/Earnings Incl. Negative

Trailing	9.64
Projected	7.71

Price/Earnings Excl. Negative

Trailing	9.46
Projected	7.71

Price/Book

Price/Book	1.02
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Dividend Yield

Dividend Yield	4.03
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Price/Sales

Price/Sales	0.59
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Price/Cash Flow

Price/Cash Flow	3.55
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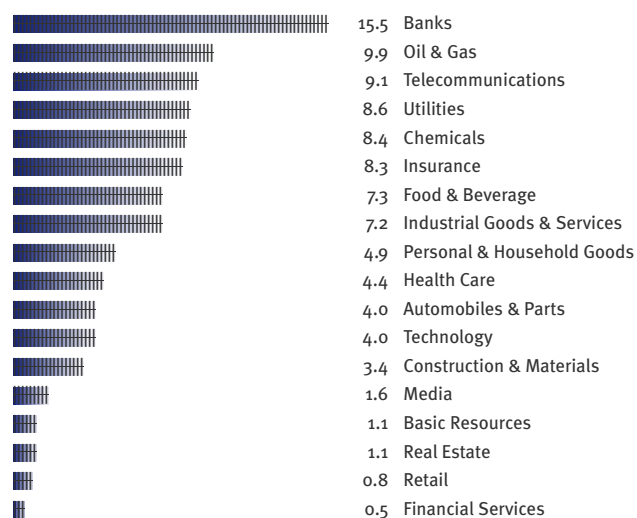
* Based on price index

EURO STOXX 50® INDEX

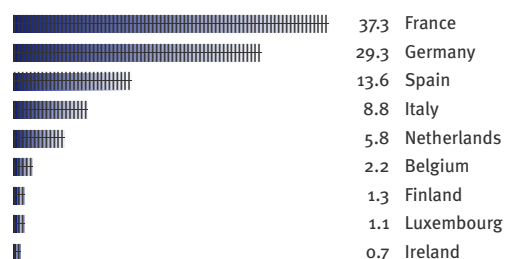
Quick Facts

Categories	Facts
Weighting	Free float market capitalisation subject to 10% weighting cap
Component Number	50
Review Frequency	Annually, in September
Calculation/Distribution	Price (EUR/USD), Net Return and Gross Return (EUR): Every 15 seconds during local trading hours Net Return (USD): End-of-day
Base Value / Base Date	1,000 as of 31 December 1991 for Price and Net Return 1,000 as of 31 December 2000 for Gross Return
History	Price and Net Return: available daily back to 31 December 1986 Gross Return: Available daily back to 31 December 2000
Date Introduced	26 February 1998
Settlement Procedure	The settlement index value is calculated daily as the average of the 41 index values disseminated between 11:50:00 CET and 12:00:00 CET

Supersector Weighting (%)



Country Weighting (%)



EURO STOXX 50® INDEX

Symbols

Index	Currency	ISIN	Symbol	Bloomberg	Reuters
EURO STOXX 50	Price EUR	EU0009658145	SX5E	SX5E Index	.STOXX50E
	Net Return EUR	EU0009658152	SX5T	SX5T Index	.STOXX50ER
	Gross Return EUR	CH0102173264	SX5GT	SX5GT Index	.SX5GT
	Price USD	EU0009658988	SX5K	SX5K Index	.STOXX50ED
	Net Return USD	EU0009658996	SX5U	SX5U Index	.STOXX50EDR
EURO STOXX 50 Subindex France	Price EUR	CH0116034908	SX5FRE	SX5FRE Index	.SX5FRE
	Net Return EUR	CH0116034924	SX5FRT	SX5FRT Index	.SX5FRT
	Gross Return EUR	CH0116034882	SX5FRGT	SX5FRGT Index	.SX5FRGT
	Price USD	CH0116034916	SX5FRK	SX5FRK Index	.SX5FRK
	Net Return USD	CH0116034932	SX5FRU	SX5FRU Index	.SX5FRU
	Gross Return USD	CH0116034890	SX5FRGU	SX5FRGU Index	.SX5FRGU
EURO STOXX 50 Subindex Italy	Price EUR	CH0116034965	SX5ITE	SX5ITE Index	.SX5ITE
	Net Return EUR	CH0116034981	SX5ITT	SX5ITT Index	.SX5ITT
	Gross Return EUR	CH0116034940	SX5ITGT	SX5ITGT Index	.SX5ITGT
	Price USD	CH0116034973	SX5ITK	SX5ITK Index	.SX5ITK
	Net Return USD	CH0116034999	SX5ITU	SX5ITU Index	.SX5ITU
	Gross Return USD	CH0116034957	SX5ITGU	SX5ITGU Index	.SX5ITGU
EURO STOXX 50 Subindex Spain	Price EUR	CH0116035020	SX5ESE	SX5ESE Index	.SX5ESE
	Net Return EUR	CH0116035046	SX5EST	SX5EST Index	.SX5EST
	Gross Return EUR	CH0116035004	SX5ESGT	SX5ESGT Index	.SX5ESGT
	Price USD	CH0116035038	SX5ESK	SX5ESK Index	.SX5ESK
	Net Return USD	CH0116035053	SX5ESU	SX5ESU Index	.SX5ESU
	Gross Return USD	CH0116035012	SX5ESGU	SX5ESGU Index	.SX5ESGU

