

Bloomberg Covered Call Index Methodology

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Bloomberg

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Section 1 Introduction

Unless otherwise specified or defined, all capitalized terms referred to in this Index Methodology Rule Book are defined in Section 3 ("Definitions").

This Index Methodology Rule Book has been made available by the Index Administrator and sets out the rules and risk factors applicable to the Bloomberg Covered Call Index.

BISL owns the copyright and all other intellectual property rights in and to this Index Methodology Rule Book. Any use of these intellectual property rights must be with the prior written consent of BISL.

The administration of the Indices will be solely performed by the Index Administrator. The Index Administrator controls the creation and operation of the Indices' administration process, including all stages and processes involved in the production and dissemination of the Indices. Notwithstanding that the Indices rely on information from third party sources, the Index Administrator has primary responsibility for all aspects of the Indices' administration and determination process.

The information in this Index Methodology Rule Book reflects the policies of, and is subject to change by the Index Administrator. The Index Administrator makes certain determinations and calculations in respect of the Indices and publishes the Index Value as further described in this Index Methodology Rule Book. The Index Administrator may discontinue publication of the Index Value, subject to the transition policies of the Index Administrator, which are available upon written request. The Index Administrator will use reasonable efforts to make available the Index Value in respect of each Index Business Day. The Indices are published on the relevant Bloomberg Pages (Appendix A). Certain information with respect to the Indices (or a subset thereof) may also be published on the Bloomberg Website (defined below).

Historical records relating to the past performance of the Indices are available on the relevant Bloomberg Page.

Any publication described in this Section 1 ("*Introduction*") may be restricted by means determined as appropriate for such purpose by the Index Administrator in its sole and absolute discretion, including, but not limited to, password protection restricting access to a limited set of persons in accordance with arrangements agreed between the Index Administrator and such persons.

BISL accepts no legal liability to any person for publishing or not continuing to publish for any period of time any Index Value at any particular place or any particular time.

This version of the Index Methodology Rule Book is provided as of the date specified on the cover of this Index Methodology Rule Book (the "**Publication Date**"). Upon each update to this Index Methodology Rule Book, the most recent version shall be deemed to supersede the preceding version from the date of such update such that, in the event of any conflict between an earlier version of the Index Methodology Rule Book and the most recent version, the most recent version shall prevail. The Index Administrator will use reasonable efforts to provide notice of such updates. The Index Administrator shall provide additional information about any such updates upon written request.

All determinations and calculations made by the Index Administrator will (in the absence of manifest error) be final, conclusive and binding.

The information contained in this Index Methodology Rule Book includes the methodology and material rules and risks relating to the Indices. This information is subject to change.

Section 2 Overview of the Index

2.1. Objective

This Index Methodology Rule Book describes the calculation of the Bloomberg Covered Call Indices. An index in the family tracks the performance of a weighted position in the respective Index Constituents according to Table 1 ("*Index Information*") and Table 2 ("*Index Constituents*") in Appendix A. A covered call strategy generates income from the sale of the Call Option, known as the option premium and is "covered" because the long position in the security offsets the losses on the option. The amount of option premium is influenced by the volatility of the Underlying Asset and the time to maturity of the option. The strategy sacrifices the upside of the Long Security but is compensated, to a point, by the current income from the option premium.

2.2. Determination of the Index Value

The Index Value is calculated by the Index Administrator and is based on the value of each of the relevant Index Constituents as determined in accordance with Section 4 ("*Index Calculation*") on each Index Business Day. The determination of dates used in the calculation is based on the relevant calendars and exchange schedules available at the time of such determination. On any day where the Index Value is not calculated, no Index Value will be published in respect of such day, subject to the provisions set out below. Certain provisions in this document are expressed in both formulaic and descriptive terms. In the event of conflict between a descriptive term and a formula, the formula shall govern.

2.3. Determination of the value of each Index Constituent

The Indices have been established and designed only for the purpose of seeking to achieve the objectives stated in this Section 2 ("*Overview of the Indices*"). They have not been designed to reflect the performance of the wider foreign exchange market, equity market, bond market or other financial markets. The Index Value will be a function of the price, level or value of the relevant Index Constituents.

In the absence of a Market Disruption Event or Index Adjustment Event, the Index Value will be calculated in accordance with the formulae in the methodology (including in circumstances where the market for an Index Constituent is illiquid or fragmented). This Section 2 ("*Overview of the Indices*") only provides a summary of the Indices and is subject to, and qualified by, the remainder of this Index Methodology Rule Book. Prospective Product Investors should therefore carefully read the whole of this Index Methodology Rule Book.

Prospective Product Investors should also note that any purposes, aims and intentions expressed in this Index Methodology Rule Book may not be achieved.

