

INDEX RULES & METHODOLOGY | January 24, 2019

RULE CHANGE FOR US LISTED PREFERRED SECURITIES INDEX

Phil Galdi, Head of Indices
ICE Data Services | ICE Data Indices

Preston Peacock, Senior Research Data Analyst
ICE Data Services | ICE Data Indices

ICE Index Hotline:
New York: +1 212-497-3008
London: +44 (0) 20-7429-7128
Email: ICEIndices@theice.com

ICE US Listed Preferred Securities Index (PHGL) Rule Change for 1/31

The ICE US Listed Preferred Securities Index (PHGL) will see several rule adjustments implemented at the upcoming 1/31/2019 rebalancing.

- The minimum market value for inclusion will be reduced to \$75 million from \$100 million
- Removal of the minimum maturity requirement
- The trading volume criteria will be changed as follows:
 - No criterion for securities issued since January 1, 2018
 - Securities issued prior to 1/1/2018 require at least 125,000 shares in each of last 12 consecutive months
- No new constituents will be added to the index after the January 31, 2019 rebalancing and amounts outstanding of index constituents will not be changed after that date. After January 31, 2019, securities will be removed from the index at each subsequent rebalancing only if they are in default, become delisted from either the NYSE or NASDAQ exchanges or their country of risk is downgraded to sub-investment grade. In addition, non-convertible securities will be removed if they fall below \$100 million face amount outstanding, and convertible securities will be removed if they fall below \$50 million face amount outstanding.

ICE Exchange-Listed Preferred & Hybrid Securities Transition Index affected

Since PHGL is a component of the ICE Exchange-Listed Preferred & Hybrid Securities Transition Index (PHGX), it will also be affected by the rule change to PHGL.

PHGX tracks the performance of a transitional blend of the ICE US Listed Preferred Securities Index (PHGL) and the ICE Exchange-Listed Preferred & Hybrid Securities Index (PHGY). As of January 31, 2019 PHGX will have a 90% allocation to PHGL and 10% allocation to PHGY. Starting on February 28, 2019 the PHGL allocation will be reduced in 10% increments at each monthly rebalancing, with the balance shifted to PHGY, until October 31, 2019 at which point PHGL will hold a zero weight and both PHGL and PHGX will be discontinued.

DISCLOSURES

This document is provided for informational purposes only. The information contained in this document is subject to change without. Nothing herein should in any way be deemed to alter the legal rights and obligations contained in agreements between ICE Data Indices LLC and/or affiliates and their clients relating to any of the products or services described herein. This document may include observations made by ICE Data Indices, LLC of general market movements and trends, but it is not meant to be a solicitation or a recommendation to buy, sell or hold securities. ICE Data Indices LLC does not provide legal, tax, accounting, or other professional advice. Clients should consult with an attorney, tax, or accounting professional regarding any specific legal, tax, or accounting situation.

For the purpose of calculating any Index, ICE Indices has relied on publicly available sources and has not independently verified the information extracted from these sources and accepts no responsibility or liability in respect thereof. ICE Indices, its affiliates and its third-party data providers and licensors (collectively "ICE Indices Parties") do not guarantee that the Content is accurate, complete, timely or error free and it should not be relied upon as such. ICE Indices Parties are not responsible for any errors, omissions, or interruptions regardless of the cause, or for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. ICE INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES AND CONDITIONS, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM VIRUSES, BUGS, WORMS, OTHER HARMFUL COMPONENTS OR OTHER PROGRAM LIMITATIONS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall ICE Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Any available index returns represent past performance and are not indicative of any specific investment. The Content (including any of the output derived from any analytic tools or models) is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

Intercontinental Exchange, Inc. keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of Intercontinental Exchange, Inc. may have information that is not available to other business units. ICE Indices has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. There is no obligation on ICE Indices to disclose information held by it in relation to any Index to other parties.

The various businesses of Intercontinental Exchange, Inc. provide a wide range of products and services to a diverse group of clients and, as such, Intercontinental Exchange, Inc. faces potential conflicts of interest in the ordinary course of its business. Intercontinental Exchange, Inc. may be acting in a number of capacities in connection with Investable Products or other transactions entered into in relation to ICE indices. Intercontinental Exchange, Inc., acting in such capacities in connection with such transactions, shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. ICE Indices has established policies and procedures designed to identify and address conflicts of interest. In addition, Intercontinental Exchange, Inc. provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities may form part of any index or other evaluation ICE Indices carries out.

ABOUT INTERCONTINENTAL EXCHANGE Intercontinental Exchange, Inc. (NYSE:ICE) operates a leading network of exchanges and clearing houses. ICE's exchanges and clearing houses, which include the New York Stock Exchange, serve global commodity and financial futures and equities markets. The New York Stock Exchange is the world leader in capital raising and equities trading. ICE is a leading provider of data services across global markets. Trademarks of ICE and/or its affiliates include Intercontinental Exchange, ICE, ICE block design, NYSE, New York Stock Exchange.

Information regarding additional trademarks and intellectual property rights of Intercontinental Exchange, Inc. and/or its affiliates is located at <https://www.intercontinentalexchange.com/terms-of-use>. Other products, services or company names mentioned herein are the property of, and may be the service mark or trademark of, their respective owners.

ABOUT ICE DATA SERVICES: ICE Data Services is the marketing name used to refer to the suite of pricing, market data, analytics, and related services offered by Intercontinental Exchange, Inc. and certain of its affiliates, including ICE Data Indices, LLC. Thousands of financial institutions and active traders, as well as hundreds of software and service providers, subscribe to ICE Data Services' offerings which include fixed income evaluations, reference data, real-time market data, trading infrastructure services, fixed income analytics, desktop solutions and web-based solutions. ICE Data Services' offerings support clients around the world with mission-critical functions, including portfolio valuation, regulatory compliance, risk management, electronic trading and wealth management. Over 2,400 employees in offices worldwide are employed in the ICE Data Services companies.