



Swiss Index

Methodology Rulebook Governing Dividend Points and Distribution Points Indices

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1 Index Structure

1.1 Introduction

The total performance of an equity index can be separated into the performance of the constituents' stock price movements and the performance of distributions received from those stocks.

The dividend points indices are a measure of the regular cash distributions (see "regular cash dividends" or "repayments of capital instead of a cash dividend" in section 2.3) of constituents of an underlying parent index such as the SMI®, SMIM® and SLI®.

The distribution points indices are a measure of all distributions to shareholders of an underlying parent index such as the SMI®.

1.2 Revision History

Date	Version	Description
17.12.2021	1.50	Included section 4 Governance, mainly to increase transparency of bodies and concepts when calculating indices.
21.12.2023	1.60	Clarification of the content in section 4 to make clear which information has to be made available at the beginning of a market consultation.
14.05.2025	2.00	Addition Distribution Points Indices; minor edits.

1.3 General Principles

In order to achieve the stated index objective, SIX defines the general principles that govern the index methodology. SIX publishes the index objective and rules for all indices.

- **Representative**
The development of the market is represented by the index.
- **Tradable**
The index components are tradable in terms of company size and market.
- **Replicable**
The development of the index can be replicated in practice with a portfolio.
- **Stable**
High index continuity.
- **Rules-based**
Index changes and calculations are rule-based.
- **Projectable**
Changes in rules are with appropriate lead time (usually at least 2 trading days) – no retrospective rule changes.
- **Transparent**
Decisions are based on public information.

2 Index Calculation

2.1 Index Formula

Dividend capitalization¹:

$$DA_t = \sum_{i=1}^n d_{i,t} * x_{i,t} * f_{i,t} * k_{i,t} * r_s$$

Dividend points index:

$$DP_t = DP_{t-1} + \frac{DA_t}{D_t}$$

Distribution points index:

$$DDP_t = DDP_{t-1} + \frac{DA_t}{D_t}$$

Legend:

- t : Current day
- s : Time the dividend capitalization is computed
- DA_t : Dividend capitalization on day t
- DP_t : Dividend points index on day t
- DP_{t-1} : Dividend points index on day $t-1$
- DDP_t : Distribution points index on day t
- DDP_{t-1} : Distribution points index on day $t-1$
- $k_{i,t}$: Capping factor for security i on day t
- $d_{i,t}$: Dividend amount for security i on day t
- $x_{i,t}$: Number of shares for security i on day t
- $f_{i,t}$: Free float for security i on day t
- r_s : CHF exchange rate at time s
- D_t : Divisor of the underlying index on day t

2.2 Ordinary Adjustment Date

The dividend points indices are reset to 0 ("zero") points every Monday after the third Friday in December.

The distribution points indices are calculated as continuous sum of all distributions and are not reset.

2.3 Treatment of Dividends and Other Payments

The treatment of dividends and other payments is determined in line with the ["SIX Index Calculation and Corporate Action Handling rulebook governing Equity, Real Estate and Bond Indices"](#).

2.3.1 Regular Cash Dividend

Regular cash dividends are fully taken account of in the dividend points indices and distribution points indices. Dividend payments are always considered as gross amounts, thus before deduction of any withholding tax.

Dividend Points/Distribution Points	
Regular cash dividend	Yes

¹ This intermediate calculation is not published.

2.3.2 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.

Dividend Points/Distribution Points	
Repayments of capital instead of a cash dividend	Yes

2.3.3 Extraordinary Payments

Distributions (for example 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. They are fully taken into account in the price return indices with their gross amount and therefore not in the dividend points indices and distribution points indices.

Dividend Points/Distribution Points	
Extraordinary payments	No

2.3.4 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.

Dividend Points/Distribution Points	
Share dividend (company's own shares)	No

2.3.5 Share Dividend (Shares of Another Company)

The distribution of a dividend on shares of another company is not classified as an ordinary dividend payment.

Dividend Points/Distribution Points	
Share dividend (shares of another company)	No

2.3.6 Extraordinary Situations

SIX reserves the right to diverge from the provisions described in section 2.3.1 through 2.3.5 in justifiable instances.

2.4 Calculation Interval and Publication

The dividend points indices and distribution points indices are calculated and published once a day. All index data are distributed by SIX Exfeed Ltd (a SIX Group Ltd subsidiary).

2.5 Information on Index Adjustments

Any relevant forthcoming extraordinary corporate events that result in an adjustment to the indices are published by email via "Index Service".

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

3 Correction Policy

An index-related correction is to be made due to two causes. Either because the necessary data is not available or because it is wrong.

If a dividend is canceled or altered after the ex-date, the distribution points indices will not be corrected.

3.1 Unavailable Data

If data which is necessary to determine the price or weight of an index component is not available to SIX due to trade suspensions or market distortions the latest available data is used. Such cases may lead to a deviation from the general principles of the indices defined in the respective rulebooks. These changes may be related to review schedules or ordinary reviews and are publicly announced with a notification period of at least 2 trading days.

