# Table of Contents

Part A: Introduction 1  
Part B: Key Information 3  
Part C: Overview of the Index 5  
Part D: Calculation of the Index Level 10  
Part E: Dividends, Stock Splits and Rights Issues 29  
Part F: Data 36  
Part G: Specific Risks 39  
Part H: Index Specific Disclaimers 43  
Section A: Introduction 48  
Section B: Valuations and Adjustments 51  
Section C: General Risks 55  
Section D: Definitions 63  
Section E: Miscellaneous 67  
Section F: Constituent Schedule 71
Part A: Introduction
Introduction

This document constitutes the “Index Methodology” in respect of the Index (as defined below) and is made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

This Index Methodology and the Index General Conditions dated 18 November 2011 (as amended from time to time, the “Index General Conditions”) together comprise the Index Conditions applicable to the Index and must be read together. In the case of any inconsistency between this Index Methodology and the Index General Conditions, this Index Methodology shall prevail in respect of the Index.

Full information in respect of the Index is only available on the basis of the combination of this Index Methodology and the Index General Conditions.

Full information in respect of any Index Linked Product is only available on the basis of the combination of this Index Methodology and the Index General Conditions and the confirmation, prospectus or offering document (however described) in respect of such Index Linked Product.

This Index Methodology may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (Miscellaneous) of the Index General Conditions for a description of the circumstances in which a change to this Index Methodology may be required.

Terms used in this Index Methodology but not defined in this Index Methodology shall have the meanings given to them in the Index General Conditions.
Part B: Key Information
Key Information

Index: Citi Volatility Balanced Beta (VIBE) Equity Hong Kong Net Total Return Index (the "Index")

Summary of strategy: The Index tracks the weighted performance of up to 40 stocks selected from the S&P Hong Kong BMI Price Return Index USD (Bloomberg code: SBBCHKU)\(^1\). The percentage weight of each stock within the Index is determined on a quarterly basis such that the contribution of each stock to the overall volatility of the Index is equal in accordance with the Citi Volatility Balanced Beta ("VIBE") methodology developed by Citigroup Global Markets Limited.

A review of the Index is carried out quarterly. On each quarterly selection day, (1) the stocks are reselected, subject to certain exclusions, by reference to the 40 stocks in the S&P Hong Kong BMI Price Return Index which are ranked highest at the time by average daily trading volume (measured over the previous three months), and (2) the percentage weight of each stock to be included in the Index is determined in accordance with the Citi VIBE methodology. These new stocks are given effect in their respective weights as of the related quarterly rebalancing date.

Index Sponsor: Citigroup Global Markets Limited
Index Calculation Agent: Standard & Poor’s Financial Services LLC
Index Base Currency: Hong Kong dollars (HKD)
Index Launch Date: 22 September 2011
Index Start Date: 5 January 2001
Index Start Level: 100
Index Fee: Not applicable.
Frequency of calculation of the Index Level: Daily, on each Index Business Day.
Frequency of rebalancing: Quarterly, on each Rebalancing Date.
Index Electronic Page: Bloomberg page CIISRLHT <Index>

The Index was launched by the Index Sponsor on the Index Launch Date and has been calculated by the Index Calculation Agent for the period from the Index Start Date. Any back-testing or similar performance analysis undertaken by any person in respect of the Index for any reason must be considered illustrative only and may be based on assumptions or estimates not used by the Index Calculation Agent when determining the Index Level.

\(^1\) The Index will potentially exclude a limited number of stocks in the circumstances described in this Index Methodology.
Part C: Overview of the Index
Overview of the Index

1. GENERAL OVERVIEW

The overview set out in this Part C is a summary only of the Index Conditions, of which this Part C is a part. The Index Conditions as a whole govern the calculation of the Index and the Index Level (as defined in Part D (Calculation of the Index Level) below), and the determinations made in connection with the maintenance of the Index. In the case of any inconsistency between this Part C and the remainder of the Index Conditions, the remainder of the Index Conditions shall prevail.

The Index is a notional rules-based proprietary index developed by the Index Sponsor.

Generally, constituents of financial indices may be weighted according to different methodologies based on different theories of portfolio diversification, optimization and market representation. Market capitalization weighting, equal-weighting, and more recently, portfolio optimization weighting techniques are frequently used.

The Index assigns weights to its Constituents (as defined in Section D (Definitions) of the Index General Conditions) using the Citi Volatility Balanced Beta methodology, a proprietary risk-weighting model developed by Citigroup Global Markets Limited which is described in detail in Part D (Calculation of the Index Level) below. The Citi Volatility Balanced Beta methodology determines the Percentage Weight (as defined in Part D (Calculation of the Index Level) below) of each Constituent on a quarterly basis such that the risk contribution of each Constituent is equal. In determining the risk contribution of each Constituent, the methodology relies exclusively on market price volatility (both historic and implied) as a measure of risk. The Index does not attempt to identify or quantify any specific risks which may be relevant to a stock, sector, industry or geographic region.

The Index tracks the weighted performance of up to 40 stocks selected from the constituents of the S&P Hong Kong BMI Price Return Index USD (the “Eligible Universe Index”)². On each quarterly Selection Day (as defined in Part F (Data) below), the Index Calculation Agent ranks the stocks in the Eligible Universe Index according to their 3-month average daily trading volume (ADTV) (highest trading volume ranked first). The 40 highest ranked stocks as of a Selection Day shall constitute the “Eligible Universe” as of such Selection Day, as described in more detail in Part D (Calculation of the Index Level) below.

As outlined above, the Percentage Weight of each Constituent within the Index is determined on a quarterly basis such that the risk contribution of each Constituent is equal in accordance with the Citi Volatility Balanced Beta methodology. On each quarterly Selection Day (as defined in Part F (Data) below), the Constituents which will be included in the Index on the related Rebalancing Date (as defined in Part F (Data) below) are reselected by reference to the stocks in the Eligible Universe on that Selection Day and the Percentage Weight of each selected Constituent to be included in the Index is determined in accordance with the Citi Volatility Balanced Beta methodology. The Index is rebalanced to replicate notional positions in the selected Constituents in their respective Percentage Weights as of the Rebalancing Date following the relevant Selection Day.

Whenever a stock that is a Constituent of the Index is removed from the Eligible Universe Index, such Constituent is removed from the Index on the same day and the percentage weights of the remaining Constituents are scaled up such that the percentage weight of the removed Constituent is proportionally redistributed to the remaining Constituents. If a stock that is a Constituent of the Index ceases to form part of the Eligible Universe but remains in the Eligible Universe Index (i.e., the stock is not ranked sufficiently highly by 3-month average daily trading volume), such change shall not by itself result in an adjustment to the Index between Rebalancing Dates.

The introduction of a new stock into the Eligible Universe or the Eligible Universe Index will not result in an adjustment to the Index until the next Rebalancing Date. Changes to the composition of the Eligible

² The Index will potentially exclude a limited number of stocks in the circumstances described in this Index Methodology.
The Citi Volatility Balanced Beta methodology is used to determine weights for the Constituents on a quarterly basis such that the risk contribution of the Constituents in the Index is equal or neutral with respect to the other Constituents and the Index as a whole. This does not mean that the Index is risk-free. The Index is subject to equity market risks. The methodology on which the Index is based may not be successful and may not outperform any alternative strategy that might be employed in respect of the stocks in the Eligible Universe.

The Index is a total return index, with notional reinvestment of net dividends. The Index is described as replicating notional positions in the Constituents because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index simply references certain investment positions the performance of which is used as a reference point for the purpose of calculating the Index Level.

2. INDEX SPONSOR AND INDEX CALCULATION AGENT

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor has appointed Standard & Poor’s Financial Services LLC as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time which may be the Index Sponsor or one of its Affiliates.

The Index Sponsor’s determinations in respect of the Index shall be final. Please refer to Section E (Miscellaneous) of the Index General Conditions for further information.

3. INDEX LEVEL CALCULATION

Subject to the occurrence or existence of a Disrupted Day (as defined in Section D (Definitions) of the Index General Conditions), the Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part F (Data) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

The detailed procedures for the calculation of the Index Level in respect of each Index Business Day are set out in Part D (Calculation of the Index Level) below.

4. QUARTERLY REBALANCING

The Index is rebalanced on a quarterly basis. On each Selection Day, the Index Calculation Agent will select the Constituents from the Eligible Universe that will be included in the Index with effect from the Rebalancing Date following the relevant Selection Day. The Index Calculation Agent will also perform the calculations required to determine the Percentage Weight of each Constituent according to the Citi Volatility Balanced Beta methodology. These Percentage Weights will then be applied to the current Index Level and the Constituent Closing Levels (determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions) of the Constituents on the relevant Rebalancing Date to determine their Weights (as defined in Part D (Calculation of the Index Level) below), so that the Index Level, using the new Weights, can then be calculated in the same way as every other Index Business Day.
5. SELECTION OF CONSTITUENTS

The Constituents selected on each Selection Day, from and including the first Selection Day prior to the Index Start Date, will comprise all of the stocks in the Eligible Universe as of such date, other than (i) stocks issued by the Index Sponsor or its Affiliates (as defined in Section D (Definitions) of the Index General Conditions), including Citigroup Inc., (ii) any stocks included on the Index Sponsor's Restricted List (being a list of stocks in which the Index Sponsor or any of its Affiliates is not permitted to deal for a particular period due to laws and regulations), and (iii) any stocks for which there is insufficient publicly available historic market data in order to determine historic volatility and exponential moving average statistics in accordance with the Index methodology set out in detail in Part D (Calculation of the Index Level) below.

6. CHANGES IN THE ELIGIBLE UNIVERSE INDEX

The Constituents comprising the Index will also be adjusted between Rebalancing Dates to take account of the removal of stocks from the Eligible Universe Index. Stocks which are introduced into the Eligible Universe Index between Rebalancing Dates will not be included in the Index solely as a result of such introduction, but stocks may be introduced into the Index between Rebalancing Dates in accordance with the Index Conditions as a result of certain corporate action events such as mergers.

7. DETERMINATION OF PERCENTAGE WEIGHTS

On each Selection Day, the Index methodology requires the Index Calculation Agent to determine the Percentage Weights of the individual Constituents which will be included within the Index on the related Rebalancing Date. The methodology adopts a four-step process to determine these Percentage Weights.

The first two steps compute variances and correlation parameters with reference to two distinct approaches: implied volatilities (to create a notional implied risk portfolio) and exponential moving average returns (to create a notional trend-following risk portfolio). In the third step, these two notional portfolios are subject to an optimization model that computes percentage weights that aim to achieve an equal contribution to risk for each selected Constituent in each notional portfolio. The final step blends the results of the previous step to obtain an average percentage weight, and also applies a cap to the percentage weight of each selected Constituent.

In the first step, the methodology compares the 120-day implied volatility of each selected Constituent to the 120-day implied volatility of all the other selected Constituents. This process creates a covariance matrix (the “forward-looking covariance matrix”). Covariance establishes the extent to which one variable (in this case, one selected Constituent) reacts similarly to another variable or set of variables (in this case, each other selected Constituent).

In the second step, a covariance matrix comparing the historic 40-day exponential moving average of the returns of each selected Constituent to the historic 40-day exponential moving average of the returns of all other selected Constituents is established (the “trend-following covariance matrix”). The 40-day exponential moving average is observed for each of the selected Constituents on each of the 120 Index Business Days ending on the relevant Selection Day. The exponential moving average is a type of moving average in which greater emphasis is given to the more recent history. In the Index, this means that the 40-day exponential moving average applies greater weight to more recent returns of the selected Constituents than their returns at the (oldest) end of the 40-day period.

In the third step, the Index methodology applies a proprietary optimization algorithm to determine percentage weights for each selected Constituent. The optimization algorithm is applied to each covariance matrix separately. The optimization algorithm aims to find percentage weights for each selected Constituent such that each selected Constituent’s contribution to index volatility is the same as every other selected Constituent’s volatility contribution.
In the final step, the optimal percentage weights obtained in the third step are added together and an average obtained, so that the forward-looking covariance matrix and the trend-following covariance matrix are equally important in the determination of the final percentage weights of the selected Constituents. The average percentage weights for all of the selected Constituents are then added together and normalized to ensure they add to 100%.

The individual selected Constituent percentage weights resulting from this step are subject to a 10% individual maximum percentage weight cap. The purpose of the cap is to avoid concentration risk within the Index, where sudden changes in the value of one Constituent can have a large impact on the Index as a whole.

Percentage weights in excess of 10% are reallocated proportionately to the remaining selected Constituents, subject to the same 10% maximum percentage weight. The result of this calculation fixes the percentage weights for each of the selected Constituents which will be applied on the relevant Rebalancing Date (and is the “Percentage Weight” used in the Index Level calculations).

8. DETERMINATION OF WEIGHTS

On each Rebalancing Date following a Selection Day, the Index Calculation Agent determines the Weight of each selected Constituent within the Index.

The difference between “weight” and “percentage weight” can be understood as the difference between the notional number of stocks of a constituent in an index (the weight) and the proportion that each constituent has to the overall level of the index (the percentage weight). The weight of a constituent is determined in respect of a rebalancing date by reference to the designated percentage weight of the constituent, the level of the index and the price of the constituent on the rebalancing date. The weight of each constituent remains fixed between rebalancing dates save for adjustments as a result of dividends, corporate actions and extraordinary events. Unlike percentage weight, which is a snapshot of the proportion that a certain stock has within the index as a whole, weight assesses the synthetic investment value of that stock within the index. Because stock prices fluctuate, the proportion that each stock contributes to the index on any day depends on the relative performance of that stock compared with the performance of the index as a whole. As such, the percentage weight of a stock in an index can vary from day to day. On the other hand, a constituent included within an index on a certain rebalancing day, and having a certain percentage weight on that day, will be represented by a weight which is fixed until the next rebalancing day.