Components

Company	Supersector	Weight (%)	MCap (EUR Bil.)	Float Factor
TOTAL	Oil & Gas	5.83	75.49	0.95
SIEMENS	Industrial Goods & Services	4.79	62.05	0.94
TELEFONICA	Telecommunications	4.46	57.75	0.87
SANOI	Health Care	4.37	56.69	0.85
BCO SANTANDER	Banks	4.18	54.19	1.00
BASF	Chemicals	3.52	45.65	1.00
BAYER	Chemicals	2.86	37.12	1.00
UNILEVER NV	Food & Beverage	2.82	36.59	0.91
ENI	Oil & Gas	2.77	35.93	0.64
BNP PARIBAS	Banks	2.76	35.81	0.83
SAP	Technology	2.71	35.13	0.75
DAIMLER	Automobiles & Parts	2.59	33.58	0.84
ALLIANZ	Insurance	2.50	32.45	1.00
E.ON	Utilities	2.36	30.53	1.00
LVMH MOET HENNESSY	Personal & Household Goods	2.34	30.39	0.53

EURO STOXX 50® INDEX

Components (cont.)

Company	Supersector	Weight (%)	MCap (EUR Bil.)	Float Factor
GDF SUEZ	Utilities	2.26	29.26	0.59
DANONE	Food & Beverage	2.25	29.14	0.95
BCO BILBAO VIZCAYA ARGENTARIA	Banks	2.23	28.85	1.00
ANHEUSER-BUSCH INBEV	Food & Beverage	2.21	28.60	0.46
DEUTSCHE BANK	Banks	2.03	26.30	1.00
DEUTSCHE TELEKOM	Telecommunications	2.02	26.23	0.68
AIR LIQUIDE	Chemicals	1.99	25.73	1.00
FRANCE TELECOM	Telecommunications	1.96	25.38	0.72
SCHNEIDER ELECTRIC	Industrial Goods & Services	1.94	25.15	1.00
ING GRP	Insurance	1.80	23.27	1.00
ENEL	Utilities	1.67	21.67	0.68
VIVENDI	Media	1.62	20.98	1.00
AXA	Insurance	1.60	20.73	0.80
VINCI	Construction & Materials	1.49	19.32	0.94
IBERDROLA	Utilities	1.44	18.60	0.62
BMW	Automobiles & Parts	1.40	18.11	0.53
L'OREAL	Personal & Household Goods	1.39	18.07	0.40
GRP SOCIETE GENERALE	Banks	1.33	17.28	1.00
NOKIA	Technology	1.30	16.85	1.00
ASSICURAZIONI GENERALI	Insurance	1.30	16.81	0.86
REPSOL YPF	Oil & Gas	1.27	16.42	0.67
INTESA SANPAOLO	Banks	1.22	15.84	0.90
UNICREDIT	Banks	1.20	15.56	0.86
SAINT GOBAIN	Construction & Materials	1.17	15.19	0.82
PHILIPS ELECTRONICS	Personal & Household Goods	1.15	14.86	1.00
MUENCHENER RUECK	Insurance	1.13	14.63	0.90
ARCELORMITTAL	Basic Resources	1.10	14.20	0.59
UNIBAIL-RODAMCO	Real Estate	1.06	13.74	1.00
CARREFOUR	Retail	0.84	10.90	0.86
RWE	Utilities	0.83	10.81	0.79
CRH	Construction & Materials	0.69	8.92	1.00
TELECOM ITALIA	Telecommunications	0.68	8.76	0.78
CREDIT AGRICOLE	Banks	0.56	7.23	0.44
ALSTOM	Industrial Goods & Services	0.51	6.65	0.70
DEUTSCHE BOERSE TENDERED	Financial Services	0.50	6.49	0.82