Section 3 Definitions

"Affiliate" means in relation to any entity, any other entity directly or indirectly controlling, controlled by, or under common control with, such entity;

"Bloomberg Page" means, with respect to a Bloomberg ticker, the page on the Bloomberg Terminal® generated by entering such ticker + <GO>;

"Bloomberg Website" means the following: <https://www.bloomberg.com/professional/product/indices> or any successor thereto;

"Call Option" means a contract that guarantees its buyer the right to buy a certain number of shares of a specific security at a particular Strike Price on or before a specific expiration date. The seller of the call assumes the obligation of delivering the security.

"Equity" means the value of the Equity calculated in accordance with the methodology described in Section 4.3 ("Equity and *Units Calculation*");

"Force Majeure Event" means an event or circumstance (including, without limitation, a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance) that is beyond the reasonable control of the Index Administrator and that the Index Administrator determines, in its sole discretion, affects an Index, any Index Constituent or the methodology on which the relevant Index is based or the Index Administrator's ability to calculate and publish the relevant Index;

"Index" has the meaning given to it in the 'Important Disclaimer Information' section;

"Index Adjustment Event" means, with respect to an Index, any of the following:

- (a) a change shall have been made to any of the Index Constituents or there shall have occurred any other event that would make the calculation of any Index impossible or infeasible, technically or otherwise, or that makes the Index non-representative of market prices of the Index Constituents or undermines the objectives of the relevant Index;
- (b) the administrator of an Index Constituent makes or announces that it will make a material change in the weighting or composition of, formula for or method of calculating, such Index Constituent or modifies or announces that it will modify in any other way such Index Constituent in a material manner (other than a modification prescribed in that formula or method to maintain such Index Constituent in the event of permitted changes in its constituents and/or other routine events);
- (c) the level or value of any Index Constituent has been calculated by reference to data that, in the determination of the Index Administrator, does not reflect the true market trading prices, values or levels of such Index Constituent and/or the related underlying contract;
- (d) the administrator of an Index Constituent permanently cancels the Index Constituent;
- (e) the imposition or removal of or change in any tax (including without limitation, any excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax) on, or in relation to any Index Constituent or any component thereof, by any government or taxation authority on or after the Index Commencement Date, if the effect of such imposition, change or removal is to raise or lower the price, value or level at which such Index Constituent or any component thereof trades on the relevant exchange or in the relevant market on any relevant date from what it would have been without that imposition, change or removal;
- (f) a change in law, such that on or after the Index Commencement Date (i) due to the adoption or announcement of any change in any applicable law or regulation (including, without limitation, any tax law or limitations on the repatriation of invested capital in the jurisdiction of the underlying), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Index Administrator determines that the continued administration and distribution of the Index is illegal or a materially different undertaking to administer;
- (g) the exchange rate for a Constituent Currency or Index Currency splits into dual or multiple exchange rates;
- (h) an event occurs that generally makes it impossible or impracticable to convert a Constituent Currency or Index Currency into US Dollars through customary legal channels in any relevant jurisdiction, as determined by the Index Administrator;
- (i) an event occurs that generally makes it impossible or impracticable to deliver US Dollars from accounts inside the country where a Constituent Currency or Index Currency is the official currency to accounts outside such country, or to deliver a Constituent Currency or Index Currency between accounts inside such country or to a party that is a non-resident of such country;

- (j) any change in, or amendment to, the laws or regulations, including those laws or regulations that relate to capital controls or government control of exchange rates, prevailing in the country where a Constituent Currency or Index Currency is the official currency, or any change in any application or official interpretation of such laws or regulations, or any other governmental action that the Index Administrator determines, acting in a commercially reasonable manner, may cause another market disruption event to occur or that leads or may lead to the introduction of a currency peg regime;
- (k) the Index Administrator determines that an issuer or dealer (or any of their Affiliates) of Index-linked notes or other Index-linked transactions would be unable, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind, or dispose of any hedge position relating to such Index-linked notes or other Index-linked transactions, or to realize, recover or remit the proceeds of any such transactions; and/or
- (l) the occurrence of a default, event of default or other similar condition or event with respect to any security or indebtedness of, or guaranteed by, any governmental authority in relation to an underlying instrument of an Index Constituent;

"Index Administrator" means Bloomberg Index Services Limited ("BISL");

"Index Base Date" means, with respect to the Index;

"Index Base Value" means, with respect to the Index, 1000.0000;

"Index Business Day" means any day on which the relevant exchange for the Index Constituent is (i) scheduled to be open for trading for its regular session, (ii) on which settlement activities are performed.