In the Index, the Index Calculation Agent shall, as of each Rebalancing Date following the Index Start Date, determine the Current Percentage Weight (as defined in Part D (Calculation of the Index Level) below) of each selected Constituent in the Index on such Rebalancing Date. The Current Percentage Weight is the proportion that the relevant selected Constituent has in the Index as a whole prior to the rebalancing, expressed as a percentage. For the avoidance of doubt, any selected Constituent that is not an existing Constituent in the Index will have a Current Percentage Weight of zero on the Rebalancing Date.

The Weight of each selected Constituent will then be determined as a function of its Percentage Weight and the Index Level (i.e. the Index Level is split into that proportion attributable to the Percentage Weight of each selected Constituent), which is then divided by the price of the relevant selected Constituent.

The Weights of the Constituents will remain constant between Rebalancing Dates, save for adjustments to take account of the economic effect of dividends, corporate actions and certain extraordinary events, as described in detail in Part D (Calculation of the Index Level) and Part E (Dividends, Stocks Splits and Rights Issues) of this Index Methodology, and Section B (Valuations and Adjustments) of the Index General Conditions.
Part D: Calculation of the Index Level
Calculation of the Index Level

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor has appointed Standard & Poor’s Financial Services LLC as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time which may be the Index Sponsor or one of its Affiliates.

The Index Calculation Agent’s calculations of the Index Level shall be final in the absence of manifest error. Please refer to Section E (Miscellaneous) of the Index General Conditions for further information.

The Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part F (Data) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

All of the calculations and determinations described in this Part D are the responsibility of the Index Calculation Agent. The calculations and determinations in this Part D are subject to the occurrence of, and adjustments made as a consequence of, Dividend Adjustment Events, Stock Split Adjustment Events and Rights Issue Adjustment Events (as described in Part E (Dividends, Stock Splits and Rights Issues) below), Disrupted Days and Adjustment Events (as described in Section B (Valuations and Adjustments) and Section F (Constituent Schedule: Share) of the Index General Conditions).

1. DAILY INDEX CALCULATION

1.1 Index Level

The “Index Level” on the Index Start Date shall be the Index Start Level.

The “Index Level” on each Index Business Day t (following the Index Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. The formula aggregates the product of each Constituent’s Constituent Closing Level and its prevailing Weight (each as defined below).

\[
\text{Index Level}_t = \sum_{i=1}^{n} \left( \text{Constituent Closing Level}_{i,t} \times \text{Weight}_{i,t} \right) + \text{Div}_{\text{Ex}}
\]

where:

- \( \text{Index Level}_t \) = Index Level on Index Business Day t
- \( \text{Constituent Closing Level}_{i,t} \) = Constituent Closing Level of Constituent i on Index Business Day t (as determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions)
- \( \text{Weight}_{i,r} \) = Weight of Constituent i on the Rebalancing Date r (or the Index Start Date, as applicable) immediately preceding Index Business Day t
n = The number of Constituents included in the Index on Index Business Day t

\[ \text{Div}_{\text{Ex}} = \sum_{i=1}^{n} (\text{Net Dividend}_{i,t} \times \text{Weight}_{i,r}) \]

Net Dividend\(_{i,t} = \) Means, in respect of Constituent i:

(i) if Index Business Day \( t \) is an Ex-Dividend Date in respect of a Dividend (each as defined in Part E (Dividends, Stock Splits and Rights Issues) below) for Constituent i, an amount equal to Dividend Amount\(_i \times\) Dividend Percentage\(_i\)

(ii) otherwise, zero (0)

Dividend Amount\(_i = \) As defined in Part E (Dividends, Stock Splits and Rights Issues) below

Dividend Percentage\(_i = \) As defined in Part E (Dividends, Stock Splits and Rights Issues) below

On Rebalancing Date \( r \), the Index Level is calculated using the respective Weights (as determined on Rebalancing Date \( r^{-1} \)) of each Constituent (as selected on the Selection Day immediately preceding Rebalancing Date \( r^{-1} \)), subject to any subsequent adjustment of any Constituent’s Weight as a result of any Additional Rebalancing Event, Dividend Adjustment Event, Stock Split Adjustment Event, Rights Issue Adjustment Event or Adjustment Event. Beginning with the first Index Business Day following Rebalancing Date \( r \), up to and including Rebalancing Date \( r+1 \) (but prior to the rebalancing of the Index on such Rebalancing Date \( r+1 \)), the Index Level is calculated using the Constituents selected on the Selection Day immediately preceding Rebalancing Date \( r \) and their respective Weights (as determined on Rebalancing Date \( r \)).

1.2 Weight

The Index Calculation Agent shall determine the Weight of each of the Selected Constituents on the Index Start Date and on each Rebalancing Date, and such Weights shall remain in effect until the end of the following Rebalancing Date, subject to the occurrence of any Additional Rebalancing Event, Dividend Adjustment Event, Stock Split Adjustment Event, Rights Issue Adjustment Event or Adjustment Event.

The Weight for each Selected Constituent in respect of a Rebalancing Date will be calculated by the Index Calculation Agent as the product of the Percentage Weight of the relevant Selected Constituent and the Index Level on such Rebalancing Date (giving the proportion of the Index attributable to that Selected Constituent), which is then divided by the Constituent Closing Level of that Selected Constituent on such Rebalancing Date. The calculation formula is set out in detail below.

The “Weight” of each Selected Constituent on the Index Start Date and each Rebalancing Date shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. For this purpose, the Index Start Date shall be deemed to be a Rebalancing Date.

\[ \text{Weight}_{i,r} = \frac{\text{Percentage Weight}_{i,r} \times \text{Index Level}_{i,r}}{\text{Constituent Closing Level}_{i,r}} \]

where:
Weight_{i,r} = Weight of Selected Constituent i on Rebalancing Date r

Percentage Weight_{i,r} = Percentage Weight of Selected Constituent i on Rebalancing Date r

Index Level_{r} = Index Level on Rebalancing Date r

Constituent Closing Level_{i,r} = Constituent Closing Level of Selected Constituent i on Rebalancing Date r

### 1.3 Current Percentage Weight

The Current Percentage Weight of a Constituent on any Index Business Day is calculated as the Weight which such Constituent had in the Index from, but excluding, the immediately preceding Rebalancing Date r (or the Index Start Date, as the case may be), multiplied by its Constituent Closing Level on such Index Business Day, divided by the Index Level in respect of such Index Business Day.

On each Index Business Day t, the Index Calculation Agent shall calculate the “Current Percentage Weight” in respect of each Constituent i in accordance with the following formula:

\[
\text{Current Percentage Weight}_{i,t} = \frac{\text{Weight}_{i,r} \times \text{Constituent Closing Level}_{i,t}}{\text{Index Level}_{t}}
\]

where:

- \text{Current Percentage Weight}_{i,t} = Current Percentage Weight of Constituent i on Index Business Day t
- \text{Weight}_{i,r} = Weight of Selected Constituent i on the Rebalancing Date r (or the Index Start Date, as the case may be) immediately preceding Index Business Day t
- \text{Constituent Closing Level}_{i,t} = Constituent Closing Level of Constituent i on Index Business Day t
- \text{Index Level}_{t} = Index Level on Index Business Day t

Where Index Business Day t is itself a Rebalancing Date, Weight_{i,r} and Constituent Closing Level_{i,t} are determined prior to the rebalancing taking place.

### 2. CONSTITUENT SELECTION AND INDEX REBALANCING PROCESS

#### 2.1 Selection of Constituents

On each Selection Day, the Index Calculation Agent will:

(a) determine the stocks within the S&P Hong Kong BMI Price Return Index USD (the “Eligible Universe Index”) on such day (the “Eligible Universe Index Constituents”);

(b) determine the 3-month average daily trading volume of each Eligible Universe Index Constituent, expressed in Hong Kong dollars (“HKD”), for the 3-month period ending on, and including, the relevant Selection Day (“3-Month HKD ADTV”), as displayed on the applicable Electronic Page for the relevant Eligible Universe Index Constituent. If the 3-Month HKD
ADTV for any Eligible Universe Index Constituent is not published on an Electronic Page in respect of any Selection Day, the 3-Month HKD ADTV for each such Eligible Universe Index Constituent will be determined by the Index Calculation Agent by reference to the volume data published by the applicable Exchange in respect of the relevant Eligible Universe Index Constituent for each Exchange Business Day during the 3-month period ending on, and including, the relevant Selection Day; and

rank the Eligible Universe Index Constituents according to their respective 3-Month HKD ADTVs in descending order (highest 3-Month HKD ADTV ranked first) (the “Initial Ranking List”). Where two or more Eligible Universe Index Constituents have the same 3-Month HKD ADTV, those stocks will be ranked by free-float market capitalization in descending order (largest free-float market capitalization ranked first). The resulting list of such Eligible Universe Index Constituents referred to as the “Ranking List”.

The top 40 Eligible Universe Index Constituents in the Ranking List (or, if there are less than 40 Eligible Universe Index Constituents in the Ranking List, all such Eligible Universe Index Constituents) will constitute the “Eligible Constituents” in respect of the relevant Selection Day.

The Index Calculation Agent shall then exclude from such list of Eligible Constituents any stocks:

1. which are issued by the Index Sponsor or its Affiliates, including Citigroup Inc.; or
2. which, as at the relevant Selection Day, are included on the Index Sponsor’s Restricted List (being a list of stocks which the Index Sponsor and/or any of its Affiliates are not permitted to hold, buy, sell or otherwise deal in for a particular period of time due to laws, regulations or internal policies); or
3. for which, as at the relevant Selection Day, there is less than 159 Index Business Days of publicly available historic market data, as required to determine the historic volatility and/or exponential moving average statistics in accordance with the Index methodology described below.

The stocks which remain in the list of Eligible Constituents following any such exclusions will be the “Selected Constituents” in respect of the relevant Selection Day and will become the “Constituents” of the Index after the rebalancing process on the immediately following Rebalancing Date.

2.2 Determination of Percentage Weights – Application of the Citi Volatility Balanced Beta methodology

The Percentage Weights of each Selected Constituent are determined by the Index Calculation Agent on each Selection Day. In order to determine the applicable Percentage Weights, the Index Calculation Agent follows a four-step process. The first two steps each create a covariance matrix, referred to below as the Forward-Looking (or Implied) Covariance Matrix and the Trend-Following (or Historic) Covariance Matrix respectively, each representing the marginal contributions of the Selected Constituents to the overall volatility of the Index.

In the third step, an optimization model is used to find an optimum percentage weight for each Selected Constituent within each covariance matrix.

The fourth step is to determine the average of the two covariance matrix percentage weights for each Selected Constituent, normalize these to a combined aggregate percentage weight of 100%, and then apply an individual maximum percentage weight of 10% to each Selected Constituent, redistributing any excess percentage weight proportionately to the remaining Selected Constituents. This will then determine the respective Percentage Weights for all the Selected Constituents.

This determination process, including the relevant formulae used by the Index Calculation Agent to determine the “Percentage Weight” of each Selected Constituent, is set out in detail below:
(1) **Construction of the Forward-Looking (or Implied) Covariance Matrix ("FCov") of the Selected Constituents**

The covariance matrix can be visualized as a grid in which all the Selected Constituents are represented in rows and columns. The points of intersection in this grid indicate the correlation between each Selected Constituent and every other Selected Constituent. There will be a diagonal line bisecting the grid where a row representing that Selected Constituent intersects with the column representing that same Selected Constituent, and therefore the variance of that Selected Constituent (as the covariance of a Selected Constituent with itself is its variance).

A covariance matrix typically assesses the degree to which two or more stocks covary, or move in tandem. A positive covariance means that the two variables move together (in the same direction), while a negative covariance means that the variables move in opposite directions. Two stocks with positive covariance means that those stocks react to market events in a similar way; if they have negative covariance, it means that they react inversely. The lower the covariance between a number of stocks, the more they can be said to represent diversified stocks.

In the Citi Volatility Balanced Beta model, the Forward-Looking Covariance Matrix is computed as follows:

a. On each Selection Day, the Index Calculation Agent determines an implied volatility value ("Implied Volatility") for each Selected Constituent, using the 3-month implied spot volatility of the Reference Vol Index and the beta of the relevant Selected Constituent with respect to the Reference Vol Index measured over the previous 120 Index Business Days. The Implied Volatility calculation is designed such that the Implied Volatility of a Selected Constituent will always be positive.

This can be described formulaically as follows:

\[
F_{Vol_{i,k}} = \beta_{i,k} \times \frac{IV_k}{100}
\]

Where:

- \( F_{Vol_{i,k}} \): The Implied Volatility of Selected Constituent \( i \) in respect of Selection Day \( k \)
- \( IV_k \): The 3-month implied spot volatility of at-the-money listed options on the Reference Vol Index on Selection Day \( k \), as observed at the Index Valuation Time on the Bloomberg page <HSI Index GV> with the <type ATM> function, or any successor or alternative screen page, as may be determined by the Index Calculation Agent
- \( \beta_{i,k} \): The regression coefficient between the 120 daily log-returns \( "Y_{i,s}" \) of Selected Constituent \( i \) for the 120 Index Business Days ending on Selection Day \( k \) and the 120 daily log-returns \( "B_s" \) of the Reference Vol Index for the 120 Index Business Days ending on Selection Day \( k \), calculated as follows:

\[
\frac{\text{Cov}(Y_{i,s}, B_s)}{\text{Var}(B)}
\]
Cov(Yᵢ,B) = The covariance between the 120 daily log-returns “Yᵢ,” of Selected Constituent i for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns “Bₛ” of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows:

$$\sum_{t=1}^{N} (Yᵢ - \bar{Y}_i)(Bₛ - \bar{B}) / (N-1)$$

where t=k and N=120

Var(B) = Cov(B,B)

Cov(B,B) = The covariance between the 120 daily log-returns “Bₛ” of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows:

$$\sum_{t=1}^{N} (Bₛ - \bar{B})(Bₛ - \bar{B}) / (N-1)$$

where t=k and N=120

$$\bar{Y}_i$$ = The arithmetic average of the N daily log-returns “Yᵢ”

$$\bar{B}$$ = The arithmetic average of the N daily log-returns “B”

Yᵢ,ₜ = ln Constituent Closing Levelᵢ,ₜ

Constituent Closing Levelᵢ,ₜ = Constituent Closing Level (determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions) of Selected Constituent i on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent i, then Constituent Closing Levelᵢ,ₜ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)

Constituent Closing Levelᵢ,ₜ₋₁ = Constituent Closing Level (determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions) of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent i, then Constituent Closing Levelᵢ,ₜ₋₁ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)

$$Bᵢ = \ln \frac{Iᵢ}{Iᵢ₋₁}$$
\( I_t \) = Closing level of the Reference Vol Index on Index Business Day \( t \), as published by the Reference Vol Index Sponsor. If the Reference Vol Index Sponsor does not publish, for any reason, a closing level for the Reference Vol Index on Index Business Day \( t \), then \( I_t \) shall be deemed to be equal to the closing level of the Reference Vol Index on the preceding day on which a closing level for the Reference Vol Index was published by the Reference Vol Index Sponsor.