3.2 Wrong Data

Errors in the necessary data can be caused by calculation errors or by incorrect input data.

Calculation errors which are detected within a trading day are immediately corrected. Intraday tick data is not corrected retrospectively. Calculation errors that are older than a trading day and incorrect input data are only corrected if technically possible and economically viable. If the correction leads to a significant difference in the index levels those can be corrected retrospectively.

4 Governance

The indices are internally managed by the index team of SIX. The team ensures that the rules of the indices are applied and the indices fulfil the required quality standards. The index team works against structured processes to ensure compliance with a regulatory framework.

Index Commission

The Management Committee of SIX Index Ltd 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.

Review of Index Concept

The validity of the index concepts and rules is reviewed on a regular basis and at least annually by SIX. For material changes a broad market consultation is conducted. A change of an index methodology requires approvals according to the governance processes.

The effective date for index methodology changes is aligned, where feasible, with the periodic Index Review. Material methodology changes should generally be publicly announced three months prior to implementation. SIX may decide to shorten the notice period:

- In exceptional or urgent cases or in situations where there is no client or other stakeholder impact and where immediate communication is not possible. A case that requires urgent action is for example a situation in which the investor's ability to replicate the index performance with his or her portfolio is no longer ensured. In such cases, changes or amendments to the methodology documents must be made on the same day the new methodology or change is implemented.
- For non-material changes i.e. rule clarifications
- To align with the periodic index review dates and the rebalancing of the index.

Market Consultations

Where possible, SIX consults representatives of the affected clients and other stakeholders on all material changes to index rules and on the discontinuation of indices. In this context, a material change to the index rules means a change that "significantly alters the procedures used to determine an index" and thus materially affects the index value compared to an unchanged scenario.

At the beginning of a market consultation SIX will provide the following:

- Information about the key elements of the methodology that is considered to be affected by the proposed material change.
- An assessment whether the representativeness of the benchmark or family of benchmarks, and its appropriateness as a reference for financial instruments and contracts, would be put at risk if the change were not made.
- The time frame of the consultation. The timing and duration of the consultation period depends on the materiality of the proposed changes to the index rules. By default, a market consultation for material changes lasts one month.

A summary of the market consultation comments and SIX' response to those comments will be made available to clients and stakeholders after each consultation period, unless the originator of the comments has requested confidentiality.

Termination of Indices

A decision to discontinue an index will be publicly announced with appropriate lead time. The time frame is dependent on the impact of the cessation. The default notice period is one month.

SIX is not responsible for determining or offering an alternative index when an index is decommissioned.

In case of existing financial products linked to the index of which SIX is aware a market consultation is conducted in advance and a transition period is introduced before the definitive termination. Otherwise no market consultation will be carried out.

Determination of an Index

All indices in this rulebook use dividend amounts and divisors of underlying indices. The index methodology does not use extrapolation to determine the index value.

The minimum data needed for each dividend points index and distribution points index is the dividend amount and the divisor. No threshold is defined as to the frequency or the number of updates of the underlying instruments, as the dividend points indices and distribution points indices are re-calculated whenever a dividend is effective.

Potential Limitations of an Index

If data which is necessary to determine the price or weight of an index component is not available to SIX due to trade suspensions or market distortions the latest available data is used. Such cases may lead to a deviation from the general principles of the indices defined in the respective methodology rulebooks. These changes may be related to review schedules, ordinary reviews as well as component and weighting changes outside of ordinary index reviews and are publicly announced with a notification period of at least 2 trading days.

In case of structural changes of the market or economic reality or in cases where the interest in a market has diminished or is non-functioning, the reliability of a methodology can no longer be ensured. SIX reviews the methodology rulebooks at least annually to anticipate any such changes and mitigate its consequences by adjusting the methodology accordingly.

Controls and Rules for the Exercise of Expert Judgement

The rules for each of the indices have been designed to eliminate discretion or expert judgement for the index calculation to the greatest extent possible. However, due to unforeseen market events or the unavailability of data the following situations may materialize:

- unexpected events, such as complex corporate actions
- technical reasons, for example the inability of a stock exchange to provide a close price due to a computer outage or the inability of a data provider to deliver certain data points on time.
- where a rule allows for several interpretations (“unclear rule”)
- the absence of a rule in the methodology which potentially leads to a benchmark value which does not properly reflect the nature of the index (“insufficient rule”)
- determination of materiality of changes to the index methodology

In such unexpected cases, a pre-defined incident and escalation process has been established. SIX will evaluate and document the use of discretion as part of the incident management process. To the extent possible, this rulebook will be updated to capture such unexpected cases with a new transparent rule.

In addition, any feedback from market participants about the use of discretion will usually be discussed in the upcoming Index Commission meeting.

Further documentation on regulation and processes can be found on the SIX website.² Based on the general principles outlined in section 2, SIX reserves the right to adjust index compositions, component weightings or notification periods.

² <https://www.six-group.com/en/products-services/financial-information/indices/benchmark-regulation.html>

5 Trademark Protection, Use of Licensing

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³ www.six-group.com > Market Data > Indices > Licensing

6 Contact

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