"Index Constituent" means, with respect to the Index, each constituent listed in Table 2 ("*Index Constituent*") in Appendix A;

"Index Constituent Value" means, with respect to an Index Constituent and an Index Business Day,

- (i) if such Index Business Day is also an Index Constituent Business Day, the value of such Index Constituent as calculated by the Index Administrator for such Index Business Day in accordance with the Underlying Index Constituent Methodology,
- (ii) otherwise, the value of such Index Constituent as calculated by the Index Administrator for the immediately preceding Business Day in accordance with the Underlying Index Constituent Methodology;

"Index Currency" means, with respect to an Index the value specified under column 'Currency' in Table 1 ("*Index Information*") in Appendix A;

"Index Owner" means Bloomberg Index Services Limited ("BISL");

"Index Value" means, with respect to the Index and each Index Business Day, the value of the Index calculated in accordance with the methodology described in Section 4 ("*Index Calculation*");

"Long Security" means, with respect to the Index, the financial asset that is bought specified under column 'Long Security' in Table 2 ("*Index Constituents*") in Appendix A;

"Market Disruption Event" means, with respect to an Index, the occurrence of one or more of the following events if, in the discretion of the Index Administrator, such event is material with respect to such Index:

- (a) the Index Administrator observes on any Index Business Day that there has been a declaration of a general moratorium in respect of banking activities in any relevant jurisdiction;
- (b) the occurrence of an event that makes it impossible or not reasonably practicable on any Index Business Day for the Index Administrator to obtain the value of any Index Constituent, or any other price or necessary information for purposes of calculating the Index Value in a manner acceptable to the Index Administrator;
- (c) a temporary or permanent failure by the applicable exchange or other fixing source to announce or publish the value of any Index Constituent on any Index Business Day on which the level of such Index Constituent was scheduled to be announced or published;
- (d) the administrator of an Index Constituent fails to announce or publish the level or value of such Index Constituent on an Index Business Day on which the level or value of such Index Constituent was scheduled to be announced or published;
- (e) the occurrence or existence of a lack of, or material decline in, the liquidity in the market for trading of any underlying of an Index Constituent on any Index Business Day;
- (f) a Force Majeure Event;
- (g) any event that disrupts or impairs (as determined by the Index Administrator acting in a reasonable manner) the ability of market participants in general to establish, maintain or unwind transactions in, or obtain market values for, futures,

forwards, options, swaps or other over-the-counter derivative transactions indirectly included in and/or that may be used for hedging any Index Constituent;

- (h) any suspension of, or limitation imposed on, trading any Index Constituent, or any tradable instrument, including forwards, options or swaps, in respect of an Index Constituent;
- (i) a failure to obtain the spot exchange rate of any Constituent Currency against the Index Currency or USD on any Index Business Day;

"Mid Price" means the arithmetic average of the bid and ask. In the case of a missing bid and/or ask price, the index processes the Mid Price as described below:

- If no bid and ask >0 on Index Business Day t , the index assumes that there is no bid/ask spread and sets the bid price to zero.
- If no ask and bid ≥ 0 on Index Business Day t , the index assumes that there is no bid/ask spread and sets the ask price to zero.

"Moneyness" means whether a contract is either "in the money", "out of the money", or "at the money". A Call Option is said to be "in the money" when the Underlying Asset value is above the Strike Price. A Call Option is "out of the money" when the Underlying Asset value is below the Strike Price. A Call Option is "at the money" when the Underlying Asset value is at the Strike Price;

"Pricing Source" means, with respect to the Index, the source of the option prices used in the calculation of the index specified under the column 'Pricing Source' in Table 2 ("*Index Constituents*") in Appendix A. If 'Theoretical,' the price used in the index calculation is the theoretical values generated using a volatility surface constructed in accordance with the Bloomberg Theoretical Options Pricing Calculation Methodology, which is made available to stakeholders upon request. The theoretical options pricing methodology is subject to change to the Bloomberg Theoretical model fitted pricing. Otherwise, the Pricing Source used in the index calculation is the listed options;

"Product" means any product based on or in relation to an Index;

"Product Investor" means any investor buying, selling, entering into or holding Products;

"Prospective Product Investor" means any investor who may be seeking to buy, sell, enter into or hold Products;

"Roll Date" means, with respect to the Index, the day when an existing option position is closed out, and a new one is opened defined under column 'Roll Date' in Table 1 ("*Index Information*") in Appendix A. Should the Roll Date fall on a US Exchange Holiday, the Roll Date is the preceding Index Business Day;

"Settlement Style" means, with respect to the Index, the settlement method at expiration specified under column 'Settlement Style' in Table 2 ("*Index Constituent*") in Appendix A;