\( I_{t-1} \) = Closing level of the Reference Vol Index on the Index Business Day immediately preceding Index Business Day \( t \), as published by the Reference Vol Index Sponsor. If the Reference Vol Index Sponsor did not publish, for any reason, a closing level for the Reference Vol Index on Index Business Day \( t-1 \), then \( I_{t-1} \) shall be deemed to be equal to the closing level of the Reference Vol Index on the preceding day on which a closing level for the Reference Vol Index was published by the Reference Vol Index Sponsor.

**Reference Vol Index** = Hang Seng (Bloomberg code: HSI <Index>)

**Reference Vol Index Sponsor** = Hang Seng Indexes Company Limited, including its successors and assigns

\( s \) = The series of 120 Index Business Days ending on Selection Day \( k \)

\( Y_{i,s} \) = The 120 daily log-returns of Selected Constituent \( i \) “\( Y_{i,t} \)” for the 120 Index Business Days ending on Selection Day \( k \)

\( B_s \) = The 120 daily log-returns of the Reference Vol Index “\( B_t \)” for the 120 Index Business Days ending on Selection Day \( k \)

\( Y_i \) = A vector representing the 120 daily log-returns “\( Y_{i,s} \)” of Selected Constituent \( i \)

\( B \) = A vector representing the 120 daily log-returns “\( B_s \)” of the Reference Vol Index

\( N \) = 120

b. Calculate each element \( FCov(n, m) \) of the Forward-Looking Covariance Matrix, as follows:

\[
FCov(n, m) = \rho_{n,m} \times FVol_{n,k} \times FVol_{m,k}
\]

Where:
| n, m | Each possible combination of two Selected Constituents (i.e. n = 1, ..., M; m = 1, ..., M; including combinations where n=m) |
| M | The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (Selection of Constituents) above |
| $\rho_{n,m}$ | The correlation coefficient between the 120 daily log-returns $X_{n,s}$ of Selected Constituent n for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns $X_{m,s}$ of Selected Constituent m for the 120 Index Business Days ending on Selection Day k, calculated as follows: |
| $\text{Cov}(X_n, X_m)$ | The covariance between the 120 daily log-returns $X_{n,s}$ of Selected Constituent n for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns $X_{m,s}$ of Selected Constituent m for the 120 Index Business Days ending on Selection Day k, calculated as follows: |
| $\text{Var}(X_n)$ | Cov($X_n, X_n$) |
| $\text{Cov}(X_n, X_n)$ | The covariance between the 120 daily log-returns $X_{n,s}$ of the Selected Constituent n for the 120 Index Business Days ending on Selection Day k, calculated as follows: |
| $\overline{X_n}$ | The arithmetic average of the N daily log-returns $X_n$ |
| $\overline{X_m}$ | The arithmetic average of the N daily log-returns $X_m$ |
| $X_{n,t}$ | In Constituent Closing Level$_{n,t}$ Constituent Closing Level$_{n,t-1}$ |
| Constituent Closing Level \( m, t \) | = Constituent Closing Level (determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions) of Selected Constituent \( m \) on Index Business Day \( t \) (provided that if Index Business Day \( t \) is a Disrupted Day for Selected Constituent \( m \), then Constituent Closing Level \( m, t \) shall be deemed to be equal to the Constituent Closing Level of Selected Constituent \( m \) on the preceding Scheduled Trading Day for Selected Constituent \( m \) that was not a Disrupted Day for Selected Constituent \( m \)) |
| Constituent Closing Level \( n, t-1 \) | = Constituent Closing Level (determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions) of Selected Constituent \( n \) on the Index Business Day immediately preceding Index Business Day \( t \) (provided that if Index Business Day \( t-1 \) is a Disrupted Day for Selected Constituent \( n \), then Constituent Closing Level \( n, t-1 \) shall be deemed to be equal to the Constituent Closing Level of Selected Constituent \( n \) on the preceding Scheduled Trading Day for Selected Constituent \( n \) that was not a Disrupted Day for Selected Constituent \( n \)) |
| \( X_{m, t} \) | = \( \ln \frac{\text{Constituent Closing Level}_{m, t}}{\text{Constituent Closing Level}_{m, t-1}} \) |
| Constituent Closing Level \( m, t \) | = Constituent Closing Level (determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions) of Selected Constituent \( m \) on Index Business Day \( t \) (provided that if Index Business Day \( t \) is a Disrupted Day for Selected Constituent \( m \), then Constituent Closing Level \( m, t \) shall be deemed to be equal to the Constituent Closing Level of Selected Constituent \( m \) on the preceding Scheduled Trading Day for Selected Constituent \( m \) that was not a Disrupted Day for Selected Constituent \( m \)) |
| Constituent Closing Level \( m, t-1 \) | = Constituent Closing Level (determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions) of Selected Constituent \( m \) on the Index Business Day immediately preceding Index Business Day \( t \) (provided that if Index Business Day \( t-1 \) is a Disrupted Day for Selected Constituent \( m \), then Constituent Closing Level \( m, t-1 \) shall be deemed to be equal to the Constituent Closing Level of Selected Constituent \( m \) on the preceding Scheduled Trading Day for Selected Constituent \( m \) that was not a Disrupted Day for Selected Constituent \( m \)) |
| \( s \) | = The series of 120 Index Business Days ending on Selection Day \( k \) |
| \( X_{n, s} \) | = The 120 daily log-returns of Selected Constituent \( n \) “\( X_{n, t} \)”
<table>
<thead>
<tr>
<th>Symbol</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$X_{m,s}$</td>
<td>The 120 daily log-returns of Selected Constituent $m$ “$X_{m,t}$” for the 120 Index Business Days ending on Selection Day $k$</td>
</tr>
<tr>
<td>$X_n$</td>
<td>A vector representing the 120 daily log-returns “$X_{n,s}$” of Selected Constituent $n$</td>
</tr>
<tr>
<td>$X_m$</td>
<td>A vector representing the 120 daily log-returns “$X_{m,s}$” of Selected Constituent $m$</td>
</tr>
<tr>
<td>$N$</td>
<td>$120$</td>
</tr>
<tr>
<td>$FVol_{n,k}$</td>
<td>The Implied Volatility for Selected Constituent $n$ on Selection Day $k$, determined in the same manner as $FVol_{i,k}$ above</td>
</tr>
<tr>
<td>$FVol_{m,k}$</td>
<td>The Implied Volatility for Selected Constituent $m$ on Selection Day $k$, determined in the same manner as $FVol_{i,k}$ above</td>
</tr>
</tbody>
</table>

**Constructing the Trend-Following Covariance Matrix (“HCov”) of the Selected Constituents**

In this step, a second set of percentage weights is determined in respect of the Selected Constituents. As in the first step above, a covariance matrix is established to represent all of the Selected Constituents.

In order to compute the Trend-Following Covariance Matrix, instead of creating a covariance matrix based on the correlation and variance of the Selected Constituents with respect to historic volatility, a covariance matrix comparing the historic 40-day exponential moving average of the return of each Selected Constituent to the historic 40-day exponential moving average of the returns of all other Selected Constituents is established. The 40-day exponential moving average is observed for each of the Selected Constituents on each of the 120 Index Business Days ending on the relevant Selection Day.

The exponential moving average (“EMA”) is a type of moving average in which greater emphasis is given to the more recent history. Moving average itself is a concept in which an average value is obtained for a value observed at a specific frequency during a specific period (in this case the daily return of a Selected Constituent over the preceding 40 Index Business Days), and this average “moves” every day to record the average daily return of a Selected Constituent for the most recent 40 Index Business Days. In the calculations below, the “Decay Factor” is applied to the moving average, which results in the daily returns from more recent Index Business Days affecting the EMA to a greater extent than the daily returns from earlier Index Business Days (i.e. recent data are given more weight than older data). The EMA for a Selected Constituent will react more quickly to recent changes in daily returns than a simple moving average.

a. The Covariance Matrix for the Trend-Following Covariance Matrix is calculated as follows:
On each Selection Day \( k \), the Index Calculation Agent determines for each Selected Constituent \( i \) an historic exponential moving average return ("Exponential Moving Average Return") for each of the 159 Index Business Days ending on Selection Day \( k \), in accordance with the following formula:

\[
\text{EMA}_{i,s} = \text{X}_{i,s} \times \alpha + \text{EMA}_{i,s-1} \times (1 - \alpha)
\]

\( i = 1, \ldots M \)
\( s = t-H+1, \ldots t; \) where \( t = \) Selection Day \( k \)

Where:

<table>
<thead>
<tr>
<th>( \text{EMA}_{i,t-1} )</th>
<th>= The Exponential Moving Average Return of Selected Constituent ( i ) on the Index Business Day immediately preceding Index Business Day ( t )</th>
</tr>
</thead>
<tbody>
<tr>
<td>( \text{EMA}_{i,t-H+1} )</td>
<td>= The first Exponential Moving Average Return in the series for Selected Constituent ( i ) (i.e., ( \text{EMA}<em>{i, t-H+1} )) shall be equal to the log-return ( \text{X}</em>{i, t-H+1} )</td>
</tr>
<tr>
<td>( \alpha )</td>
<td>= ( 2/(K+1) )</td>
</tr>
<tr>
<td>( K )</td>
<td>= 40 (the “Decay Factor”)</td>
</tr>
<tr>
<td>( \text{X}_{i,t} )</td>
<td>= ( \ln \frac{\text{Constituent Closing Level}<em>{i,t}}{\text{Constituent Closing Level}</em>{i,t-1}} )</td>
</tr>
<tr>
<td>Constituent Closing Level ( i, t )</td>
<td>= Constituent Closing Level (determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions) of Selected Constituent ( i ) on Index Business Day ( t ) (provided that if Index Business Day ( t ) is a Disrupted Day for Selected Constituent ( i ), then Constituent Closing Level ( i, t ) shall be deemed to be equal to the Constituent Closing Level of Selected Constituent ( i ) on the preceding Scheduled Trading Day for Selected Constituent ( i ) that was not a Disrupted Day for Selected Constituent ( i ))</td>
</tr>
<tr>
<td>Constituent Closing Level ( i, t-1 )</td>
<td>= Constituent Closing Level (determined in accordance with Section B (Valuations and Adjustments) of the Index General Conditions) of Selected Constituent ( i ) on the Index Business Day immediately preceding Index Business Day ( t ) (provided that if Index Business Day ( t-1 ) is a Disrupted Day for Selected Constituent ( i ), then Constituent Closing Level ( i, t-1 ) shall be deemed to be equal to the Constituent Closing Level of Selected Constituent ( i ) on the preceding Scheduled Trading Day for Selected Constituent ( i ) that was not a Disrupted Day for Selected Constituent ( i ))</td>
</tr>
<tr>
<td>( H )</td>
<td>= 159</td>
</tr>
</tbody>
</table>
b. Calculate each element $\text{H Cov}(n, m)$ of the Trend-Following Covariance Matrix, as follows:

$$
\text{H Cov}(n, m) = \text{cov}(\text{EMA}_n, \text{EMA}_m) \times 252
$$

Where the Exponential Moving Average Returns for each of the 120 Index Business Days preceding the relevant Selection Day are used in the Trend-Following Covariance Matrix:

| n, m | = Each possible combination of two Selected Constituents (i.e. n = 1, ..., M; m = 1, ..., M; including combinations where n=m) |
| M | = The number of Selected Constituents determined on Selection Day $k$ in accordance with the methodology described in paragraph 2.1 (Selection of Constituents) above |
| \text{cov}(\text{EMA}_n, \text{EMA}_m) | = The covariance between the 120 Exponential Moving Average Returns “EMA}_{n, s}” of Selected Constituent n for each of the 120 Index Business Days ending on Selection Day $k$ and the 120 Exponential Moving Average Returns “EMA}_{m, s}” of Selected Constituent m for each of the 120 Index Business Days ending on Selection Day $k$, calculated as follows:

$$
\sum_{s=1}^{N} \left( \text{EMA}_{n, s} - \overline{\text{EMA}}_n \right) \times \left( \text{EMA}_{m, s} - \overline{\text{EMA}}_m \right)
$$

where $t=k$ and $N=120$ |
| \text{EMA}_{n, s} | = The 120 Exponential Moving Average Returns of Selected Constituent n “EMA}_{n, t}” for the 120 Index Business Days ending on Selection Day $k$ |
| \text{EMA}_{m, s} | = The 120 Exponential Moving Average Returns of Selected Constituent m “EMA}_{m, t}” for the 120 Index Business Days ending on Selection Day $k$ |
| \overline{\text{EMA}}_n | = The arithmetic average of the N Exponential Moving Average Returns “EMA}_{n, s}” |
| \overline{\text{EMA}}_m | = The arithmetic average of the N Exponential Moving Average Returns “EMA}_{m, s}” |
| N | = 120 |
| s | = The series of 120 Index Business Days ending on Selection Day $k$ |
(3) **Optimization routine to find Equal-Contribution Weights of the Selected Constituents**

Once the covariance matrices are populated in accordance with the formulae in Steps 1 and 2 above, a vector of percentage weights is determined for each covariance matrix, using an optimization model.

