

Bloomberg Eurozone Developed Markets Top 10 Oil & Gas Decrement Index Methodology

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Introduction

The Bloomberg Eurozone Developed Markets Top 10 Oil & Gas Decrement Index are designed to represent the largest ten companies by float market capitalization classified in the Oil & Gas Producers sector in the Eurozone developed markets. The Index is weighted by float market capitalization. A company's sector allocation is defined per Bloomberg Industry Classification System (BICS).

The Bloomberg Eurozone DM Top 10 Oil & Gas Decrement 50 Point Index and the Bloomberg Eurozone DM Top 10 Oil & Gas Decrement 5% Index are designed to represent the performance of the Bloomberg Eurozone DM Top 10 Oil & Gas Index from which a predetermined fee is withdrawn on daily basis. The predetermined fee is in the form of index points or index percentage deducted from the underlying Total Return Index and Net Return Index respectively.

Section 1: Overview

Name	Bloomberg Eurozone DM Top 10 Oil & Gas Decrement 50 Points Index	Bloomberg Eurozone DM Top 10 Oil & Gas Decrement 5% Index
Ticker	EU10OGPT Index	EU10OGP Index
Currency	EURO	
Publication	August 2022	
Base Date	March 30, 2015	
Publication	Weekdays	

The below table shows the parameters applied to calculate the Bloomberg Eurozone DM Top 10 Oil & Gas Decrement 50 Point Index:

Decrement Index Ticker	Decrement Index Name	Decrement Type	Decrement Point	Index Base Date	Index Base Value	Underlying Index Ticker	Underlying Index	Underlying Index Currency	Day Count Convention
EU10OGPT Index	Bloomberg Eurozone DM Top 10 Oil & Gas Decrement 50 Points Index	Fixed Point	50	30-Mar15	1000	EU10OGTE Index	Bloomberg Eurozone DM Top 10 Oil & Gas Index Total Return (EUR)	EURO	365

Section 2: Eligibility

The eligible securities for the Indices will be based upon the eligibility criteria of a Parent Index derived from the Bloomberg Global Equity Indices Methodology, which provides the investable universe for a given Index.

Parent Index

In order to be eligible for the Bloomberg Eurozone DM Top 10 Oil & Gas Index, a security must be a member of the Bloomberg Eurozone Developed Market Large, Mid & Small Cap Universe.

Liquidity Screen

In order to be eligible for the Bloomberg Eurozone DM Top 10 Oil & Gas Decrement Index, a security must have a 3-month average traded value of at least USD 5 Million.

Section 3: Selection

In order for a security to be included in the Index, it must have a sector classification of Oil & Gas Supply Chain (13101010) as defined by our BICS classification data (Level 3).

The BICS eligible securities are then grouped at their company level and sorted by their company free float market capitalization. The top 10 companies¹ are then selected to represent the Index.

Section 4: Weighting

A security's weight is determined by its Free Float Market Capitalization such that:

$$W_i = \frac{FMC_i}{\sum_1^M FMC_i}$$

Where:

W_i Initial weight of security

M Number of Index Members

FMC_i Free Float Market Capitalization of security i

Section 5: Maintenance

Index calculation

This Methodology should be read in conjunction with the [Bloomberg Decrement Index Calculation Methodology](#) for details on index calculation, input data and exercise of discretion.

Index review

The Indices are reconstituted semi-annually, while index members' weights are rebalanced quarterly in line with the index review schedule of the Bloomberg Global Equity Index Methodology in March and September.

Pro-forma changes will be announced with 10 full business day advance notification.

Selection Date

On the last week of January, April, July and October.

Effective Date

At the close of the second Wednesday of March, June, September and December.

Corporate actions

The following table outlines specific treatment for intra-rebalance corporate action handling. Please refer to the [Bloomberg Non-Market Cap Corporate Action Methodology](#) for more detail on how BISL treats specific corporate actions. The Methodology aims to maintain alignment to a Parent Index with the following specific exceptions.

Event type	Handling
Initial Public Offering ("IPO")	IPO securities are eligible for inclusion.
Spin-off	A child security created from an Index constituent will be removed from the Index at the time of the event.
M&A	Proceeds from cash deals will be reinvested across the Index. If an Index constituent makes an acquisition involving shares for another Index constituent there will be an increase in shares proportional to the deal terms. If an Index constituent is acquired by a non-Index constituent in an acquisition involving shares, the target will be removed, but the acquirer shares will not be added to the Index.

¹ More than 20 securities may represent the basket

Section 7: Risks and limitations

Risks

The following is a summary of certain risks associated with the Index but is not meant to be an exhaustive list of all risks associated with the Index. Although the Index is designed to be representative of the markets it is measuring, it may not be representative of every use case. There is also inherent, though transparent, judgment in its construction, as outlined in this Methodology. The Index is designed for general applicability and not to address the individual circumstances and needs of users. BISL does not advise about the usefulness of the Index to a particular circumstance; users are therefore encouraged to seek their own counsel for such matters. This Methodology is subject to change, which may impact its usefulness to users. Although efforts will be made to alert users of any change, every individual user may not be aware of them. Such changes may also significantly impact the usefulness of the Index. BISL may also decide to cease publication of this Index. BISL maintains internal policies regarding user transitions, but no guarantee is given that an adequate alternative is available generally or for a particular use case. Markets for stocks, as with all markets, can be volatile. As the Index is designed to measure this market, it could be materially impacted by market movements, thus significantly affecting the use or usefulness of the Index for some or all users. Also, certain equity markets are less liquid than others – even the most liquid markets may suffer periods of illiquidity. Illiquidity can have an impact on the quality or amount of data available to BISL for calculation and may cause the Index to produce unpredictable results.

The decrement feature reduces the Index value. Such decrement represents a predetermined reduction relative to the return of the Underlying Index.

Limitations of the index

Though the Index is designed to be representative of the markets it measures or otherwise aligns 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 Methodology, and any Index level or other output is limited in its usefulness to such design and calculation.

Markets can be volatile, including those market interests that the Index measures or upon which the Index is dependent to achieve its stated objective. For example, illiquidity can have an impact on the quality or amount of data available to the 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.

In particular, the Index measures global equity markets. As with all equity investing, the Index is exposed to market risk. The value of equities fluctuate with the changes in economic forecasts, interest rate policies established by central banks and perceived geo-political risk. The Index does not take into account the cost of replication and as a result a tracking portfolio's returns will underperform the Index with all else equal. As the Index is designed to measure those markets, it could be materially impacted by market movements, thus significantly impacting the use or usefulness of the fixings for some or all users.

In addition, certain sub-indices may be designed to measure smaller subsets of the Index such as specific styles, size, and sector. Some of these sub-indices have very few qualifying constituents and may have none for a period of time. During such period, the sub-index will continue to be published at its last value, effectively reporting a 0% return, until new constituents qualify. If no constituents are expected to qualify (due to changes in market structure and other factors), the sub-index may be discontinued. In such an event, this discontinuation will be announced to index users.

Section 8: Benchmark oversight and governance

Benchmark Governance Structure

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

Index and data reviews

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

Expert judgement

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

Conflicts of interest

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

Restatement policy

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

Cessation policy

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