"Strike Determination Date" means the day on which the Strike Price of the new Call Option is determined defined under column 'Strike Determination' in Table 1 ("*Index Information*") in Appendix A;

"Strike Price" means the value of the Strike Price calculated in accordance with the methodology described in Section 4.2 ("*Strike Calculation*");

"Underlying Asset" means, with respect to the Index, the financial asset that a financial derivative is based on specified under column 'Underlying Asset' in Table 2 ("*Index Constituents*") in Appendix A;

"Units" means the value of the Units calculated in accordance with the methodology described in Section 4.3 ("*Equity and Units Calculation*");

"Unit Determination Date" means the day and time at which the Units of the new Call Option is determined defined under column 'Unit Determination' in Table 1 ("*Index Information*") in Appendix A. If no time is specified, then the time shall be deemed to be the closing time on the relevant exchange;

"US Exchange Holiday" means when the US equity market is open. A complete holiday schedule is available on the NYSE Website at <https://www.nyse.com/markets/hours-calendars>;

Section 4 Index Calculation

4.1. Index Calculation

The Index Value of the Index on the Index Base Date and any date prior to the Index Base Date, shall be the Index Base Value. The Index Value with respect to each subsequent Index Business Day shall be calculated by the Index Administrator in accordance with the following formula, subject to Section 4.3 ("Rounding"):

$$I_t = E_t - U_t \times C_t$$

Where:

I_t	means the Index Value of Index I on Index Business Day t ;
t	means an Index Business Day;
E_t	means the Equity value calculated in accordance with the methodology described in Section 4.3 (" <i>Equity and Units Calculation</i> ") on Index Business Day t ;
U_t	means the Unit value calculated in accordance with the methodology described in Section 4.3 (" <i>Equity and Units Calculation</i> ") on Index Business Day t ; and
C_t	means the Mid Price of the written Call Option on Index Business Day t ;

4.2. Strike Calculation

In respect of an Index and for each Strike Determination Date, the Strike Price of the Call Option is the listed option Strike Price closest at or above the value of the Underlying Asset in accordance with the following formula:

$$K_{new} = UL_{sd} \times M$$

Where:

K_{new}	means the Strike Price of the new Call Option on Strike Determination Date;
UL_{sd}	means the value of the Underlying Asset on Strike Determination Date; and
M	means the % of the Moneyness, the value specified under column 'Strike' in Table 2 (" <i>Index Constituents</i> ") in Appendix A.

4.3. Equity and Units Calculation

The Index Administrator shall determine the equity with respect to each non-Roll Date in accordance with the formula below:

$$E_t = E_{t-1} \times \frac{S_t + D_t}{S_{t-1}}$$

Where:

$t - 1$	means the Index Business Day immediately preceding Index Business Day t ;
E_{t-1}	means the Equity value on Index Business Day $t - 1$;
S_t	means the value of the Long Security on Index Business Day t ;
S_{t-1}	means the value of the Long Security on Index Business Day $t - 1$; and
D_t	means the ordinary cash dividend of the Long Security if Index Business Day t is on the ex-date.

The Index Administrator shall determine the Equity and Units with respect to each Roll Date in accordance with the formula below:

$$E_0 = E_t = I_{t-1} + U_t \times C_{new,t}$$

$$E_t = E_{t-1} \times \frac{S_t + D_t}{S_{t-1}} - U_{old,t} \times C_{old,t} + U_t \times C_{new,t}$$

$$U_t = \begin{cases} 0 & \text{if } C_{new,t} \text{ is 0} \\ \frac{M_{ud}}{UL_{ud}} \times Q_{ud} & \text{otherwise} \end{cases}$$

Where:

- E_0 means the value of the Equity on the first Roll Date;
 $C_{new,t}$ means the value of the bid price of the new written Call Option on Roll Date;
 $U_{old,t}$ means the Unit value of the old written Call Option on Roll Date;
 UL_{ud} means the value of the Underlying Asset on Unit Determination Date;
 M_{ud} means the cash value on Unit Determination Date calculated as follows:

$$M_0 = M_{ud} = I_{ud-1}$$

$$M_{ud} = \begin{cases} E_{ud-1} \times \frac{S_{ud} + D_{ud}}{S_{ud-1}} - U_{old,ud} \times C_{old,ud} & \text{if Roll Date is Unit Determination Date} \\ I_{ud-1} & \text{otherwise} \end{cases}$$

Where:

- M_0 means the cash value on the first Unit Determination Date;
 I_{ud-1} means the Index Value on the Index Business Day immediately preceding Unit Determination Date;
 E_{ud-1} means the value of the Equity on the Index Business Day immediately preceding Unit Determination Date;
 D_{ud} means the ordinary cash dividend of the Long Security if Unit Determination Date is on the ex-date.;
 S_{ud} means the value of the Long Security on Unit Determination Date; and
 S_{ud-1} means the value of the Long Security on the Index Business Day immediately preceding Unit Determination Date.
 $C_{old,ud}$ means the price of the old written Call Option on Unit Determination Date calculated as follows:

$$C_{old,ud} = \begin{cases} \text{Max}(0, UL_{ud} - K_{old,ud}) & \text{if the Unit is not determined on intraday and the Settlement Style is 'Cash'} \\ \text{Mid Price}_{old,ud} & \text{otherwise} \end{cases}$$

Where:

- $K_{old,ud}$ means the Strike Price of the old written Call Option on Unit Determination Date; and
 $\text{Mid Price}_{old,ud}$ means the Mid Price of the old written Call Option on Unit Determination Date.
 Q_{ud} means the fraction of Long Security notional on Unit Determination Date calculated as follows:

$$Q_{ud} = \max\left(\text{CR}, \min\left(1, \frac{TP \times UL_{ud}}{AF \times C_{new,ud}}\right)\right)$$

Where:

- CR means the ratio specified under column 'Coverage Ratio' in Table 1 ("*Index Information*") in Appendix A;
TP means the target annual premium yield specified under column 'Target Yield' in Table 1 ("*Index Information*") in Appendix A;
AF means the annualization factor. AF=252 (daily), 52 (weekly), 12 (monthly) specified under column 'Roll' in Table 2 ("*Index Constituents*") in Appendix A; and
 $C_{new,ud}$ means the value of the new written Call Option on Unit Determination Date calculated as follows:

$$C_{new,ud} = \begin{cases} \text{Mid Price}_{new,ud} & \text{if bid price}_{new,ud} \text{ is 0} \\ \text{bid price}_{new,ud} & \text{otherwise} \end{cases}$$

Where:

*Mid Price*_{new,ud} means the Mid Price of the new written Call Option on Unit Determination Date; and

*bid price*_{new,ud} means the bid price of the new written Call Option on Unit Determination Date.

4.4. Rounding

The Index Values shall be published rounded to four (4) decimal places.

Section 5 General Rules

5.1. Consequences of a Market Disruption Event

If, on any Index Business Day, a Market Disruption Event occurs or is occurring that the Index Administrator determines, in its sole discretion, materially affects the Index, the Index Administrator may:

- 5.1.1.** defer or suspend the calculation and publication of the Index Value and any other information relating to the Index until the next Index Business Day on which such disruption event is not continuing; and/or
- 5.1.2.** make such determinations and/or adjustments in relation to (a) the methodology used to calculate that Index as the Index Administrator considers necessary in order to maintain the objectives of the Index, or (b) the Index Value of the Index as the Index Administrator considers appropriate in order to preserve the underlying objectives of the Index, including but not limited to calculating a substitute level for the Index based on but not restricted to the last published price, level or value of any disrupted Index Constituent and such price, level or value may be zero, where, in the reasonable view of the Index Administrator, this would give an objective and accurate determination; and/or
- 5.1.3.** make any adjustment or determination as it sees fit to the terms of this Index Methodology Rule Book or an Index Value in order to take into account the Market Disruption Event; and/or
- 5.1.4.** determine, where such Index Business Day would have been, but for the occurrence of the Market Disruption Event, as the case may be, a Roll Date, that such roll date is not a Roll Date, and accordingly adjust such Roll Date to the next Index Business Day on which it determines that no such Market Disruption Event as the case may be, exists; and/or
- 5.1.5.** discontinue supporting the relevant Index or terminate the calculation of the Index Value and the publication of the Index Value for such Index if the Index Administrator determines that the foregoing measures provided in clauses 5.1.1 through 5.1.4 above would produce results that are not consistent with the objectives of such Index; and/or
- 5.1.6.** if such Market Disruption Event persists for four consecutive Index Business Day immediately following the original Index Business Day on which such Market Disruption Event occurs, then the Index Administrator shall determine what further actions it may reasonably take.

5.2. Consequences of an Index Adjustment Event

If, on any Index Business Day, an Index Adjustment Event occurs that the Index Administrator determines affects the Index, the Index Administrator may:

- 5.2.1.** make such determinations and/or adjustments as the Index Administrator considers necessary in order to maintain the objectives of such Index, in relation to (a) the methodology used to calculate such Index or (b) the Index Value for such Index; and/or
- 5.2.2.** select, in its sole, good faith discretion, a successor Index Constituent to replace the Index Constituent affected by the Index Adjustment Event; and/or
- 5.2.3.** defer or suspend publication of the Index Value and any other information relating to the relevant Index until it determines that no Index Adjustment Event is continuing; and/or
- 5.2.4.** discontinue supporting such Index or terminate the calculation of the Index Value for such Index, subject to the Index Administrator's termination and transition policies, if the Index Administrator determines that the foregoing measures provided in clauses 5.2.1 through 5.2.4 above are not feasible or would produce results that are not consistent with the objectives of such Index.