The optimization model is used to find the combination of percentage weights for the Selected Constituents that results in the risk contribution of each Selected Constituent being equal. Within the optimization model, the risk contribution of a Selected Constituent is defined as the sensitivity of the volatility of the Selected Constituents collectively to a change in the relative value of the Percentage Weight of the individual Selected Constituent.

To equalize the risk contribution of the Selected Constituents, the model compares the change in the risk contribution of the portfolio of Selected Constituents to a relative change in the Percentage Weight of a Selected Constituent (the "**Constituent Risk Sensitivity**") with the Constituent Risk Sensitivity of each other Selected Constituent, on a pair by pair basis. For example, if there are three Selected Constituents A, B and C, this means there are three pairs: A paired with B, A paired with C and B paired with C. The model finds Percentage Weights for the Selected Constituents in which the pair by pair comparison for all of the Selected Constituents delivers a result in which the Constituent Risk Sensitivity of each Selected Constituent is equal to the Constituent Risk Sensitivity of each other Selected Constituent.

Each vector of weights “w” (and in relation to each covariance matrix, $w_1$ and $w_2$) is computed by the same optimization routine, which aims at solving the following non-linear optimization problem under constraints:

$$w_{\text{opt}} = \arg \min f(w)$$

$$f(w) = \sum_{n=1}^{M} \sum_{m=n+1}^{M} \left( w_n \times \left( \sum_{i=1}^{M} \sigma_{n,i} \times w_i \right) - w_m \times \left( \sum_{i=1}^{M} \sigma_{m,i} \times w_i \right) \right)^2$$

subject to:

$$\sum_{i=1}^{M} w_i = 1$$

$$0 \leq w_i \leq 1; i = 1, \ldots, M$$

where $\sigma_n$ and $\sigma_m$ represent the elements (n,m) of Selected Constituent i in the relevant covariance matrix.

The first set of percentage weights $w_1$ is computed using the Forward-Looking (or Implied) Covariance Matrix in the optimization problem.

The second set of percentage weights $w_2$ is computed using the Trend-Following (or Historic) Covariance Matrix in the optimization problem.

The percentage weights determined according to this process are carried to step four below.
(4) Blending the two sets of percentage weights: determination of the Selected Constituent Percentage Weights

The final Percentage Weights for each Selected Constituent (vector W) is determined as follows:

a. computation of the uncapped percentage weights \( (W_{U}) \)

The percentage weights computed for each Selected Constituent as part of the Forward-Looking Covariance Matrix and the Trend-Following Covariance Matrix are then combined and divided by two in accordance with the following formula, so that each Selected Constituent has a blended (average) uncapped percentage weight \( (W_{U}) \):

\[
W_{U_i} = \frac{w_{1i} + w_{2i}}{2}
\]

b. computation of the normalized uncapped percentage weights \( (W_{UN}) \)

Although the sum of the percentage weights calculated in respect of each covariance matrix should individually equal 100%, the percentage weights attributed to each Selected Constituent may mean that when they are combined and the average calculated as described above, the sum of the average percentage weights may deviate slightly from 100%. A further calculation is therefore made to normalize the uncapped percentage weights. This is achieved by calculating the percentage weight of each Selected Constituent as the quotient of each Selected Constituent's uncapped percentage weight divided by the sum of the uncapped percentage weights for all of the Selected Constituents.

\[
W_{UN_i} = \frac{W_{U_i}}{\sum_{i=1}^{M} W_{U_i}}
\]

c. determination of capped percentage weights – the Selected Constituent Percentage Weights \( (W_i) \)

Once normalized, the Selected Constituent percentage weights are subjected to an individual percentage weight cap of 10%. The excess percentage weight (the aggregate percentage weight in excess of 10% for all the Selected Constituents) is distributed among the remaining uncapped Selected Constituents in a ratio proportional to their uncapped percentage weights, subject to the same individual percentage weight cap of 10%.

The resulting percentage weights are the Percentage Weights of the Selected Constituents (a vector “W”) that will be applied in respect of the Index on the Rebalancing Date following the Selection Day on which these Percentage Weights are determined.

The normalized and uncapped percentage weights are ranked in decreasing percentage weight order, then the following rules are applied to each such percentage weight (for Selected Constituents \( i=1, \ldots, M \) where \( M \) is the number of Selected Constituents in respect of the relevant Selection Day) starting from the highest ranked such percentage weight \( (i=1, \text{ where } E_0 = 0) \):

1. If \( W_{UN_i} \geq 10\% \) then \( W_i = 10\% \) and \( E_i = E_{i-1} + W_{UN_i} - W_i \)
(2) If $W_{UNi} < 10\%$ then $W_i = \min \left\{ 10\%; W_{UNi} + \frac{E_{i-1} \times W_{UNi}}{\sum_{j=1}^{M} W_{UNj}} \right\}$

and $E_i = \max (E_{i-1} - (W_i - W_{UNi}); 0)$

Where:

$W_i$ = The Percentage Weight of Selected Constituent $i$

$W_{UNi}$ = The normalized uncapped percentage weight of Selected Constituent $i$

$W_{UNj}$ = The normalized uncapped percentage weight of Selected Constituent $j$, where Selected Constituent $j$ is a member of the subset of Selected Constituents for which $W_i$ has not yet been determined and $W_{UNi}$ is less than the individual weight cap of 10%. For example, if $M=100$, $i=40$ (being the Selected Constituent which is ranked 40th by normalized uncapped percentage weight, in decreasing order) and $W_{UN40} < 10\%$, then $j$ is each Selected Constituent $i$ (where $i=40,…,M$)

$E_i$ = The excess percentage weight in respect of Selected Constituent $i$

$\frac{W_{UNi}}{\sum_{j=1}^{M} W_{UNj}}$ = The proportionate rate to distribute the excess percentage weight to Selected Constituent $i$

$M$ = The number of Selected Constituents determined on Selection Day $k$ in accordance with the methodology described in paragraph 2.1 (Selection of Constituents) above

Max = Followed by a series of amounts separated by a semi-colon inside a set of brackets, means the greater of such amounts

Min = Followed by a series of amounts separated by a semi-colon inside a set of brackets, means the lesser of such amounts
3. ADDITIONAL REBALANCING EVENTS

3.1 Eligible Universe Index Removals

If a stock which is a Constituent of the Index is removed from the Eligible Universe Index (an “Eligible Universe Index Removal Event”), then such Constituent (a “Removed Constituent”) will be removed from the Index on the same day (an “Additional Rebalancing Date”).

The Percentage Weights of the remaining Constituents will be determined by the Index Calculation Agent in accordance with paragraph 3.3 (Determining the Percentage Weights of the remaining Constituents) below.

3.2 Regulatory Events

If either:

(a) the Index Sponsor or any of its Affiliates is required (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will be required) by any applicable law or regulation or policy to unwind positions in a stock which is a Constituent of the Index, or is not permitted (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will not be permitted) to establish or increase positions in such a stock; and/or

(b) due to any applicable law or regulation or policy, the Index Sponsor or the Index Calculation Agent is not permitted (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will not be permitted) to continue to sponsor or calculate, as applicable, an index comprising a stock which is a Constituent of the Index,

(each, a “Regulatory Event” and together with an Eligible Universe Index Removal Event, each an “Additional Rebalancing Event”), then such Constituent (a “Removed Constituent”) will be removed from the Index on the date (an “Additional Rebalancing Date”) designated by the Index Calculation Agent or the Index Sponsor (in which case the Index Sponsor will notify the relevant date to the Index Calculation Agent).

The Percentage Weights of the remaining Constituents will be determined by the Index Calculation Agent in accordance with paragraph 3.3 (Determining the Percentage Weights of the remaining Constituents) below.

3.3 Determining the Percentage Weights of the remaining Constituents

Upon the removal of one or more Removed Constituents from the Index on an Additional Rebalancing Date, the Percentage Weights of the remaining Constituents are scaled up such that the Percentage Weight of the Removed Constituent(s) is proportionally redistributed to the remaining Constituents in accordance with the following formula:

\[
W_{\text{rA}} = \frac{CPW_{\text{rA}}}{\sum_{i=1}^{n} CPW_{i,\text{rA}}}
\]

where:

\(W_{i,\text{rA}}\) = The Percentage Weight of remaining Constituent \(i\) which is applied upon the removal of the relevant Removed Constituent(s) on Additional Rebalancing Date \(rA\);
CPW_{i,A} = \text{The Current Percentage Weight of remaining Constituent } i \text{ in the Index on Additional Rebalancing Date } r_A \text{ prior to the removal of the Removed Constituent(s); and}

n = \text{The number of Constituents remaining in the Index after the removal of the relevant Removed Constituent(s),}

provided however that the Percentage Weight applied to a remaining Constituent \( i \) on an Additional Rebalancing Date shall not be greater than 10%. In the event that any such Percentage Weight determined in accordance with the formula above would be greater than 10%, then the Index Calculation Agent shall determine the Percentage Weights to be applied to each remaining Constituent \( i \) upon the removal of the relevant Removed Constituent(s) on Additional Rebalancing Date \( r_A \), in accordance with the formula set out in paragraph 2.2(4)c. (determination of capped percentage weights – the Selected Constituent Percentage Weights \(( W_i )\) of this Part D that is used in the final step of determining the capped Percentage Weights of Selected Constituents on each Selection Day, as if the relevant Additional Rebalancing Date was a Selection Day and the remaining Constituents \( i \) were ranked in decreasing Current Percentage Weight order.

4. REFERENCE INDEX ADJUSTMENTS

4.1 Successor Reference Index and Successor Reference Index Sponsor

If a Reference Index is (i) not calculated and announced by the relevant Reference Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Reference Index, then in each case that index (the “Successor Reference Index”) will be deemed to be the relevant Reference Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

4.2 Reference Index Modification and Reference Index Cancellation

If a Reference Index Sponsor announces that it will make a material change in the formula for or method of calculating a Reference Index or in any other way materially modifies that Reference Index (other than a modification prescribed in that formula or method to maintain that Reference Index in the event of changes in constituent stock and capitalization and other routine events) (a “Reference Index Modification”) or permanently cancels that Reference Index and no Successor Reference Index exists (a “Reference Index Cancellation” and, together with a Reference Index Modification, each a “Reference Index Adjustment Event”), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Reference Index that has substantially similar characteristics to the Reference Index that is being replaced, having regard to the manner in which such Reference Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.
4.3 **Cancellation of Reference Index license**

If, in respect of a Reference Index, a license granted (if required) to the Index Sponsor and/or the Index Calculation Agent and/or any of their respective Affiliates, to use such Reference Index in connection with the Index is terminated, or any such entity’s right to use such Reference Index in connection with calculating the Index is otherwise disputed, impaired or ceased for any reason, then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Reference Index that has substantially similar characteristics to the Reference Index that is being replaced, having regard to the manner in which such Reference Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

4.4 **Corrections of published levels, prices, rates or values in respect of a Reference Index**

If, in respect of a Reference Index, any level, price, rate or value (as applicable) in respect of such Reference Index or any related derivative or other related instrument, for any time on any day, which is announced by or on behalf of the person or entity responsible for such publication or announcement and which is used for any calculation or determination in respect of the Index, is subsequently corrected, and such correction (the “Corrected Level”) is published by or on behalf of such person or entity within two Index Business Days after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Reference Index, related derivative or other related instrument (as the case may be) for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, make appropriate adjustments to the Index and the Index Level for the relevant Index Business Day(s).

4.5 **Reference Index Definitions**

“Reference Index” means each of the Eligible Universe Index and the Reference Vol Index.

“Reference Index Sponsor” means, in respect of a Reference Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Reference Index and (b) announces (directly or through an agent) the level of such Reference Index.
Part E: Dividends, Stock Splits and Rights Issues
Dividends, Stock Splits and Rights Issues

Upon the occurrence of a Dividend Adjustment Event, a Stock Split Adjustment Event or a Rights Issue Adjustment Event (each as defined below), the Index Calculation Agent will make the appropriate adjustments to the composition of the Index including, in particular, the Weights of the Constituents, in accordance with the methodology set out in this Part E (Dividends, Stock Splits and Rights Issues).

For the avoidance of doubt, Dividend Adjustment Events, Stock Split Adjustment Events and Rights Issue Adjustment Events shall be treated in the manner described in this Part E (Dividends, Stock Splits and Rights Issues) and shall not constitute Adjustment Events (as described in Section B (Valuations and Adjustments) and Section F (Constituent Schedule: Share) of the Index General Conditions) for the purpose of the Index Conditions.

1. DIVIDEND ADJUSTMENTS (REGULAR DIVIDENDS: CASH AND/OR STOCK DIVIDENDS)

Following the declaration by the issuer of any Constituent of a Dividend (as defined below) (a “Dividend Adjustment Event”), the Index Calculation Agent shall adjust the Weight of such Constituent on the Index Business Day following the Ex-Dividend Date (as defined below) in relation to such Dividend in accordance with the formula set out below.

