



## **Preliminary results: Market Consultation on potential adjustments to the SPI and Swiss All Share index Methodology.**

**Zurich, 1 November 2021**

During the past years several topics were brought up to SIX which were now presented via a market consultation to a wider audience. The consultation was conducted from 9 June to 30 September 2021 about potential adjustments to the SPI and Swiss All Share index methodology. With this document SIX would like to summarize the feedback received on the specific questions and present first consequences drawn where appropriate and possible.

### **1. Do you agree simplifying the Swiss All Share Index inclusion rules to consider shares regardless of their domicile for the index?**

Generally, domicile is not regarded an important criterion to the Swiss All Shares index. Therefore, shares of foreign domiciled companies can also be included into indices derived from Swiss All Shares index, if not treated specifically differently in those indices from a methodological perspective.

Therefore, SIX plans to simplify the methodology and allow foreign domiciled companies to enter the Swiss All Share Index when they commit to regularly report information on Free Float and adhere to the listing requirements. The potentially amended methodology and implementation date will be communicated later with sufficient lead time.

### **2. Do you agree moving to a quarterly review of the SPI compared to the continuous ad-hoc review of today?**

Generally, a quarterly index review on composition like for other indices would be appreciated.

SIX will investigate further on the concrete implications of the above. The potentially amended methodology and implementation date will be communicated later with sufficient lead time.

### **3. What is your opinion to include IPOs only at quarterly reviews in March, June and September and December into the SPI and derived indices instead of the second trading day?**

Although a considerable part of the market participants supports a quarterly index review, many investors are bound to the SPI and could not invest into IPOs if they are not included into the SPI on the second trading day. However, investors expressed a large demand to participate in IPOs very soon after the listing.

Therefore, SIX does not plan to make any changes to the current treatment of IPOs for the inclusion to the SPI.

### **4. As an alternative to the preceding question 4: Do you think it would be beneficial for investors to stretch the inclusion of an IPO to the SPI and subindices over three consecutive days in three equal steps starting on the second trading day? - compared to today's inclusion at the second trading day at 100%.**

Generally, the market participants do not consider this as a practical idea because the volume of IPO shares is the highest on the first day. This would make trading of potentially less liquid shares difficult for the subsequent tranches.

Therefore, SIX does not plan to make any changes to the current treatment of IPOs for inclusion to SPI.



**5. Do you consider the 3 months observation period for the minimum Free Float of 20% a suitable criterion to include a company into SPI?**

The three months period is generally considered as a good time frame to measure the 20% Free Float criterion.

SIX recognizes the market view and does not plan changes to the current treatment of Free Float for inclusion to SPI. However, in connection with question 2 certain adjustments may be made. The potentially amended methodology and implementation date will be communicated later with sufficient lead time.

**6. Do you agree to require a minimum Free Float Market Capitalization of SPI components of CHF 15M, 30M or 50M? Why and which one?**

Generally, market participants consider a minimum Free Float Market Capitalization threshold for the inclusion of shares into SPI as a good idea. However, there is no clear view on how high that threshold should be.

SIX will further investigate the implications together with market participants and the index commission for the introduction of such criterion in the future. The potentially amended methodology and implementation date will be communicated later with sufficient lead time.

**7. Do you agree to exclude all investment companies from the SPI or which criteria shall be applied to determine their eligibility?**

The market consultation resulted in a diverse feedback on the matter regarding companies that are listed at the Investment trading segment of the Swiss Stock Exchange:

Most active investors expressed their dislike to have investment companies in SPI, especially if they invest into foreign assets. According to those investors such assets are not wanted in their view of the Swiss market because they feel forced to invest indirectly into foreign assets with their Swiss portfolio. A minority of active investors, an FMI provider and most of the passive investors do not agree to exclude investment companies from the SPI. Where such index clients and users expressed their point of view, investment companies represent value which is generated outside Switzerland – however this is also true for many other non-investment companies and the largest ones in the SPI.

Investment companies are holding large assets of other companies as their own value as part of their business activities. To account for that fact the free-floating shares should be reduced by the current free float rules of SIX to avoid a potential double counting.

Based on the outline above SIX considers that most of the market participants are not in favor to exclude investment companies from the SPI because of the type of business and therefore no rule change is envisioned.

SIX will put more thought into the equal treatment of investment companies compared to non-investment companies. Such treatment may include the general inclusion of investment companies into the SPI under a strict application and maintenance of the Free Float of invested companies within SPI.

The remainder of the questionnaire are procedural questions which are not outlined in this document

**Next steps:**

SIX will analyze the open points and align them with the index commission and market participants. The potentially amended methodology and implementation dates will be communicated with sufficient lead time.

**References**

Rules Governing the SPI Index Family:

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