EURO STOXX 50® INDEX

Index Universe

The index universe is defined as all components of the 19 EURO STOXX Supersector indices. The EURO STOXX Supersector indices represent the Eurozone portion of the STOXX Europe 600 Supersector indices. The STOXX Europe 600 Supersector indices contain the 600 largest stocks traded on the major exchanges of 18 European countries.

Selection List

- Within each of the 19 EURO STOXX Supersector indices, the component stocks are ranked by free float market capitalisation. The largest stocks are added to the selection list until the coverage is close to, but still less than, 60% of the free float market capitalisation of the corresponding EURO STOXX Total Market Index (TMI) Supersector index. If the next-ranked stock brings the coverage closer to 60% in absolute terms, then it is also added to the selection list.
- Any remaining stocks that are current EURO STOXX 50 index components are added to the selection list.
- The stocks on the selection list are ranked by free float market capitalisation. In exceptional cases, the STOXX Ltd. Supervisory Board may make additions and deletions to the selection list.

Stock Selection

- The 40 largest stocks on the selection list are chosen as components.
- Any remaining current components of the EURO STOXX 50 Index ranked between 41 and 60 are added as index components.
- If the component number is still below 50, then the largest stocks on the selection list are added until the index contains 50 stocks.

Review Frequency

The index composition is reviewed annually in September. The components are monitored monthly regarding the fast exit criteria and quarterly for fast entry criteria (see Index Guide).

Weighting

The index is weighted by free float market capitalisation. Each component's weight is capped at 10% of the index's total free float market capitalisation. The free float weights are reviewed quarterly.

EURO STOXX 50® RISK CONTROL INDICES

Stated Objective

The EURO STOXX 50 Risk Control indices are designed to control the risk of an investment in the EURO STOXX 50 Index. The targeted risk is measured by the index's volatility.

EURO STOXX 50 Risk Control indices cover target volatilities of 5%, 10% , 12%, 15% and 20% respectively.

In volatile markets, the asset allocation is shifted more heavily towards a risk-free money market investment (EONIA), whereas in less volatile markets, the index concept allows for a leveraged investment in the EURO STOXX 50 Index.

Unique Aspects

The EURO STOXX 50 Risk Control indices:

- achieve a more stable risk profile than standard market-cap weighted equity indices
- reduce the exposure to equity indices in volatile markets to prevent severe losses
- are highly liquid as it is based on the EURO STOXX 50 Index and money market investments (EONIA)

Performance

Index	Change (%)		Annualised (%)							Volatility (%)	
	Last Month	YTD	2010	2009	2008	2007	1 Year	3 Years	5 Years	Since Incept.*	(30 days)
EURO STOXX 50 Risk Control 5% (TR)	-2.42	-2.54	-0.65	4.83	-5.36	4.88	-1.26	-0.29	0.77	2.33	4.72
EURO STOXX 50 Risk Control 10% (TR)	-4.87	-5.67	-1.87	8.97	-14.09	5.61	-3.36	-1.68	-0.73	1.87	9.47
EURO STOXX 50 Risk Control 12% (TR)	-5.84	-6.92	-2.40	10.64	-17.41	5.86	-4.23	-2.28	-1.37	1.64	11.37
EURO STOXX 50 Risk Control 15% (TR)	-7.29	-8.79	-3.21	13.13	-22.20	6.21	-5.55	-3.21	-2.36	1.25	14.18
EURO STOXX 50 Risk Control 20% (TR)	-9.67	-11.90	-4.68	17.31	-29.73	6.63	-7.82	-4.87	-4.12	0.49	18.88
EURO STOXX 50 (NR)	-13.70	-15.27	-2.81	25.65	-42.40	9.59	-9.18	-8.71	-6.57	7.01	37.08