The Weight of the relevant Constituent shall be adjusted such that:

\[
\text{Weight}_{i, \text{ex}+1} = \text{Weight}_{i, \text{ex}} \times \left( 1 + \frac{\text{Dividend Percentage}_i \times \text{Dividend Amount}_i}{\text{Constituent Closing Level}_{i, \text{ex}-1} - \text{Dividend Amount}_i} \right)
\]

where:

- \(\text{Weight}_{i, \text{ex}+1}\) = Weight of Constituent \(i\) on the Index Business Day immediately following the applicable Ex-Dividend Date.
- \(\text{Weight}_{i, \text{ex}}\) = Weight of Constituent \(i\) on the applicable Ex-Dividend Date (or, if such day is not an Index Business Day, on the immediately preceding Index Business Day).
- \(\text{Dividend Percentage}_i\) = The applicable Dividend Percentage (as defined below).
- \(\text{Dividend Amount}_i\) = The applicable Dividend Amount (as defined below).
- \(\text{Constituent Closing Level}_{i, \text{ex}-1}\) = Constituent Closing Level of Constituent \(i\) on the Index Business Day immediately preceding the applicable Ex-Dividend Date.

“Dividend” means, in respect of a Constituent, any regular dividend (in the form of a cash dividend and/or a scrip (stock) dividend) declared by the issuer of such Constituent for which the Ex-Dividend Date falls on any day after the Index Start Date (excluding any Extraordinary Dividend).
“Dividend Amount” means, in respect of a Dividend:

(1) if such Dividend is a cash dividend, 100% of the gross cash dividend per one stock as declared by the issuer of the relevant Constituent, before the withholding or deduction of taxes at source by or on behalf of any applicable authority having power to tax in respect of such a dividend (an “Applicable Authority”), and shall exclude (a) any imputation or other credits, refunds or deductions granted by an Applicable Authority (together, the “Credits”), and (b) any taxes, credits, refunds or benefits imposed, withheld, assessed or levied on the Credits referred to in (a) above (converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published).

(2) if such Dividend is a non-cash dividend, an amount per one stock equal to the cash value declared by the issuer of the relevant Constituent (whether or not such non-cash dividend includes stock that are the Constituent) or, if no cash value is declared by the issuer of the relevant Constituent, the cash value of such non-cash dividend as determined by the Index Calculation Agent, calculated by reference, where available, to the closing price of any stocks or the Constituent Closing Level (as the case may be) comprising such non-cash dividend on the last trading day immediately preceding the relevant Ex-Dividend Date, taking into account (where such non-cash dividend consists of the stock of the Constituent) any diluting effect on the theoretical value of the Constituent stock resulting from such non-cash dividend. The cash value of a non-cash dividend shall be converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published.

“Dividend Percentage” means, in respect of a Dividend Amount, the Dividend Percentage specified by the Index Sponsor from time to time in respect of the country or jurisdiction in which the issuer of the relevant Constituent is domiciled for tax purposes. As of the date of this Index Methodology, the Dividend Percentage in respect of Hong Kong is 100%. The Index Sponsor shall notify the Index Calculation Agent of any change in the Dividend Percentage applicable to any country or jurisdiction, in which case the current Dividend Percentage will be published by the Index Calculation Agent on the Index Electronic Page and available from the Index Sponsor.

“Ex-Dividend Date” means, in respect of a stock and a dividend payment which has been announced by the issuer of such stock, the first day on which a purchaser of such stock will not be entitled to receive the relevant dividend payment, as fixed by the issuer of such stock and/or the primary exchange on which such stock is traded.

“Extraordinary Dividend” has the meaning given to such term in the Index General Conditions and will generally include any dividend which is described as “special”, “extra”, “irregular” or a “return of capital”.

“FX Rate” means, in respect of the notional exchange of one currency to another currency, the applicable WM/Reuters “Closing Spot Rate” as published by The World Markets Company plc in conjunction with Reuters at approximately 4.00 p.m. (London time) on the Ex-Dividend Date or, if such rate is discontinued or unavailable on the relevant day for any reason, such other exchange rate for the relevant currency conversion as the Index Calculation Agent shall determine appropriate by reference to an alternative foreign exchange rate service.

2. DIVIDEND ADJUSTMENTS (EXTRAORDINARY DIVIDENDS, BONUS SHARES)

Following the declaration by the issuer of any Constituent of an Extraordinary Dividend (as defined below) (a “Dividend Adjustment Event”), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Dividend Date (as defined below) in relation to such Extraordinary Dividend in accordance with the formula set out below. If such Ex-Dividend Date is
not an Index Business Day, the adjustment shall be made on the next following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

\[
\text{Weight}_{i, \text{ex}} = \text{Weight}_{i, \text{ex-1}} \times \left( 1 + \frac{\text{Dividend Percentage}_i \times \text{Extra Dividend Amount}_i}{\text{Constituent Closing Level}_{i, \text{ex-1}} - \text{Extra Dividend Amount}_i} \right)
\]

where:

\[
\text{Weight}_{i, \text{ex}} = \text{Weight of Constituent } i \text{ on the applicable Ex-Dividend Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).}
\]

\[
\text{Weight}_{i, \text{ex-1}} = \text{Weight of Constituent } i \text{ on the Index Business Day immediately preceding the applicable Ex-Dividend Date.}
\]

\[
\text{Dividend Percentage}_i = \text{The applicable Dividend Percentage (as defined below).}
\]

\[
\text{Extra Dividend Amount}_i = \text{The applicable Extraordinary Dividend Amount (as defined below).}
\]

\[
\text{Constituent Closing Level}_{i, \text{ex-1}} = \text{Constituent Closing Level of Constituent } i \text{ on the Index Business Day immediately preceding the applicable Ex-Dividend Date.}
\]

“Extraordinary Dividend” means (i) an “Extraordinary Dividend”, as such term is defined in the Index General Conditions and will generally include any dividend (in the form of a cash dividend and/or a scrip (stock) dividend) which is described as “special”, “extra”, “irregular” or a “return of capital”; or (ii) a free distribution or dividend of stock of such Constituent to existing holders by way of bonus, capitalization or similar issue, for which in each case the applicable Ex-Dividend Date falls on any day after the Index Start Date.

“Extraordinary Dividend Amount” means, in respect of an Extraordinary Dividend:

(1) if such Dividend is a cash dividend, 100% of the gross cash dividend per one stock as declared by the issuer of the relevant Constituent, before the withholding or deduction of taxes at source by or on behalf of any applicable authority having power to tax in respect of such a dividend (an “Applicable Authority”), and shall exclude (a) any imputation or other credits, refunds or deductions granted by an Applicable Authority (together, the “Credits”), and (b) any taxes, credits, refunds or benefits imposed, withheld, assessed or levied on the Credits referred to in (a) above (converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Extraordinary Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published).

(2) if such Extraordinary Dividend is a non-cash dividend, an amount per one stock equal to the cash value declared by the issuer of the relevant Constituent (whether or not such non-cash dividend includes stock that are the Constituent) or, if no cash value is declared by the issuer of the relevant Constituent, the cash value of such non-cash dividend as
determined by the Index Calculation Agent, calculated by reference, where available, to the closing price of any stocks or the Constituent Closing Level (as the case may be) comprising such non-cash dividend on the last trading day immediately preceding the relevant Ex-Dividend Date, taking into account (where such non-cash dividend consists of the stock of the Constituent) any diluting effect on the theoretical value of the Constituent stock resulting from such non-cash dividend. The cash value of a non-cash dividend shall be converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Extraordinary Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published.

“Dividend Percentage” means, in respect of an Extraordinary Dividend Amount, the Dividend Percentage specified by the Index Sponsor from time to time in respect of the country or jurisdiction in which the issuer of the relevant Constituent is domiciled for tax purposes. As of the date of this Index Methodology, the Dividend Percentage in respect of Hong Kong is 100%. The Index Sponsor shall notify the Index Calculation Agent of any change in the Dividend Percentage applicable to any country or jurisdiction, in which case the current Dividend Percentage will be published by the Index Calculation Agent on the Index Electronic Page and available from the Index Sponsor.

“Ex-Dividend Date” means, in respect of a stock and an Extraordinary Dividend, the first day on which a purchaser of such stock will not be entitled to receive the relevant Extraordinary Dividend Amount, as fixed by the issuer of such stock and/or the primary exchange on which such stock is traded.

“FX Rate” means, in respect of the notional exchange of one currency to another currency, the applicable WM/Reuters “Closing Spot Rate” as published by The World Markets Company plc in conjunction with Reuters at approximately 4.00 p.m. (London time) on the Ex-Dividend Date or, if such rate is discontinued or unavailable on the relevant day for any reason, such other exchange rate for the relevant currency conversion as the Index Calculation Agent shall determine appropriate by reference to an alternative foreign exchange rate service.

3. DIVIDEND RECOVERY

If, in respect of a Dividend or an Extraordinary Dividend, (a) the gross cash or non-cash dividend declared or estimated by the issuer of the relevant Constituent (a “Declared Dividend”) to holders of record of the stock in the Constituent is not equal to the gross amount deemed to be paid by the issuer of such Constituent (notwithstanding that such payment is made to either any relevant taxing authority or holders of record) in respect of such Dividend (a “Dividend Mismatch Event”) or (b) the issuer of the relevant Constituent fails to make any payment or delivery in respect of that Declared Dividend by the third Index Business Day following the relevant due date, then in either case the Index Calculation Agent may (but shall not be obliged to) determine:

(i) any appropriate adjustment to be made to the Index, including the Weight of any Constituent, to account for that Dividend Mismatch Event or non-payment or non-delivery, as the case may be; and

(ii) the effective date of any such adjustment.

In the event that an issuer of a Constituent makes a payment or delivery in respect of a Dividend or an Extraordinary Dividend that has already been the subject of an adjustment in accordance with this paragraph 3 (Dividend Recovery), the Index Calculation Agent shall determine any appropriate adjustment(s) to be made in respect of the Index in order to account for the economic effect of such subsequent payment or delivery.
4. STOCK SPLIT ADJUSTMENTS

Following the declaration by the issuer of a Constituent of a Stock Split (as defined below) (a "Stock Split Adjustment Event"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Date (as defined below) in relation to such Stock Split in accordance with the formula set out below. If such Ex-Date is not an Index Business Day, the adjustment shall be made on the next following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,\text{ex}} = \text{Weight}_{i,\text{ex-1}} \times \text{Split Ratio}_i$$

where:

- \(\text{Weight}_{i,\text{ex}}\) = Weight of Constituent i on the applicable Ex-Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).
- \(\text{Weight}_{i,\text{ex-1}}\) = Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Date.
- \(\text{Split Ratio}_i\) = In respect of the applicable Stock Split, the ratio of the new total number of shares (B) for the old total number of shares (A) (e.g., split ratio=B/A) in respect of the Constituent i.

"Ex- Date" means, in respect of a Stock Split in respect of a Constituent, the effective date of such Stock Split, as fixed by the issuer of such Constituent and/or the primary exchange on which such Constituent is traded.

"Stock Split" means, in respect of a Constituent, a stock split, subdivision, reverse stock split, consolidation or similar reclassification of the stock of such Constituent, for which the Ex-Date falls on any day after the Index Start Date.

5. RIGHTS ISSUE ADJUSTMENTS

Following the declaration by the issuer of a Constituent of a Rights Issue (as defined below) (a "Rights Issue Adjustment Event"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Rights Date (as defined below) in relation to such Rights Issue in accordance with the formula set out below. If such Ex-Rights Date is not an Index Business Day, the adjustment shall be made on the following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,\text{ex}} = \text{Weight}_{i,\text{ex-1}} \times \frac{1 + N_i}{1 + \left(\frac{S_i}{\text{Constituent Closing Level}_{i,\text{ex-1}}}\right) \times N_i}$$

where:

- \(\text{Weight}_{i,\text{ex}}\) = Weight of Constituent i on the applicable Ex-Rights Date (or, if such day is not an Index Business Day, on the
immediately following Index Business Day).

\[
\text{Weight}_{i,\text{ex-1}} = \text{Weight of Constituent } i \text{ on the Index Business Day immediately preceding the applicable Ex-Rights Date.}
\]

\[
N_i = \text{In respect of the applicable Rights Issue, the rights ratio in respect of such Rights Issue of Constituent } i, \quad N = \frac{B}{A}
\]

where \(A\) is the number of existing stocks and \(B\) is the number of new stocks entitlement.

\[
S_i = \text{In respect of the applicable Rights Issue, the subscription price per stock in Constituent } i.
\]

\[
\text{Constituent Closing Level}_{i,\text{ex}} = \text{Constituent Closing Level of Constituent } i \text{ on the Index Business Day for Constituent } i \text{ immediately preceding the Ex-Rights Date.}
\]

“Ex-Rights Date” means, in respect of a Rights Issue in respect of a Constituent, the first day on which a purchaser of such stock would not be entitled to participate in such Rights Issue, as fixed by the issuer of such Constituent and/or the primary exchange on which such Constituent is traded.

“Rights Issue” means, in respect of a Constituent, a distribution to existing holders of such Constituent of any stock, rights or warrants to purchase shares of such Constituent, in any case for payment (whether in cash or otherwise) at less than their prevailing market price or any other similar event as determined by the Index Calculation Agent and for which the Ex-Rights Date falls on any day after the Index Start Date.
Part F: Data
Data

(As at the Index Launch Date)

The Index shall operate with reference to an Eligible Universe. This Part F sets out the classification and particulars of each Eligible Constituent.