5.3. Expert Judgment and Discretion

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

5.4. Restatement Policy

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

5.5. Cessation Policy

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

5.6. Index and Data Reviews

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

5.7. Construction of this Index Methodology Rule Book

This Index Methodology Rule Book is made available by the Index Administrator. In the event of any inconsistency between the English language version of this Index Methodology Rule Book and that translated into any other language, the English language version shall prevail. If there is any ambiguity in, or uncertainty or dispute about the meaning of, any of the provisions of this Index Methodology Rule Book, the Index Administrator shall, in its sole and absolute discretion, construe the relevant provision(s) in order to determine the correct interpretation, and the decision of the Index Administrator shall be final, conclusive and binding.

5.8. Availability and Publication of Index Values and Adjustments

5.8.1. Index Publication

The Index Administrator will endeavour to make available the Index Values as soon as reasonably practicable for each Index Business Day. The Index Value shall be published on the Bloomberg Page or on such other information source as the Index Administrator may select from time to time. The Index Administrator accepts no liability to any person for publishing or not continuing to publish for any period, as the case may be, any Index Value at any particular place or any particular time.

5.8.2. Adjustments

The Index Administrator will endeavour to make available any adjustments made to any Index. The Index Owner may, at any time, change the name of the Index. The Index Administrator may, at any time, change with respect to the Index, the place and time of the publication of the Index Value, and the frequency of the publication of the Index Value for such Index, upon reasonable notice.

5.9. Index Administrator

Subject to other provisions of this Index Methodology Rule Book, all determinations made by the Index Administrator will be made by it (a) acting in its sole discretion by reference to such factors as the Index Administrator deems appropriate and (b) will be final, conclusive and binding in the absence of manifest error.

Section 6 Index Oversight and Governance

6.1. Benchmark Governance, Audit and Review Structure

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

6.2. Conflicts of Interest

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Section 7 Limitations of the Index

Though the Index is designed to be representative of the market it measures or otherwise align with its stated objective, it may not be representative in every case or achieve its stated objective in all instances. It is designed and calculated strictly to follow the rules of this Index Methodology Rule Book, and any Index Value or other output is limited in its usefulness to such design and calculation.

Markets can be volatile, including those market interests which the Index intends to measure or upon which the Index is dependent in order to achieve their stated objective. For example, illiquidity can have an impact on the quality or amount of data available to the Index Administrator for calculation and may cause the Index to produce unpredictable or unanticipated results.

In addition, market trends and changes to market structure may render the objective of the Index unachievable or to become impractical to replicate by investors.

The Index aims to provide exposure to a multi asset portfolio. It is therefore subject to the effectiveness of such investment strategy and the underlying volatility.

Some Bloomberg Covered Call Indices track a long security position and a short position in an Call Option not associated with the long security position. Therefore, such indices can only partially be covered.

Section 8 Licensing and Trademark

Bloomberg is a registered trademark and service mark of Bloomberg Finance L.P. and/or its affiliates and can only be used with permission. All rights reserved.

