



# CORPORATE ACTION

**BETA**  
FINANCIAL TECHNOLOGIES

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## 1 GENERAL PROVISIONS

1.1 Corporate Events shall mean events the occurrence of which leads to the impossibility to determine the price of an Index Component / change in the share of an Index Component in the calculation base / otherwise affect the composition and balance of the components of a particular Index in the calculation base. Corporate Co-Events include:

(1) mergers or acquisitions;

(2) a spin-off or demerger of a company (reorganization in the form of a spin-off or demerger);

(3) declaration of insolvency / bankruptcy / liquidation of the company;

(4) change of the listing level of the securities.

1.2 Upon the occurrence of a Corporate Event, Beta Financial Technologies shall rebalance by disclosing information about it on two Trading Days (the date of disclosure is not taken into account) (hereinafter the "Disclosure Date"). For Rebalancing, Beta Financial Technologies shall use the closing price of the financial instrument, which is a component of the Index and affected by the Corporate Event, on the second Trading Day from the Disclosure Date (hereinafter the "Closing Price"). Changes to the Index made by rebalancing shall apply (take effect) on the third Trading Day of the Disclosure Date (the "Rebalancing Date").

Beta Financial Technologies shall adhere to the described procedure, including in cases where information on a Corporate Event was not known in advance.

1.3 Where sufficient and reliable information about a Corporate Event is received in a timely manner, Beta Financial Technologies keen to ensure that changes are made to the Index and take effect on the date on which the Corporate Event is

deemed to have occurred (for example, the date of the closing of the merger or acquisition transaction).

- 1.4 Beta Financial Technologies reserves the right to give notice of Rebalancing in connection with a Corporate Event at an earlier date than provided for above.

## **2 Mergers and Acquisitions**

- 2.1 Rebalancing of the Index in case of mergers and acquisitions of companies is carried out according to the following rules. The security of the acquired/acquired company, which is a Component of the Index, shall be excluded from the Calculation Base on the Rebalancing Date. The following changes shall be made to the Calculation Base:

- 2.2 If a merger or acquisition transaction takes place between companies whose securities are Index Components, the following rebalancing rules shall apply:

- (1) The value of the Index Component relating to the acquired/acquired company shall be determined at the Closing Price, and then it shall be allocated to the other Index Components in proportion to their share in the Settlement Base;
- (2) The share of the Index Component relating to the acquiring/acquiring company in the Settlement Base shall be increased taking into account the terms of the relevant transaction (conversion coefficient);
- (3) Cash transaction and exchange of shares: the part of the transaction paid in cash is reinvested in proportion to the share in all other components of the Index. The share of the purchaser's company will grow in the index proportionally to the share increased by the exchange of shares.

- 2.3 If only the acquired/acquired company's securities are a component of the Index, the following rebalancing rules apply:

- (1) The value of the Index Component related to the acquired/acquired company shall be determined at the Closing Price, after which it shall be distributed among the other Index Components in proportion to their share in the Settlement Base;

- (2) The share of the Component of the Index relating to the acquired/acquired company in the Settlement Base shall be allocated among the other Components of the Index in proportion to their share in the Settlement Base;
- (3) Cash transaction and exchange of shares: the weight of the acquired company determined on the basis of the last closing price is redistributed pro rata to the other components of the Index.

### **3 SPIN-OFF OF A COMPANY**

3.1 If a company whose securities are an Index Component (hereinafter the "Index Company") reorganizes in the form of a spin-off, the securities of the spin-off company shall be included in the calculation base of such Index on the terms determined during the reorganization (using the appropriate conversion factor). Subsequently, the share of the Index Component of the parent company in the calculation base shall not change, and the conditions of presence in the calculation base of the Index Component of the spun-off company shall be reviewed on the date of the next Revision of the calculation base.

3.2 The index component of the allocated company is included in the calculation base with the price equal to zero. If on the scheduled date the start of trading in securities of the allocated company did not occur, starting from such date and up to the date of

the start of trading the Index shall be calculated using the hypothetical value of the relevant Index Component.

3.3 The calculation of the hypothetical value of the Index Component is made according to the following formula

*The value of the Index Component of the allocated company*

*= ((closing price of the parent company's Index Component on the date prior to the start date of calculation) – (opening price of the parent company's Index Component on the start date of calculation))*

*\* Conversion Factor.*

3.4 If the date of commencement of trading in securities of the spun-off company is unknown on the date of the next Revision of the calculation base, such securities shall be excluded from the Index.

3.5 In the case of a Spin-off of a company which is already in the Index, an additional share from the parent company will be added to the Spin-off's shareholding on the Effective Date.

#### **4 CHANGE IN LISTING LEVEL**

In the event of a change in the listing level of the securities of a company included in the Index, as a result of which the Component of the Index no longer meets the criteria / requirements of the Methodology on the formation of the calculation base, such Component of the Index shall be excluded from the calculation base. The share of the excluded Index Component in the calculation base shall be distributed among other Index Components in proportion to their share in the calculation base.

Beta Financial Technologies shall notify Beta Financial Technologies of the respective Rebalancing not later than two Trading Days in advance.

#### **5 INSOLVENCY / BANKRUPTCY / LIQUIDATION**

If a company included in the Index is declared bankrupt / has filed for bankruptcy / is insolvent / has been liquidated, Beta Financial Technologies will (1) disclose information about such Corporate Event (after confirming the reliability of the infor-

mation about its occurrence), (2) exclude such Index Component from the Settlement Base. The share of the excluded Index Component shall be distributed among the other Index Components in proportion to their share in the Calculation Base.

About the corresponding Rebalancing Beta Financial Technologies not later than two Trading Days.

5.1 An Index Component shall be excluded from the Settlement Base with a price determined in one of the following ways:

(1) If a security has been delisted and/or there is no current information about the value of such security, Beta Financial Technologies shall use reasonable efforts to determine the fair value of the security using data from other exchanges or over-the-counter venues before the stock is removed from the Index.

(2) If the price of the Index Component cannot be determined in the manner described in par. (1) n. 5.1 of this Policy, it shall be excluded from the Settlement Base with a price equal to zero.

## **6 DISCLAIMER**

In some cases, information about Corporate Events is unknown / partially known / contradictory. With this in mind, Beta Financial Technologies shall make the necessary efforts for timely disclosure of information and implementation of Rebalancing. In certain extraordinary cases, Beta Financial Technologies reserves the right to deviate from the procedures described in this Policy and to carry out Rebalancing at its own discretion on the best terms for the relevant case.