1. Eligible Universe

<table>
<thead>
<tr>
<th>Eligible Universe</th>
<th>Bloomberg Ticker</th>
<th>Eligible Universe Sponsor</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Hong Kong BMI Price Return Index USD (the “Eligible Universe Index”)</td>
<td>SBBCHKU &lt;Index&gt;</td>
<td>Standard &amp; Poor’s</td>
</tr>
</tbody>
</table>

2. Eligible Constituents

<table>
<thead>
<tr>
<th>Eligible Constituents</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each constituent of the Eligible Universe from time to time (subject to paragraph 2.1 (Selection of Constituents) in Part D (Calculation of the Index Level) above)</td>
<td>Share</td>
</tr>
</tbody>
</table>

3. Particulars in respect of each Eligible Constituent

<table>
<thead>
<tr>
<th>Exchange(s)</th>
<th>Related Exchange(s)</th>
<th>Constituent Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>As defined in Section F (Constituent Schedule: Share) of the Index General Conditions</td>
<td>All Exchanges</td>
<td>Share</td>
</tr>
</tbody>
</table>

4. Additional Data

<table>
<thead>
<tr>
<th>Maximum Percentage Weight (as at each Selection Day)</th>
<th>Notional Replication Cost</th>
<th>Notional Spread</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>
5. Adjustment Elections

<table>
<thead>
<tr>
<th></th>
<th>Scheduled Valuation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rebalancing Date</td>
</tr>
<tr>
<td>Adjustments (Scheduled Trading Days: “holidays”):</td>
<td>Move In Block</td>
</tr>
<tr>
<td>Adjustments (Disrupted Days):</td>
<td>Value What You Can</td>
</tr>
<tr>
<td>Valuation Roll (Disrupted Days):</td>
<td>5</td>
</tr>
</tbody>
</table>

In cases where a scheduled Selection Day is postponed due to the occurrence or existence of a Disrupted Day, an Index Level for the day which was originally scheduled to be the Selection Day will be determined in accordance with the methodology set out in the column headed “Other”.

6. Defined Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index Business Day:</td>
<td>Each day which is (1) a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in London and the principal financial centre of the Index Base Currency; and (2) a Scheduled Trading Day for each Constituent.</td>
</tr>
<tr>
<td>Index Valuation Time:</td>
<td>In respect of an Index Business Day, 11.00 p.m. (London time) on such Index Business Day, or such later time that the Index Calculation Agent may determine with the consent of the Index Sponsor.</td>
</tr>
<tr>
<td>Rebalancing Date:</td>
<td>The third Index Business Day following each Selection Day, subject to adjustment in accordance with section 5 (Adjustment Elections) above.</td>
</tr>
<tr>
<td>Selection Day:</td>
<td>The first Index Business Day of each January, April, July and October, commencing on the first Index Business Day of January 2001, subject to adjustment in accordance with section 5 (Adjustment Elections) above.</td>
</tr>
<tr>
<td>Scheduled Valuation Date:</td>
<td>Each Index Business Day.</td>
</tr>
</tbody>
</table>
Part G: Specific Risks
Specific Risks

This Part G does not describe all of the risks arising in respect of the Index. Please refer to Section C (General Risks) of the Index General Conditions for a discussion of further risks arising in respect of the Index.

STRATEGY RISK

The Citi Volatility Balanced Beta methodology used by the Index employs a quantitative risk-weighting strategy that determines the percentage weights of the Constituents on a quarterly basis such that the risk contribution of each Constituent is equal. This strategy is designed with the aim of providing diversification among the selected Constituents, with lower volatility, when compared to an equivalent equal-weighted or market capitalization-weighted index. However, there is no guarantee that this will be the case, especially over short periods. In particular, the benefits of the Index strategy may only become apparent over a long period and may underperform market capitalization-weighted indices during an upward trend in the investment cycle.

Investors in Index Linked Products should be aware of this limitation in considering their investment decision.

VOLATILITY AS A MEASURE FOR RISK

In determining the risk contribution of each Constituent, the methodology used by the Index relies exclusively on market price volatility as a measure of risk. Although market prices may in theory reflect all available public information, this may not always be the case. Furthermore, there are many types of risk inherent in an equity investment. The Index does not attempt to identify or quantify any specific risks which may be relevant to a stock, sector, industry, country or region, such as commercial, operational, credit, financing, macro, political, regulatory or legal risks. The reliance of the Index solely on volatility as a measure of risk may fail to accurately identify and account for specific risks or fail to adjust for overall risk in line with the objectives of the Index.

INDEX METHODOLOGY LIMITATIONS

The performance of the Index is dependent on the pre-defined rules-based methodology set out in the Index Conditions. There is no assurance that other methodologies for calculating equal risk-contribution would not result in better performance than the Citi Volatility Balanced Beta methodology.

The Index weights assigned to the Constituents are equally dependent on the percentage weights which the optimization model used by the Index determines would achieve (a) an equal implied risk contribution for each Constituent, and (b) an equal trend-following risk contribution for each Constituent. There can be no assurance that this particular blend of implied and historic volatilities and correlations will be successful over any particular period of time.

CONCENTRATION RISK

The Citi Volatility Balanced Beta methodology used by the Index to identify weights for the Constituents on a quarterly basis will not necessarily result in a less concentrated equity market exposure that the Eligible Universe Index. The Index may be more or less concentrated than the Eligible Universe Index or any benchmark equity index.

The Index methodology limits the maximum weight of each Constituent to 10%, with a resulting reallocation to the other Constituents in the event that the Citi Volatility Balanced Beta methodology would allocate a weight in excess of 10% for any Constituent. While this individual weight constraint is designed...
to limit a concentration of exposures, it remains possible that a number of Constituents could all be assigned a weight of 10%.

**PERFORMANCE RISK**

The Index may underperform other indices with the same constituents, where those other indices employ a different weighting scheme. The Citi Volatility Balanced Beta methodology uses a risk-contribution weighting methodology with the aim of improving risk-adjusted returns. The methodology does not seek to outperform the Eligible Universe Index or any other equity benchmark in absolute terms.

**REBALANCING FREQUENCY LIMITATIONS**

The frequency of rebalancing of the Index is quarterly. The Citi Volatility Balanced Beta optimization model only evaluates the Constituents on the quarterly Selection Days which precede the Rebalancing Dates, which means that new weights are only determined on these days.

As the Constituent Closing Level, historic volatility and exponential moving average of each Constituent and the Index Level itself all move daily, the equal contribution to risk that is determined on a Selection Day may no longer be accurate or valid on any other Index Business Day. As a result, the weights of the Constituents between Rebalancing Dates may deviate significantly from the weights which would be required for the Constituents to contribute equally to risk on an ongoing basis. In particular, the Index may not achieve its objectives during periods of significant change in the volatilities of individual stocks and/or the correlations between stocks. For example, (i) if a group of Constituents which have historically exhibited lower than average volatilities (and have therefore been assigned relatively higher weights by the Index methodology) undergo a sudden increase in volatility; or (ii) if a group of Constituents which have historically exhibited a lower than average correlation with other Constituents (and have therefore been assigned relatively higher weights by the Index methodology) undergo a sudden increase in correlation, the Index may deviate substantially from the theoretical equal risk-contribution weighting scheme.

**FIXED ALGORITHMIC MODEL PARAMETERS**

In common with all algorithmic strategies, the Index uses a rules-based methodology which contains fixed parameters. For example, (i) implied volatilities are calculated by reference to 120 daily log-return observations of the Constituents and the 3-month implied spot volatility of a benchmark equity index, and (ii) historic volatilities are calculated by reference to 120 daily exponential moving average observations where each exponential moving average is calculated for a period of 40 Index Business Days. The Index methodology assumes that these observation periods and other fixed parameters are reasonable in the context of the Index, however, alternative parameters could have a positive effect on the performance of the Index.

**OPTIMIZATION MODEL PRECISION**

The Citi Volatility Balanced Beta methodology employs an optimization algorithm to determine the weights to be applied to the Constituents on each Rebalancing Date. The optimization algorithm is a complex calculation model which is sensitive to the precision of both the original inputs and the interim calculations. Each of these are in turn dependent on the rounding conventions used in the financial market for the primary data and the rounding conventions determined appropriate by the Index Calculation Agent at each stage of the calculation process.

**LIMITED OPERATING HISTORY**

The Index was launched by the Index Sponsor on the specified Index Launch Date and has been calculated by the Index Calculation Agent for the period from the specified Index Start Date. Any back-testing or similar performance analysis performed by any person in respect of the Index must be
considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level.

This list of risk factors is not intended to be exhaustive. All persons should seek such advice as they consider necessary from their professional advisors, investment, legal, tax or otherwise, without reliance on the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates or any of their respective directors, officers, employees, representatives, delegates and agents.
Part H : Index Specific Disclaimers
Index Specific Disclaimers

Hang Seng Disclaimer
The Hang Seng Index (the “Index(es)”) is/are published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark(s) and name(s) “Hang Seng Index” are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index(es) by any issuer in connection with any Index Linked Product (the “Product”), but neither Hang Seng Indexes Company Limited nor Hang Seng Data Services Limited warrants or represents or guarantees to any broker or holder of any Product or any other person (i) the accuracy or completeness of any of the index(es) and its computation or any information related thereto; or (ii) the fitness or suitability for any purpose of any of the index(es) or any component or data comprised in it; or (iii) the results which may be obtained by any person from the use of any of the index(es) or any component or data comprised in it for any purpose, and no warranty or representation or guarantee of any kind whatsoever relating to any of the index(es) is given or may be implied. The process and basis of computation and compilation of any of the Index(es) and any of the related formulae or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. To the extent permitted by applicable law, no responsibility or liability is accepted by Hang Seng Indexes Company Limited or Hang Seng Data Services Limited (i) in respect of the use of and/or reference to any of the index(es) by the issuer of any Product; or (ii) for any inaccuracies, omissions, mistakes or errors of Hang Seng Indexes Company Limited in the computation of any of the index(es); or (iii) for any inaccuracies, omissions, mistakes, errors or incompleteness of any information used in connection with the computation of any of the index(es) which is supplied by any other person; or (iv) for any economic or other loss which may be directly or indirectly sustained by any broker or holder of any Product or any other person dealing with any Product as a result of any of the aforesaid, and no claims, actions or legal proceedings may be brought against Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited in connection with any Product in any manner whatsoever by any broker, holder or other person dealing with any Product. Any broker, holder or other person dealing with any Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

Standard & Poor’s Disclaimer
Products linked to the Citi Volatility Balanced Beta (VIBE) Equity Hong Kong Net Total Return Index (“Products”) are not sponsored, endorsed, sold or promoted by Standard & Poor’s Financial Services LLC (“S&P”), its affiliates or its third party licensors. Neither S&P, its affiliates nor their third party licensors make any representation or warranty, express or implied, to the owners of the Products or any member of the public regarding the advisability of investing in securities generally or in the Products particularly or the ability of the Citi Volatility Balanced Beta (VIBE) Equity Hong Kong Net Total Return Index (the “Index”) to track general stock market performance. S&P’s and its third party licensor’s only relationship to Citigroup Global Markets Limited is the licensing of certain trademarks, service marks and trade names of S&P and/or its third party licensors and for the providing of calculation and maintenance services related to the Index. Neither S&P, its affiliates nor their third party licensors is responsible for and has not participated in the determination of the prices and amount of any Product or the timing of the issuance or sale of any Product or in the determination or calculation of the equation by which the Products is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Products.

NEITHER S&P, ITS AFFILIATES NOR THEIR THIRD PARTY LICENSORS GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P, ITS AFFILIATES AND THEIR THIRD PARTY LICENSORS SHALL NOT BE SUBJECT
TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO ITS TRADEMARKS, THE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P, ITS AFFILIATES OR THEIR THIRD PARTY LICENSORS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC. “Calculated by S&P Custom Indices” and its related stylized mark are service marks of Standard & Poor’s Financial Services LLC and have been licensed for use by Citigroup Global Markets Limited.
Index General Conditions

18 November 2011
# Table of Contents

<table>
<thead>
<tr>
<th>Section A:</th>
<th>Introduction</th>
<th>48</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section B:</td>
<td>Valuations and Adjustments</td>
<td>51</td>
</tr>
<tr>
<td>Section C:</td>
<td>General Risks</td>
<td>55</td>
</tr>
<tr>
<td>Section D:</td>
<td>Definitions</td>
<td>63</td>
</tr>
<tr>
<td>Section E:</td>
<td>Miscellaneous</td>
<td>67</td>
</tr>
<tr>
<td>Section F:</td>
<td>Constituent Schedule</td>
<td>71</td>
</tr>
</tbody>
</table>
Section A: Introduction
Introduction

This document constitutes the Index General Conditions applicable to each index (each, an “Index”) for which the applicable Index Methodology states that these Index General Conditions are to be applicable to it.

These Index General Conditions are made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

These Index General Conditions may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (Miscellaneous) for a description of the circumstances in which a change to these Index General Conditions may be required.

RISKS

Any investment exposure to an Index created by an Index Linked Product gives rise to a number of risks. Please refer to Section C (General Risks) and to the applicable Index Methodology for a discussion of some of the risks to which such an investment exposure to the Index gives rise. The Index Conditions in respect of such Index do not describe all of the risks to which an investment in such Index Linked Product gives rise; please refer to the associated prospectus or offering document (however described) in respect of such Index Linked Product for a discussion of these risks.

PUBLICATION

The Index and the Index Level shall be announced and published as specified in the Index Methodology.

BASIC SCHEME OF THE INDEX CONDITIONS OF AN INDEX

The Index Conditions of an Index comprise these Index General Conditions and the applicable Index Methodology, which must be read together. Full information in respect of an Index is only available on the basis of the combination of these Index General Conditions and the applicable Index Methodology (each as amended from time to time).

In the case of any inconsistency between the applicable Index Methodology and these Index General Conditions, such applicable Index Methodology shall prevail.

The following paragraphs of this Section A are provided for information only, and in the case of any discrepancy between any such paragraph and any other provision of the Index Conditions, such other provision shall prevail.

The Index is a notional rules-based proprietary index which is made up of two or more Constituents. These Constituents are specified in the applicable Index Methodology. The Constituents comprising the Index from time to time may also be selected from an Eligible Universe, if an Eligible Universe is specified for the Index, in accordance with the rules set out in the applicable Index Methodology. The classification of each Constituent is also specified in the applicable Index Methodology, together with any other data necessary to calculate the Index Level of the Index from time to time.

