

# Consultation Notice on proposed amendments to the methodology of the Credit Suisse Dynamic Risk Allocation 5% USD Excess Return Index

## (Bloomberg Ticker: CSEADR5U)

This Notice is addressed to all users and stakeholders of the Credit Suisse Dynamic Risk Allocation 5% USD Excess Return Index with Bloomberg Ticker CSEADR5U (the “**Index**”) and is published by Credit Suisse International (“**CSI**”) in its capacity as Index Administrator (as defined below) of the Index.

CSI is authorised by the Prudential Regulation Authority (“**PRA**”) and regulated by the Financial Conduct Authority (“**FCA**”) and the PRA. CSI is registered with the FCA as a benchmark administrator.

### Introduction and scope of Consultation

CSI is the sponsor (the “**Index Sponsor**”) of the Index. CSI also acts as (i) the administrator (the “**Index Administrator**” and “**Index Administration**”) of the Index for the purposes of (i) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (“**EU BMR**”) as it forms part of the domestic law of the United Kingdom (the “**UK BMR**”) and (ii) the index calculation agent (the “**Index Calculation Agent**”). CSI, as the Index Sponsor and Index Administrator, may, acting through its benchmark governance committee (the “**Index Committee**”), make decisions on any amendments to the Index Methodology (as defined below).

CSI, as Index Sponsor and Index Administrator has proposed amendments to the Index Methodology (as defined below) and as Index Administrator is hereby consulting on those proposed amendments (the “**Consultation**”).

The aim of the Consultation is to provide users and stakeholders with (i) applicable background information, (ii) the rationale for, and clear information on, the proposed amendments, (iii) an opportunity to ask questions or provide comments in respect of the proposed amendments and (iv) practical information on responding to the Consultation and next steps.

Capitalised terms used but not defined herein shall have the meaning ascribed to them in the CS Index Rules (as defined below).

If you do not understand the contents of this Notice or are unsure how this affects you, you should consult an appropriate professional adviser.

### Current Index Methodology

The current methodology of the Index (the “**Index Methodology**”) is set out in the Credit Suisse Dynamic Risk Allocation 5% USD Excess Return Index Rules dated as of 20 December 2019, as amended from time to time (the “**CS Index Rules**”).

### Background to the Consultation and rationale for the proposed amendments to the Index Methodology

On 12 June 2023, UBS announced the completion of the acquisition of Credit Suisse. Credit Suisse Group AG was merged into UBS Group AG (the “**UBS/CS Acquisition**”) and the combined entity has since operated as a consolidated banking group. CSI has become a wholly owned indirect subsidiary of UBS Group AG. Following the UBS/CS Acquisition the decision has been taken in conjunction with CSI and the Index Committee, to conduct an orderly exit (the “**Index Administrator Exit**”) from CSI’s role as an administrator under UK BMR and this will impact the Index.

As part of the implementation of the Index Administrator Exit, CSI on a date which is expected to be on or around

11 September 2024 (the “**Transfer Effective Date**”), proposes to transfer its role as Index Sponsor of the Index to UBS AG, London Branch (“**UBS**”)(the “**Index Sponsor Transfer**”), which in turn proposes to appoint Solactive AG (“**Solactive**”) as Index Administrator and Index Calculation Agent (succeeding CSI in those capacities) for the Index (the “**Third Party Administrator Appointment**”) on the Transfer Effective Date.

Solactive was founded in 2007 and is registered as an administrator under Article 34 of EU BMR with the German Federal Supervisory Authority and appears on the register of administrators of the European Securities and Markets Authority. Further information on Solactive can be found at:

<https://www.solactive.com/>

Amendments to the Index Methodology are necessary from the Transfer Effective Date, as a result of the proposed Index Sponsor Transfer, Index Administrator Exit and Third Party Administrator Appointment.

### **Proposed amendments to the Index Methodology**

In the context of the matters outlined above, it is proposed that, in respect of the Index, with effect from the Transfer Effective Date:

- CSI will transfer its role as Index Sponsor to UBS and CSI will cease to be the Index Sponsor, Index Administrator and Index Calculation Agent;
- UBS, as Index Sponsor, will appoint Solactive AG, to act as Index Administrator and Index Calculation Agent, replacing CSI in such roles;
- the name of the Index will be changed to the UBS Dynamic Risk Allocation 5% USD Excess Return Index;
- Solactive AG will publish and calculate the level of the Index in place of CSI, but with the new name and under the same Bloomberg Ticker;
- the Index Components will be replaced as set out in the table in the Appendix;
- in respect of the Risk Signal:
  - the CDS Component will be sourced via the Markit iTraxx Europe Main Index as published by ICE (ICE Contract Symbol: ITRX EUR), and
  - the Skew Signal will be based on the implied volatility of the Equity Component, derived from the interpolation of listed option prices;

and

- the CS Index Rules for the Index will be replaced by the index rules prepared by Solactive (the “**Solactive Index Rules**”). The Solactive Index Rules will contain the Index Methodology, with amendments to reflect the changes above and certain others to reflect the ongoing roles of Solactive as Index Administrator and Index Calculation Agent of the Index.

### **Consultation Period and availability of documentation**

In order to take into account the views of users and stakeholders of the Index, CSI, as Index Administrator, is conducting the Consultation on the proposed amendments. The Consultation opens on 7 August 2024 and will run until close of business in New York on 4 September 2024 (the “**Consultation Period**”).