Appendix A

TABLE 1 - INDEX INFORMATION

Index Name	Ticker	Return Type	Launch Date	Index Base Date	Base Value	Roll Date	Strike Determination	Unit Determination	Coverage Ratio	Target Yield
Bloomberg U.S. Treasury 20+ Year(TLT) 2% OTM Covered Call Index	BTSICOTL	Total Return	9/29/2023	1/18/2018	1000	Standard monthly listed option expiry date	Index Business Day Preceding Roll Date	Index Business Day Preceding Roll Date	100%	0%
Bloomberg U.S. Tech Top10 + 10% Premium Covered Call Index	BTSICTTC	Total Return	10/31/2023	4/16/2015	1000	Standard monthly listed option expiry date	Index Business Day Preceding Roll Date	Index Business Day Preceding Roll Date	0%	10%
Bloomberg U.S. Treasury 20+ Year + 12% Premium (TLT) Covered Call index	BTSICTTL	Total Return	2/26/2024	1/18/2018	1000	Standard weekly listed option expiry date	Roll Date	Roll Date	0%	12%
Bloomberg U.S. Tech Top 7 Plus Premium Index	BTSICTQQ	Total Return	2/26/2024	11/10/2022	1000	Nearest listed option expiry date	Roll Date	Roll Date	100%	0%
Bloomberg U.S. Listed Semiconductor Premium Index	BTSICSQQ	Total Return	2/26/2024	11/10/2022	1000	Nearest listed option expiry date	Roll Date	Roll Date	100%	0%
Bloomberg U.S. 500 Large Cap Premium Index	BTSICOSP	Total Return	2/26/2024	11/10/2022	1000	Nearest listed option expiry date	Roll Date	Roll Date	100%	0%
Bloomberg Gold Spot Premium Index	BTSICOGL	Total Return	6/24/2024	12/29/2016	1000	Standard weekly listed option expiry date	Index Business Day Preceding Roll Date	Index Business Day Preceding Roll Date	100%	0%
Bloomberg U.S. Dividend Growth Partial Covered Call Index	BTSIDGSP	Total Return	8/2/2024	11/16/2022	1000	Nearest listed option expiry date	Index Business Day Preceding Roll Date	Index Business Day Preceding Roll Date	15%	0%
Bloomberg U.S. Treasury 20+ Year 12% Premium Covered Call 2.0 Index	BTSICTTT	Total Return	9/6/2024	1/18/2018	1000	Standard weekly listed option expiry date	2:00 p.m. ET on Roll Date	2:00 p.m. ET on Roll Date	0%	12%

ADDITIONAL NOTES

In any scenario where the treatment differs from the general rules, specific rules are described in this Section below:

Bloomberg U.S. Tech Top10 10% Premium Covered Call Index

The Strike Price is determined based on the closing price of futures contracts corresponding to the trading month in the table below.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Futures	3	6	6	6	9	9	9	12	12	12	3	3

Ex) On the Roll Date in August, the Strike Price is selected based on the closing price of December futures.

The Strike Price is selected as a multiple of 100.

The option price used is the settlement price.

On the Roll Date, the old written Call Option price is calculated as follows:

$$C_{old} = \text{Max}(0, NQF_t - K_{old})$$

Where:

NQF_t means the value of the he Nasdaq 100 Weekly Fixing Index on Index Business Day t ;

Prior to December 17, 2021, the QQQ ETF Options are used to calculate the index value, and the general rules are applied to calculate the index value with the following assumption:

Long Security	Underlying Asset	Coverage Ratio	Target Yield	Strike	Settlement Style	Pricing Source
Bloomberg US Top 10 Tech Select Index (Ticker: B10TST)	Invesco QQQ ETF (Ticker: QQQ)	0%	10%	100%	Cash	Listed

Bloomberg U.S. Treasury 20+ Year 12% Premium Covered Call 2.0 Index

Prior to August 9, 2024, the Unit/Strike was calculated at the close of the market on the Roll Date.

TABLE 2 - INDEX CONSTITUENTS

Index Ticker	Long Security	Underlying Asset	Asset Class	Name	Strike	Roll	Settlement Style	Pricing Source
BTSICOTL	LT11TRUU	-	Index	Bloomberg U.S. Treasury: 20+ Year Total Return Index	-	-	-	-
	-	TLT	Equity Option	iShares 20+ Year Treasury Bond ETF Call Option	102%	Monthly	Physical	Listed
BTSICTTC	B10TST	-	Index	Bloomberg US Top 10 Tech Select Index	-	-	-	-
	-	NQ	Future Option	E-mini NASDAQ 100 European Style Weekly Options, Week 3 Call Option	100%	Monthly	Cash	Listed
BTSICTTL	LT11TRUU	-	Index	Bloomberg U.S. Treasury: 20+ Year Total Return Index	-	-	-	-
	-	TLT	Equity Option	iShares 20+ Year Treasury Bond ETF Call Option	100%	Weekly	Cash	Listed
BTSICTQQ	BUBT7PT	-	Index	Bloomberg US Big Tech Top 7 Plus Total Return Index	-	-	-	-
	-	QQQ	Equity Option	Invesco QQQ ETF Call Option	101%	Daily	Cash	Listed

BTSICSQQ	BULST30T	-	Index	Bloomberg US Listed Semiconductor Top 30 Total Return Index	-	-	-	-
	-	QQQ	Equity Option	Invesco QQQ ETF Call Option	101%	Daily	Cash	Listed
BTSICOSP	B500T	-	Index	Bloomberg US Large Cap Total Return Index	-	-	-	-
	-	SPY	Equity Option	SPDR S&P 500 ETF Call Option	100.7%	Daily	Cash	Listed
BTSICOGL	XAU	-	Commodity	XAUUSD Spot Exchange Rate	-	-	-	Bloomberg BFIX - 16:00 ET
	-	GLD	Equity Option	SPDR Gold Shares ETF Call Option	102%	Weekly	Cash	Listed
BTSIDGSP	BIGDT	-	Index	Bloomberg US 1000 Dividend Growth Total Return	-	-	-	-
	-	SPY	Equity Option	SPDR S&P 500 ETF Call Option	100%	Daily	Cash	Listed
BTSICTTT	TLT	-	Equity	iShares 20+ Year Treasury Bond ETF	-	-	-	-
	-	TLT	Equity Option	iShares 20+ Year Treasury Bond ETF Call Option	100%	Weekly	Cash	Listed