The Index Level of the Index from time to time is calculated by the Index Calculation Agent with reference to the formulae and rules set out in the applicable Index Methodology. The applicable Index Methodology also contains a description of the strategy to which the Index is intended to give effect. The Index Level of the Index is calculated with reference to either the closing levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Closing Levels), or intraday levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Levels).
Standard detailed rules govern “valuation”, that is, how the Constituent Closing Level and the Constituent Level of each classification of Constituent are determined, broadly with reference to the levels, prices, rates or values (as applicable) in the relevant markets for that Constituent or for futures contracts and options contracts relating to such Constituent (such markets together, the “relevant markets”). Other standard rules apply to Constituents which are themselves indices. These standard rules are set out in the various Constituent Schedules which are included in these Index General Conditions as necessary.

Although the Index Level of the Index on a particular day for which a valuation is required (i.e. a Scheduled Valuation Date) should reflect the Constituent Closing Level or the Constituent Level (as applicable) on that day of each Constituent contained in the Index, the relevant markets on that day may not be open or may be disrupted (or other difficulties may arise in respect of Constituents which are themselves indices, affecting the publication of the levels of these indices). The Constituent Schedule applicable to a Constituent defines the circumstances when the relevant markets for that Constituent are closed or disrupted.

Therefore it may not be possible to determine the Index Level of the Index on a Scheduled Valuation Date using Constituent Closing Levels or Constituent Levels (as applicable) for that day. Section B (Valuations and Adjustments) contains detailed rules which govern which particular Constituent Closing Levels or Constituent Levels (as applicable) are instead used, whether those for a preceding day or a succeeding day. Different rules require either looking back to the Constituent Closing Level or Constituent Level (as applicable) of a previous day, or postponing valuation to a day when the relevant markets are open or not disrupted. The applicable Index Methodology specifies which particular rules apply to the Index.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent defines these events and circumstances. Section B (Valuations and Adjustments) contains detailed rules which govern the adjustment of the Index to account for the effect on the Index of the occurrence of an Adjustment Event, or (if such an adjustment would not produce a commercially reasonable result) the replacement of the affected Constituent in the Index. Although any such adjustment or replacement is intended to account for the effect on the Index of the occurrence of the relevant Adjustment Event, any such adjustment or replacement may have an unforeseen effect on the Index and may have an adverse effect on the value of an Index Linked Product. Please see Section C (General Risks) for a discussion of the effect of these rules.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of certain events and circumstances. These events and circumstances may include any adjustment made to the Index or any replacement effected of any Constituent. These consequences may include the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment. The Index Conditions do not include any such terms and conditions of such Index Linked Product. Please refer to the terms and conditions of such Index Linked Product.
Section B: Valuations and Adjustments
Valuations and Adjustments

1. CONSTITUENT CLOSING LEVEL OR CONSTITUENT LEVEL

The Constituent Closing Level or the Constituent Level (as applicable) of a Constituent on a Valuation Date shall be determined as specified in the Constituent Schedule applicable to such Constituent.

2. ADJUSTMENTS TO VALUATION DATES (SCHEDULED TRADING DAYS: “HOLIDAYS”)

(a) “Look Back”

If “Look Back” is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) “Move In Block”

If “Move In Block” is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then such Valuation Date shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents.

(c) “Value What You Can”

If “Value What You Can” is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for such Constituent.

(d) Not postponing to a Disrupted Day

If any day to which a Scheduled Valuation Date is postponed under paragraph 2(b) or 2(c) above is a Disrupted Day for the relevant Constituent, then paragraph 3 below shall apply.

3. ADJUSTMENTS TO VALUATION DATES (DISRUPTED DAYS)

(a) “Look Back”

If “Look Back” is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:
(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) “Move In Block”

If “Move in Block” is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then such Valuation Date shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents and not a Disrupted Day for any Constituent; and (B) the Scheduled Trading Day for all Constituents which is the Valuation Roll number of Scheduled Trading Days for all Constituents immediately following such Scheduled Valuation Date.

(c) “Value What You Can”

If “Value What You Can” is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent; and (B) the Scheduled Trading Day for such Constituent which is the Valuation Roll number of Scheduled Trading Days for such Constituent immediately following such Scheduled Valuation Date.

(d) Postponing to a Disrupted Day

If any day to which a Scheduled Valuation Date is postponed under paragraph 3(b) or 3(c) above is a Disrupted Day for the relevant Constituent, then (unless otherwise specified in the Constituent Schedule applicable to such Constituent) the Index Calculation Agent shall determine the Constituent Closing Level of such Constituent on such Valuation Date using its good faith estimate of the Constituent Closing Level of such Constituent at the Valuation Time (where relevant) on or for such day.

4. CORRECTIONS OF PUBLISHED OR ANNOUNCED LEVELS, PRICES, RATES OR VALUES

If a Correction Period is specified in respect of a Constituent, and in the event that the level, price, rate or value (as applicable) of such Constituent for any time on any day which is announced by or on behalf of the person or entity responsible for such publication or announcement and which is used for any calculation or determination in respect of the Index is subsequently corrected, and such correction (the “Corrected Level”) is published by or on behalf of such person or entity within such Correction Period for such Constituent after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Constituent for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, revise the Index Level for such day.

Corrections published after the Correction Period after the original publication shall be disregarded.
For the avoidance of doubt, if a Correction Period is not specified in respect of a Constituent, then the preceding two paragraphs shall not apply in respect of such Constituent.

5. ADJUSTMENT EVENTS

Subject as provided in the applicable Index Methodology, if an Adjustment Event occurs in respect of any Constituent (the “Affected Constituent”), then the consequences of such Adjustment Event shall be as follows.

(a) The Index Calculation Agent will effect as soon as reasonably practicable a Reweighting in respect of such Affected Constituent.

(b) If the Index Calculation Agent determines that no such Reweighting it can make will produce a commercially reasonable result, then the Index Calculation Agent will effect as soon as reasonably practicable a Replacement of such Affected Constituent.

“Replacement” shall mean that the Index Calculation Agent will remove the Affected Constituent from the Index and either:

(a) (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with an Eligible Constituent selected in accordance with the relevant rules set out in the applicable Index Methodology; or

(b) (if the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with a replacement Constituent selected in accordance with the Replacement Criteria specified in respect of such Constituent in the Constituent Schedule applicable to the Affected Constituent; or

(c) (if either (i) the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe; or (ii) no Replacement Criteria are specified; or (iii) no such replacement can be made under sub-paragraph (a) or sub-paragraph (b) above; or (iv) the Index Calculation Agent determines that no such replacement it can make will produce a commercially reasonable result) replace the Affected Constituent with either (1) a notional exposure in accordance with the relevant rules specified in the applicable Index Methodology; or (2) (if no such rules are so specified) a replacement constituent (which shall be deemed to be a Constituent) which shall confer no investment exposure.

“Reweighting” shall mean that the Index Calculation Agent will revise the Weight attributed to the Affected Constituent to account for the economic effect on the Index of the relevant Adjustment Event. For the avoidance of doubt, the Weight attributed to the Affected Constituent may be zero.

In the case of either a Replacement or a Reweighting, the Index Calculation Agent will (a) make such adjustment to the calculation of the Index and the Index Level as it determines appropriate to account for the effect on the Index of any such Replacement or Reweighting (as applicable) that is made (including without limitation rebalancing the Index); and (b) determine the effective date of any such Replacement or Reweighting that is made.

6. SUSPENSION AND CANCELLATION

(a) If any Index Business Day is a Disrupted Day for any Constituent, the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day which is not a Disrupted Day for any Constituent.

(b) The Index Sponsor may discontinue and cancel the Index at any time and is under no obligation to continue, or procure the continuation of, the calculation, publication and dissemination of the Index Level.
Section C: General Risks
General Risks

1. INTRODUCTION

The Index Level may go down as well as up, depending on the performance of the Constituents and their effect on the strategy that the Index has been developed to reflect. There can be no assurance as to the future performance of the Index, and the Index Level on any day may not reflect either its past performance or its future performance. The strategy that the Index has been developed to reflect may not be successful, and other strategies using the Constituents or the Eligible Universe (as relevant) may perform better than the Index.

The Index represents the weighted value of its Constituents. The Index has been developed to be “investable”, but the methodology set out in the Index Conditions is quantitative, which means that the Index Level is determined according to the rules and the processes set out in the Index Conditions on a purely notional basis, without reference to any actual investment in the Index or any of its Constituents. The result of any such actual investment may be different to the performance of the Index. In particular, any notional fees or costs deducted in the calculation of the Index Level, and any proportionate amount included in the Index Level of any dividend, distribution or payment in respect of any Constituent, may be different from those arising in respect of any actual investment in any Constituent or any combination of Constituents.

Prospective investors in any Index Linked Product should be familiar with investments in the global financial and commodity markets, financial instruments and indices generally.

2. RISKS IN RESPECT OF THE CONSTITUENTS (INCLUDING MARKET RISK)

The performance of the Index is dependent on the performance of all of the Constituents contained in the Index.

Fluctuations in the level, price, rate or value (as applicable) of the Constituents contained in the Index from time to time will directly affect the Index Level. The extent to which fluctuations in the Constituent Closing Level or Constituent Level (as applicable) of a particular Constituent will affect the Index Level will, amongst other things, depend on the Weight attributed to that Constituent at the relevant time. Please refer to the applicable Index Methodology for a discussion of the strategy that the Index has been developed to reflect.

Please refer to the following paragraphs for a discussion of the particular general market risks arising in respect of each classification of Constituent.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent sets out the Adjustment Events which apply to such Constituent.

Please refer to Section 2(j) below for a discussion of the process that is followed following the occurrence of an Adjustment Event.

(a) Commodity

Prospective investors in an Index Linked Product linked to an Index containing a Commodity should be familiar with commodities generally. Movements in the price of a Commodity (which may consist of a commodity futures contract or a commodity option contract) may be subject to significant fluctuations which may not correlate with changes in interest rates, currencies or other indices.
Commodity markets (both spot and future) are highly volatile. Commodity markets are influenced by, among other things, (i) changing supply and demand; (ii) weather; (iii) governmental, agricultural, commercial and trade programs and policies introduced to influence commodity prices; (iv) global political and economic events; and (v) changes in interest rates. Moreover, investments in futures contracts and option contracts involve additional risks including, without limitation, leverage (margin is usually a percentage of the face value of the contract and exposure can be nearly unlimited).

A holder of a commodity futures contract may find the position becomes illiquid because certain commodity exchanges limit fluctuations in the price of certain commodity futures contracts during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a commodity futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the holder from promptly liquidating unfavorable positions and subject the holder to substantial losses. The prices of various commodity futures contracts have occasionally exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could affect the Index Level of an Index containing a Commodity.

The trend in the Index Level of an Index containing a Commodity may not perfectly correlate with the trend in the price of the Commodity, as the use of futures contracts generally involves a rolling mechanism. This means that commodity futures contracts approaching delivery at a particular time are replaced with other commodity futures contracts which have a later delivery date, and the Index Level may not therefore fully reflect any rise or fall in the price of the Commodity.

In addition, commodity futures markets may exhibit a trend which differs significantly from that of the underlying commodity spot markets. The trend in the price of a commodity futures contract relative to the trend in the price of the underlying commodity is closely linked to the present and future level of production of the commodity or to the level of estimated natural reserves, particularly in the case of energy commodities. Moreover, the price of a commodity futures contract should not be considered an accurate prediction of a market price, since it also includes the so-called “carrying costs” (which are the costs of, for example, warehousing, insurance, transportation, etc.), which also contribute toward the determination of the price of commodity futures contracts. These factors, which directly influence commodity prices, substantially explain the imperfect correlation between commodity futures markets and underlying commodity spot markets.

(b) Commodity Index

Prospective investors in an Index Linked Product linked to an Index containing a Commodity Index should be familiar with commodity indices generally. The level of a Commodity Index is generally based on the value of commodities and/or other securities contained in the Commodity Index, and therefore the risks discussed under the heading “Commodity” above are also relevant. Global, financial and political developments, among other things, may have a material effect on the value and performance of the commodities and/or commodity futures contracts contained in a Commodity Index.

(c) Depositary Receipt

Prospective investors in an Index Linked Product linked to an Index containing a Depositary Receipt should be familiar with depositary receipts generally. The value and price volatility of the Depositary Receipts contained in an Index and of the stocks underlying such Depositary Receipts must be considered. The value of the Depositary Receipts and the underlying stocks may go down as well as up, and the value of the Depositary Receipts and the underlying stocks on any date may not, respectively, reflect...
their performance in any prior period. There can be no assurance as to the future value of the Depositary Receipts or the underlying stocks, or as to the continued existence of the Depositary Receipts, the underlying stocks, the issuer of the Depositary Receipts or the issuer of the underlying stocks.

(d) **ETF Share (exchange-traded fund)**

Prospective investors in an Index Linked Product linked to an Index containing an ETF Share should be familiar with exchange traded funds generally. The value and price volatility of ETF Shares contained in an Index must be considered. The value of ETF Shares may go down as well as up, and the value of the ETF Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the ETF Shares, or as to the continued existence of the ETF Shares.

Although ETF Shares are traded on an exchange and are therefore valued in a similar manner as a stock traded on an exchange, the Adjustment Events defined with respect to an ETF Share include certain events and circumstances which would be applicable to a fund.

(e) **FX Rate**

Prospective investors in an Index Linked Product linked to an Index containing an FX Rate should be familiar with currency exchange markets generally.

Movements in currency exchange rates may be subject to significant fluctuations which may not correlate with changes in interest rates or other indices.

Emerging market currencies may exhibit greater volatility and less certainty as to future levels than other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis.

Currency exchange markets may be affected by complex economic and political factors, including government action to fix or support the value of a currency, or to impose exchange controls. These economic and political factors are independent of other market forces of supply and demand.

(f) **Inflation Index**

Prospective investors in an Index Linked Product linked to an Index containing an Inflation Index should be familiar with inflation indices generally.