Within the Consultation Period, users and stakeholders are invited to send any feedback or comments on the Consultation to: [list.qis-consultation@credit-suisse.com](mailto:list.qis-consultation@credit-suisse.com), including a reference to the Bloomberg Ticker: CSEADR5U in their email, along with their name and details of their status as a user or stakeholder.

Copies of the CS Index Rules and draft Solactive Index Rules will be made available to users and stakeholders of the Index upon request to the same email address within the Consultation Period.

Please note that this Notice and any relevant updates on the Consultation will be made accessible on the following website: <https://www.credit-suisse.com/uk/en/investment-banking/financial-regulatory/customer-notices.html?a=32>

**Credit Suisse International**

Dated: 7 August 2024

## APPENDIX

### Investment Universe up to but excluding the Transfer Effective Date

i	Asset	Index Component i	Format	Currency	Sponsor/Administrator	Ticker
1	US Equity	CS US Equity Futures Index ER	Future Index	USD	Credit Suisse International	CSRFESUE Index
2	European Equity	CS European Equity Futures Index ER	Future Index	EUR	Credit Suisse International	CSRFVGEE Index
3	Japanese Equity	CS Japanese Equity Futures Index ER	Future Index	JPY	Credit Suisse International	CSRFNKJE Index
4	UK Equity	CS UK Equity Futures	Future Index	GBP	Credit Suisse International	CSRFZGE Index
5	Australian Equity	CS Australian Equity Futures	Future Index	AUD	Credit Suisse International	CSRFPAE Index
6	Canadian Equity	CS Canadian Equity Futures	Future Index	CAD	Credit Suisse International	CSRFPTCE Index
7	US Treasuries	CS 10-Year US Treasury Note Futures Index ER	Future Index	USD	Credit Suisse International	CSRFYUE Index
8	European Treasuries	CS Euro-Bund Futures Index ER	Future Index	EUR	Credit Suisse International	CSRFRXEE Index
9	UK Treasuries	Credit Suisse Gilt Futures Index	Future Index	GBP	Credit Suisse International	CSRFSGGE Index
10	Canadian Treasuries	CS 10Y Canadian Government Bond Futures Index	Future Index	CAD	Credit Suisse International	CSRFCNCE Index
11	Australian Treasuries	CS Rolling 10Y Australia 1st Contract ER	Future Index	AUD	Credit Suisse International	CIRBXM12 Index
12	Japanese Treasuries	Credit Suisse Japanese Treasury Futures Index	Future Index	JPY	Credit Suisse International	CSRFBJE Index

**Proposed Investment Universe from and including the Transfer Effective Date**

i	Asset	Index Component i	Description	Format	Currency	Sponsor	Ticker	Administrator	Changes to underlying
1	US Equity	UBS Market Beta US Equity Index	Rolling S&P 500 futures	Future Index	USD	UBS AG, London Branch	UISEMULL Index	S&P DJI	-
2	European Equity	UBS Market Beta Europe Equity Index	Rolling EuroStoxx 50 futures	Future Index	EUR	UBS AG, London Branch	UISEMEER Index	Bloomberg	-
3	Japanese Equity	UBS Market Beta Japan Broad Equity Index	Rolling Topix futures	Future Index	JPY	UBS AG, London Branch	UISEMJTE Index	MerQube	front future contract on Tokyo Stock Exchange Tokyo Stock Price Index (TOPIX) (as opposed to Nikkei 225 Future Contract)
4	UK Equity	UBS Market Beta UK Equity Index ER GBP	Rolling FTSE 100 futures	Future Index	GBP	UBS AG, London Branch	UISEMILLE Index	S&P DJI	-
5	Australian Equity	UBS Market Beta Australia Equity Index ER AUD	Rolling ASX SPI 200 futures	Future Index	AUD	UBS AG, London Branch	UISEMTLE Index	S&P DJI	-
6	Canadian Equity	UBS Market Beta Canada Equity Index ER CAD	Rolling S&P/Toronto Stock Exchange 60 futures	Future Index	CAD	UBS AG, London Branch	UISEMCLLE Index	S&P DJI	-
7	US Treasuries	US 10Y US Treasuries Index	Rolling 10y Treasuries futures	Future Index	USD	UBS AG, London Branch	MLTAU10E Index	MerQube	-
8	European Treasuries	UBS 10Y German Bond Index	Rolling Bund futures	Future Index	EUR	UBS AG, London Branch	MLTAG10E Index	MerQube	-
9	UK Treasuries	UBS Market Beta UK 10Y Bond Index ER GBP	Rolling Long Gilt futures	Future Index	GBP	UBS AG, London Branch	UISRML1E Index	S&P DJI	-
10	Canadian Treasuries	UBS Market Beta Canada 10Y Bond Index ER CAD	Rolling 10y Canadian Government Bond futures	Future Index	CAD	UBS AG, London Branch	UISRMC1E Index	S&P DJI	-
11	Australian Treasuries	UBS Market Beta Australia 10Y Bond Index ER AUD	Rolling 10y Australian Government Bond futures	Future Index	AUD	UBS AG, London Branch	UISRMT1E Index	S&P DJI	-
12	Japanese Treasuries	UBS Market Beta Japan 10Y Bond Index ER JPY	Rolling 10y JGB futures	Future Index	JPY	UBS AG, London Branch	MLTAJ10E Index	MerQube	-