EURO STOXX 50® RISK CONTROL INDICES

Quick Facts

Categories	Facts
Calculation/Distribution	Total Return and Excess Return (EUR): Every 15 seconds during local trading hours and End-of-day
Base Value / Base Date	100 as of 18 May 1999
History	Available daily back to 18 May 1999
Date Introduced	EURO STOXX 50 Risk Control 5% Index: 25 October 2010 EURO STOXX 50 Risk Control 10% Index: 25 October 2010 EURO STOXX 50 Risk Control 12% Index: 25 October 2010 EURO STOXX 50 Risk Control 15% Index: 27 September 2010 EURO STOXX 50 Risk Control 20% Index: 8 September 2010

Symbols

Index	Currency	ISIN	Symbol	Bloomberg	Reuters
EURO STOXX 50 Risk Control 5%	Total Return EUR	CH0118856159	RC05IVTR	RC05IVTR Index	.RC05IVTR
	Excess Return EUR	CH0118856167	RC05IVER	RC05IVER Index	.RC05IVER
EURO STOXX 50 Risk Control 10%	Total Return EUR	CH0118856118	RC10IVTR	RC10IVTR Index	.RC10IVTR
	Excess Return EUR	CH0118856126	RC10IVER	RC10IVER Index	.RC10IVER
EURO STOXX 50 Risk Control 12%	Total Return EUR	CH0118856134	RC12IVTR	RC12IVTR Index	.RC12IVTR
	Excess Return EUR	CH0118856142	RC12IVER	RC12IVER Index	.RC12IVER
EURO STOXX 50 Risk Control 15%	Total Return EUR	CH0117326766	RC15IVTR	RC15IVTR Index	.RC15IVTR
	Excess Return EUR	CH0117326758	RC15IVER	RC15IVER Index	.RC15IVER
EURO STOXX 50 Risk Control 20%	Total Return EUR	CH0116915981	SX5TRCTR	SX5TRCTR Index	.SX5TRCTR
	Excess Return EUR	CH0116915973	SX5TRCER	SX5TRCER Index	.SX5TRCER

EURO STOXX 50® RISK CONTROL INDICES**General Concept**

A target volatility concept is applied to the EURO STOXX 50 Index. Whereas the risk profile of the EURO STOXX 50 Index is the outcome of the existing market-cap weighted index concept, the EURO STOXX 50 Risk Control indices control for risk by aiming for a specific target volatility:

EURO STOXX 50 Risk Control 5% Index

EURO STOXX 50 Risk Control 10% Index

EURO STOXX 50 Risk Control 12% Index

EURO STOXX 50 Risk Control 15% Index

EURO STOXX 50 Risk Control 20% Index

In order to control for risk, the index shifts between a risk free money market investment (measured by EONIA) and a risky part (measured by the EURO STOXX 50 Index).

Review Frequency

The composition of the EURO STOXX 50 Risk Control indices is reviewed on a daily basis. The underlying EURO STOXX 50 Index is reviewed in September.

Ongoing Rebalancing

If the risk of the current EURO STOXX 50 Risk Control indices' composition is below the targeted risk of 5% (resp. 10%, 12%, 15% and 20%), the allocation will be adjusted towards the risky asset, in case the current risk profile is above the targeted risk, the allocation will be adjusted towards the risk free component (EONIA).

Additional Characteristics

- To avoid extreme leveraged positions, a maximum exposure of 150% towards the risky asset is introduced.
- A tolerance level of 5% around the target weight is implemented to avoid high allocation turnover due to minimal deviations from the targeted risk level of 5% (resp. 10%, 12%, 15% and 20%).
- To control for outliers, an average of the three past volatility observations is used. To determine the final asset allocation, the maximum of all 3 day averages over a past 20 day period is taken.
- The future expected volatility of the EURO STOXX 50 Index (measured by the EURO STOXX 50 Volatility Index - VSTOXX) is applied.