Table 3 - Corporate Action Adjustments¹

Type of Action	Adjustment
Even Stock Split	The Units and Strike Price of the Call Option will be adjusted as per the split ratio resulting in no change in market capitalization. For example, if an ABC Call Option with a Strike Price of \$100 is bought, and ABC announces a 2:1 stock split, then the Units of Call Option increase to 200, and the Strike Price decreases to \$50.
Special Dividends	No adjustments are to be made for an ordinary cash dividend. However a special cash dividend, which is not paid out on a regular basis, will result in an adjustment to the Strike Price of the Call Option by the amount of the dividend and will not be considered for reinvestment. Only special cash dividends greater than \$12.50 USD per contract will be recognized and the Strike Price will be reduced by the amount of the dividend's value.

For corporate actions listed in the above table, the Units and Strike Price shall be adjusted on the corporate action effective date in accordance with the formula below:

Non-Roll Date Adjustments

$$K_t = (K_{t-1} - SD_t) \times \frac{1}{SP_t}$$

$$U_t = U_{t-1} \times SP_t$$

Where:

SP_t means the split ratio on the corporate action effective date t ; and

U_{t-1} means the Unit value on Index Business Day $t - 1$;

SD_t means the amount of a special cash dividend on the corporate action effective date t .

Roll Date Adjustments

$$K_t = \begin{cases} UL_{sd} \times M & \text{if Roll Date is Strike Determination Date} \\ (UL_{sd} \times M - SD_t) \times \frac{1}{SP_t} & \text{otherwise} \end{cases}$$

¹ The terms of the adjustment are determined by the Options Clearing Corporation (OCC) and can be found on https://www.theocc.com/getmedia/3309eceb-56cf-48fc-b3b3-498669a24572/occ_bylaws.pdf.

$$K_{old,t} = (K_{t-1} - SD_t) \times \frac{1}{SP_t}$$

$$U_t = \begin{cases} \frac{M_{ud}}{UL_{ud}} \times Q_t & \text{if Roll Date is Unit Determination Date} \\ \frac{M_{ud}}{(UL_{ud} - SD_t)} \times Q_t \times SP_t & \text{otherwise} \end{cases}$$

$$U_{old,t} = U_{t-1} \times SP_t$$

The adjusted Strike K_t and $K_{old,t}$ shall be rounded to two (2) decimal places.

For all other corporate actions, the type of adjustment made would follow the general market convention for adjusting options on a case-by-case basis.

Appendix B

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
Item 1. Name of the benchmark administrator.	Bloomberg Index Services Limited ("BISL")
Item 2. Type of benchmark or family of benchmarks.	Other
Item 3. Name of the benchmark or family of benchmarks.	Bloomberg Covered Call Index Methodology
Item 4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	No
<p>Item 5. Where the response to Item 4 is positive, please list below, for each family of benchmarks, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.</p>	
(a) List of environmental factors considered:	Not applicable
(b) List of social factors considered:	Not applicable
(c) List of governance factors considered:	Not applicable
<p>Item 6. Where the response to Item 4 is positive, please list below, for each benchmark, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816, depending on the relevant underlying asset concerned.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.</p>	
(a) List of environmental factors considered:	Not applicable
(b) List of social factors considered:	Not applicable
(c) List of governance factors considered:	Not applicable
Hyperlink to the information on ESG factors for each benchmark:	Not applicable
Item 7. Data and standards used	
(a) Data input.	Not applicable
(b) Verification and quality of data.	Not applicable
(c) Reference standards	Not applicable
Date on which information has been last updated and reason for the update:	October 2023, initial launch

Methodology Book Changes

March 2024

- **TABLE 1 - INDEX INFORMATION**

Addition of information related to Roll Date, Strike Determination, and Unit Determination

- **4.3. Equity and Units Calculation**

Update to the formula of the Units calculation that accommodates the different timing of the Unit Determination

Addition of treatment for the zero bid for the newly written call

June 2024

- **TABLE 1 - INDEX INFORMATION**

Update to the index name, removing "QQQ" for BTSICTQQ, BTSICSQQ, and "SPY" for BTSICOSP

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