EURO STOXX 50® RISK CONTROL INDICES

Index Formula

$$\text{IndexTR}_t = \text{IndexTR}_{t-1} \times \left[1 + w_{t-1} \times \left(\frac{\text{SX5T}_t}{\text{SX5T}_{t-1}} - 1 \right) + (1 - w_{t-1}) \times \left((\text{EONIA}_{t-1} + x) \frac{\text{Diff}(t-1, t)}{360} \right) \right]$$

$$\text{IndexER}_t = \text{IndexER}_{t-1} \times \left(1 - \text{EONIA}_{t-1} \frac{\text{Diff}(t-1, t)}{360} \right) \times \left[1 + w_{t-1} \times \left(\frac{\text{SX5T}_t}{\text{SX5T}_{t-1}} - 1 \right) + (1 - w_{t-1}) \times \left((\text{EONIA}_{t-1} + x) \frac{\text{Diff}(t-1, t)}{360} \right) \right]$$

IndexER _t	Excess Return index level on index level determination date t
IndexER _{t-1}	Excess Return index level on index level determination date t-1
IndexTR _t	Net Return index level on index level determination date t
IndexTR _{t-1}	Net Return index level on index level determination date t-1
w _{t-1}	Equity Weight on index level determination date t-1
SX5T _t	Level of the EURO STOXX 50 Net Return on index level determination date t
SX5T _{t-1}	Level of the EURO STOXX 50 Net Return on index level determination date t-1
EONIA _t	The EONIA rate on the index level determination date t
x	Cost of borrow: If w _{t-1} less or equal 1 x=0 otherwise x=50 Basis Points
Diff (t-1,t)	Difference between determination date t-1 and t measured in calendar days

Determination of the Target Weight (Tgtw)

On any index level determination date t, the target weight shall be determined as follows:

$$\text{Tgtw}_t = \frac{\text{TgtVol}}{\text{Max}_{i \in [t-19, t]} [\text{AverageVSTOXX}_{3,i}]}$$

TgtVol	5% (resp. 10%, 12%, 15% and 20%)
AverageVSTOXX _{3,i}	is the average of the close values of the VSTOXX for index level determination date i-2, i-1, and i.
VSTOXX _t	is the close value of the VSTOXX Index as published by STOXX Ltd. under the symbol V2TX
Max _{i ∈ [t-19, t]} [AverageVSTOXX _{3,i}]	is the maximum value of Average VSTOXX _{3,i} for i ranging from t-19 to t.

If no value is available on t for VSTOXX, then the previous value will be applied.

EURO STOXX 50® RISK CONTROL INDICES

Determination of the Equity Weight (w) and Index Rebalancing Days

The equity weight on the index start date shall be equal to the target weight at the index start date,

$$w_0 = \text{Min}(\text{Cap}, \text{Tgt}w_0)$$

On any index level determination date t subsequent to the index start date, the equity weight shall be determined as follows:

(i) if

$$\text{abs}\left\{1 - \frac{w_{t-1}}{\text{Tgt}w_{t-1}}\right\} > \text{Tolerance}$$

then the index level determination date t will be an index rebalancing day and

$$w_t = \text{Min}(\text{Cap}, \text{Tgt}w_{t-1})$$

(ii) otherwise, index level determination date t will not be an index rebalancing day and

$$w_t = w_{t-1}$$

Tolerance	5%
$w_{t/t-1}$	Equity weight on index level determination date t/t-1
$\text{Tgt}w_{t-1}$	Target weight on index level determination date t
Cap	150%

FOR IMMEDIATE RELEASE

STOXX CHANGES COMPOSITION OF BLUE-CHIP INDICES

Regular Annual Review to be effective on September 19, 2011

ZURICH (August 31, 2011) - - STOXX Limited, the market-moving provider of innovative, tradable and global index concepts, today announced the results of the regular annual review of the **STOXX Blue-Chip Indices**, among them the **STOXX Europe 50**, **EURO STOXX 50**, **STOXX Nordic 30** and **STOXX EU Enlarged 15 indices**; as well as the results of the second semi-annual review of the **STOXX Eastern Europe 50 Index**. All changes will be effective with the open of European markets on September 19, 2011.

The following stocks will be added to and deleted from the **STOXX Europe 50 Index**:

Additions	Deletions
UNILEVER PLC (U.K., Food & Beverage, ULVR.L)	GRP SOCIETE GENERALE (France, Banks, SOGN.PA)
LVMH MOET HENNESSY (France, Personal & Household Goods, LVMH.PA)	INTESA SANPAOLO (Italy, Banks, ISP.MI)
NATIONAL GRID (U.K., Utilities, NG.L)	NOKIA (Finland, Technology, NOK1V.HE)
AIR LIQUIDE (France, Chemicals, AIRP.PA)	UNICREDIT (Italy, Banks, CRDI.MI)

The following companies will be entering and exiting the **EURO STOXX 50 Index**:

Additions	Deletions
VOLKSWAGEN PREF (Germany, Automobiles & Parts, VOWG_p.DE)	ALSTOM (France, Industrial Goods & Services, ALSO.PA)
INDITEX (Spain, Retail, ITX.MC)	CREDIT AGRICOLE (France, Banks, CAGR.PA)

The following stocks will be added to and deleted from the **STOXX Nordic 30 Index**:

Additions	Deletions
SWEDBANK (Sweden, Banks, SWEDa.ST)	SKANSKA B (Sweden, Construction & Materials, SKAb.ST)
SEADRILL (Norway, Oil & Gas, SDRL.OL)	VESTAS WIND SYSTEMS (Denmark, Oil & Gas, VWS.CO)

The following stocks will be added to and deleted from the **STOXX EU Enlarged 15 Index**:

Additions	Deletions
PKNORLEN (Poland, Oil & Gas, PKNA.WA)	KRKA (Slovenia, Health Care, KRKG.LJ)

The **STOXX Global 150**, **STOXX Global 200**, **STOXX Americas 100**, **STOXX All Europe 100**, **STOXX Asia 100**, **STOXX Pacific 50**, **STOXX BRIC 100**, **STOXX Latin America 50**, **STOXX Sub Balkan 30** and **STOXX Eastern Europe 50 indices** are also part of this regular quarterly review. Additions to and deletions from these indices will be published after the close of markets on September 1 at http://www.stoxx.com/download/indices/methodology/blue_chip_changes.xls.

Furthermore, the **STOXX France 50**, **STOXX Italy 20**, **STOXX Spain 20**, **STOXX UK 50**, **STOXX USA 50**, **STOXX Canada 50**, **STOXX Hong Kong 50**, **STOXX Japan 50**, **STOXX Singapore 20** and **STOXX Australia 50 indices** are part of this regular quarterly review. The new composition of these indices can be found on their respective pages at www.stoxx.com on September 19, 2011.

Changes made to the blue-chip index series are being announced today after the conclusion of the regular annual review. The review is based on the blue-chip rules published on www.stoxx.com using the September 2011 blue-chip selection lists. The selection lists are based on the stocks in the corresponding benchmark indices and their free-float market capitalization as of August 31, 2011. The component selection lists that are used for the 2011 annual STOXX Blue-Chip Index review are based on the Industry Classification Benchmark (ICB).

The underlying component data – new numbers of shares and free-float factors – will be announced on September 14, 2011 and reflect all corporate actions effective before the above changes are implemented on the third Friday of September (September 16). The changes will be effective with the opening of markets on the next trading day, Monday, September 19, 2011.

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Note to Editors:

About STOXX Limited

STOXX Ltd. is a global index provider, currently calculating a global, comprehensive index family of over 3,700 strictly rules-based and transparent indices. Best known for the leading European equity indices *EURO STOXX 50*, *STOXX Europe 50* and *STOXX Europe 600*, STOXX Ltd. maintains and calculates the *STOXX Global Index family* which consists of total market, broad and blue-chip indices for the regions Americas, Europe, Asia, and Pacific, the sub-regions Latin America and BRIC (Brazil, Russia, India and China), as well as global markets.

STOXX indices are classified into four categories to provide market participants with optimal transparency: "STOXX", "STOXX+", "iSTOXX" and "STOXX Customized". STOXX's standard indices are branded "STOXX", all indices that replicate investment strategies and themes, but still follow STOXX's strict rules-based methodologies, are categorized as "STOXX+". The "iSTOXX" brand comprises less standardized index concepts that take into account individual customer and market requirements but are still completely rules-based. "STOXX Customized" covers indices that are specifically developed for clients and are not STOXX branded.

The STOXX indices are licensed to over 400 companies around the world as underlyings for Exchange Traded Funds (ETFs), Futures & Options, Structured Products and passively-managed investment funds. Three of the top Exchange Traded Funds (ETFs) in Europe and 30 percent of all assets under management are based on STOXX indices. STOXX Ltd. holds Europe's number one and the world's number three position in the derivatives segment.

In addition, STOXX Ltd. is the marketing agent for the indices of Deutsche Boerse AG and SIX Group AG, amongst them the DAX and the SMI indices.

STOXX Ltd. is part of Deutsche Boerse AG and SIX Group AG. www.stox.com

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