Many economic and market factors may influence an Inflation Index (and therefore the Index Level of an Index containing an Inflation Index), including: (i) general economic, financial, political or regulatory conditions and/or events; (ii) fluctuations in the prices of various assets, goods, services and energy resources (including in response to the supply of any of them and the demand for any of them); and (iii) the level of inflation in the economy of the relevant country and expectations of inflation.

In particular, the level of an Inflation Index may be affected by factors unconnected with the financial markets.

(g) **Mutual Fund Interest**

Prospective investors in an Index Linked Product linked to an Index containing a Mutual Fund Interest should be familiar with mutual funds generally. The value and price volatility of a Mutual Fund Interest contained in an Index must be considered. The value of a Mutual Fund Interest may go down as well as up, and the value of a Mutual Fund Interest on any date may not reflect its performance in any prior period.
A mutual fund may trade and invest in a broad range of investments such as debt and equity securities, commodities and foreign exchange, and may enter into derivative transactions, including without limitation futures contracts and options contracts. The trading strategies of a mutual fund can be opaque. The trend in the Index Level of an Index containing a Mutual Fund Interest may not correlate with the trend in any market to which the relevant mutual fund creates an investment exposure.

The value of a Mutual Fund Interest may be affected by the performance of persons providing services to the relevant mutual fund, including the investment manager or the investment adviser to the mutual fund.

(h) Share

Prospective investors in an Index Linked Product linked to an Index containing a Share should be familiar with stocks generally. The value and price volatility of the Shares contained in an Index must be considered. The value of the Shares may go down as well as up, and the value of the Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the Shares, or as to the continued existence of the Shares or the issuer of the Shares.

(i) Share Index

Prospective investors in an Index Linked Product linked to an Index containing a Share Index should be familiar with stock indices generally. The level of a Share Index is based on the value of the shares contained in that Share Index, although prospective investors should note that the level of a Share Index at any time may not reflect the reinvestment yield on the shares included in that Share Index. Global economic, financial and political developments, among other things, may have a material effect on the value of the shares included in a Share Index and/or the performance of the Share Index.

Market volatility reflects the degree of instability and expected instability of the performance of a Share Index and the shares contained in that Share Index. The level of market volatility is largely determined by the prices for financial instruments supposed to protect investors against such market volatility. The prices of these financial instruments are determined by forces of supply and demand in the futures contracts, option contracts and derivative markets generally. These forces of supply and demand are themselves affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

(j) Process following the occurrence of an Adjustment Event

Following the occurrence of an Adjustment Event in respect of a Constituent, the Index Calculation Agent will attempt to revise the Weight in the Index of the affected Constituent as it determines appropriate to account for the economic effect on the Index of such Adjustment Event.

If the Index Calculation Agent determines that no reweighting it can make under the preceding paragraph will produce a commercially reasonable result, then it will attempt to replace the affected Constituent with a suitable replacement which satisfies the relevant criteria (if any) specified in the applicable Constituent Schedule. If the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe, then the replacement Constituent will be selected from the Constituents contained in such Eligible Universe. A commercially reasonable result will only be obtained if a reweighting preserves the ability of the Index to reflect the strategy that it is intended to reflect.

If either no replacement can be made under the preceding paragraph or if the Index Calculation Agent determines that no replacement it can make under the preceding
paragraph will produce a commercially reasonable result, then the Index Calculation Agent will remove the affected Constituent from the Index and replace the affected Constituent with either a notional exposure in accordance with the relevant rules (if any) specified in the applicable Index Methodology or (if no such rules are specified) a Constituent which confers no investment exposure. A commercially reasonable result will only be obtained if a replacement preserves the ability of the Index to reflect the strategy that it is intended to reflect.

At any time, either a reweighting or a replacement, as discussed in the preceding paragraphs, may have an unforeseen effect on the Index. Assumptions as to the inclusion in the Index of a particular Constituent will no longer be valid if that Constituent is removed from the Index, whether temporarily or permanently.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of any such replacement or reweighting of a Constituent or discontinuation of the Index.

Any such reweighting, replacement or discontinuation of the Index may have an adverse effect on the value of such Index Linked Product.

Any such reweighting, replacement or discontinuation of the Index may (depending on the terms and conditions of such Index Linked Product) result in the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment.

Please refer to the terms and conditions of such Index Linked Product. In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of these consequences.

3. NOTIONAL EXPOSURE

The Index creates a notional exposure to the Constituents and such notional exposure will only exist in the books and records of the Index Sponsor and the Index Calculation Agent.

(a) No rights

Investors in Index Linked Products (a) have no legal or beneficial ownership interest in any Constituent and therefore have no recourse to any Constituent; (b) have no right to take delivery of any Constituent; (c) have no voting rights with respect to any Constituent; (d) have no right to receive dividends, distributions or other payments with respect to any Constituent.

(b) No offer

Nothing in these Index General Conditions constitutes an offer to buy or to sell any Constituent or any other asset, commodity, contract or security (including without limitation any asset, contract, commodity or security included in any Constituent).

(c) Reinvestment

Whether or not the Index is a “total return index” and includes the notional reinvestment of amounts calculated by reference to any dividend, distribution or payment that would be received by a holder of a Constituent is specified in the applicable Index Methodology. If the Index is not a “total return index”, it will not include any such notional reinvestment.
4. NO INVOLVEMENT OF PERSONS CONNECTED WITH ANY CONSTITUENT

The Index does not create any obligation of any person connected with any Constituent (each such person, for the purposes of this paragraph, a "Relevant Person"), including without limitation the issuer of any Constituent which is a security, the sponsor or calculation agent of any Constituent which is itself an index, and the provider of any service (such as an investment adviser or an investment manager) to any Constituent which is a fund.

No Relevant Person has participated in the preparation of the Index Conditions or in the arrangement and offer of any Index Linked Product.

5. NO INVESTIGATION

Neither the Index Sponsor nor the Index Calculation Agent has made or will make any investigation or enquiry with respect to any Constituent, including with respect to any publicly-available information that is disclosed in the applicable Index Methodology with respect to any Constituent. Consequently there can be no assurance that all events have been disclosed which would affect the performance of the Index or the value of any Index Linked Product.

6. EFFECT OF FEES

The Index Level may include a deduction of notional fees, as described in the applicable Index Methodology. Any such deduction of notional fees will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

7. EFFECT OF NOTIONAL COSTS

The Index Level may include a deduction of notional costs (which may be referred to as a notional cost, charge, spread or similar term), as described in the applicable Index Methodology. Any such deduction of notional costs will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

8. DISRUPTION TO THE INDEX

Certain events may affect the calculation of the Index and the Index Level. These events, which are described elsewhere in the Index Conditions, may have consequences including:

(a) the Index Calculation Agent following the relevant process described in Section B (Valuations and Adjustments);
(b) the Index Calculation Agent exercising certain discretions conferred by the Index Conditions;
(c) the Index Calculation Agent suspending the calculation, publication and dissemination of the Index and the Index Level;
(d) the Index Sponsor making a modification or change to the Index Conditions; and
(e) the Index Sponsor discontinuing and cancelling the Index.

Unless otherwise stated, the Index Sponsor has no obligation to inform any person of the result of any action taken on the occurrence of such events.

The occurrence or existence of Disrupted Days may also result in the calculation, publication and dissemination of the Index being postponed to a later time than as provided in the Index Conditions or as is customary of the Index.
9. INDEX SPONSOR AND INDEX CALCULATION AGENT

These Index General Conditions confer on the Index Sponsor and the Index Calculation Agent a degree of discretion in making certain determinations and calculations, for example in connection with the occurrence of disruptions and adjustments. Although each of the Index Sponsor and the Index Calculation Agent will act in good faith and in a commercially reasonable manner, the exercise of any such discretion may have an adverse effect on the Index Level and therefore may have an adverse effect on the value of any Index Linked Product.
Section D: Definitions
Definitions

References to the “applicable Index Methodology” are references to the Index Methodology relating to the relevant Index which together with these Index General Conditions completes the Index Conditions for such Index.

References to a “Section” shall be references to a section of these Index General Conditions.

References to a “Part” shall be references to a part of the applicable Index Methodology.

“Adjustment Event” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

“Affected Constituent” shall have the meaning given to it in Section B (Valuations and Adjustments).

“Affiliate” shall mean, in respect of a person, any entity controlled (directly or indirectly) by such person, any entity which controls (directly or indirectly) such person or any entity (directly or indirectly) under common control with such person. For this purpose, “control” of any person or entity shall mean the ownership or a majority of the voting power of such person or entity.

“Amount” shall have the meaning given to it in Section E (Miscellaneous).

“Calculations” shall have the meaning given to it in Section E (Miscellaneous).

“Citi” shall mean Citigroup Inc. and its Affiliates.

“Classification” shall mean, in respect of a Constituent, the classification assigned to it in the applicable Index Methodology.

“Constituent” shall mean each Constituent of the Index specified as such in, or determined in accordance with, the applicable Index Methodology and the Index General Conditions. Each Constituent is assigned an identifying number denoted as “i” (and the total number of Constituents shall be denoted as “n”), unless specified otherwise.

“Constituent Closing Level” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

“Constituent Inclusion Date” shall mean, in respect of a Constituent, the date with effect from which such Constituent is included in the Index.

“Constituent Level” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

“Constituent Schedule” shall mean, in respect of a Constituent, the schedule that is specified to be applicable to such Constituent as a result of the classification of such Constituent in the applicable Index Methodology.

“Corrected Level” shall have the meaning given to it in Section B (Valuations and Adjustments).

“Correction Period” shall mean, in respect of a Constituent, the period specified as such in the Constituent Schedule applicable to such Constituent.

“Disrupted Day” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.
“Electronic Page” shall mean, in respect of a Constituent, (1) the electronic page or source specified for such Constituent in the applicable Index Methodology, or (2) if no such electronic page or source is so specified for such Constituent, such Bloomberg or Reuters page or other widely recognised source of financial data as the Index Calculation Agent may determine appropriate, or (3) in any such case, any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (4) any alternative electronic page or source of financial data that may be designated by the Index Calculation Agent, provided that such page or source is widely recognised by participants in the relevant market.

“Eligible Constituent” shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) each constituent eligible for inclusion as a Constituent in the Index, specified as such and classified in the applicable Index Methodology.

“Eligible Universe” shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) all of the Eligible Constituents. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in the applicable Index Methodology.

“Index Base Currency” shall mean the currency specified as such in the applicable Index Methodology.

“Index Business Day” shall have the meaning given to it in the applicable Index Methodology.

“Index Calculation Agent” shall mean the person specified as such in the applicable Index Methodology and appointed by the Index Sponsor, any successor to such person, or any alternative calculation agent appointed by the Index Sponsor.

“Index Conditions” shall mean, in respect of the Index, these Index General Conditions together with the applicable Index Methodology.

“Index Electronic Page” shall mean (1) the electronic page or source specified as such in Part B (Key Information) of the applicable Index Methodology, or (2) any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (3) any alternative electronic page or source designated by the Index Sponsor.

“Index Launch Date” shall mean the date specified as such in the applicable Index Methodology.

“Index Level” shall mean, in respect of an Index Business Day, the closing level of the Index as of the Index Valuation Time on such Index Business Day.

“Index Linked Product” shall mean any security, contract or other financial product the return on which is linked to the performance of the Index.

“Index Sponsor” shall mean the person specified as such in the applicable Index Methodology or any successor to or assignee of such person.

“Index Start Date” shall mean the date specified as such in the applicable Index Methodology.

“Index Start Level” shall mean the Index Level on the Index Start Date, as specified in the applicable Index Methodology.

“Index Valuation Time” have the meaning given to it in the applicable Index Methodology.

“Information” shall have the meaning given to it in Section E (Miscellaneous).

“Rebalancing Date” shall mean each date specified as such in, or determined in accordance with, the applicable Index Methodology.
“Replacement” shall have the meaning given to it in Section B (Valuations and Adjustments).

“Replacement Criteria” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

“Reweighting” shall have the meaning given to it in Section B (Valuations and Adjustments).

“Scheduled Valuation Date” shall mean each date specified as such in the applicable Index Methodology.

“Selection Day” shall mean each date specified as such in the applicable Index Methodology.

“Valuation Date” shall mean each Scheduled Valuation Date as adjusted in accordance with Section B (Valuations and Adjustments).

“Valuation Roll” shall mean the number specified as such in the applicable Index Methodology.

“Weight” shall have the meaning given to it in the applicable Index Methodology.
Section E: Miscellaneous
1. CALCULATIONS AND DETERMINATIONS

(a) General

The Index Calculation Agent will perform all calculations, determinations, rebalancings and adjustments (together, “Calculations”) in respect of the Index. Neither the Index Calculation Agent nor the Index Sponsor will have any responsibility for errors made in good faith or omissions in Calculations or other actions as provided in the Index Conditions.

The Calculations of the Index Calculation Agent shall be performed by it in accordance with the Index Conditions, acting in its sole, absolute and unfettered discretion, but in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Index Conditions and, where relevant, on the basis of information provided to or obtained by employees or officers of the Index Calculation Agent responsible for making relevant Calculations). All Calculations shall, in the absence of manifest error, be final, conclusive and binding on any user of the Index, including any holder of, or counterparty to, an Index LinkedProduct.

Although the Index Conditions are intended to be comprehensive, it is possible that ambiguities, errors and omissions may arise in certain circumstances. The Index Sponsor will resolve, acting in good faith and in a commercially reasonable manner, any such ambiguity, error or omission, and may amend the Index Conditions to reflect the resolution of such ambiguity, error or omission in a manner which is consistent with the commercial objective of the Index.

(b) Rounding

Subject as provided in the applicable Index Methodology, any amount, currency amount, level, percentage, price, rate or value (“Amount”) calculated by the Index Calculation Agent shall be rounded to such number of decimal points and in such manner as the Index Calculation Agent determines is appropriate, acting in a commercially reasonable manner.

(c) Use of estimates

The Index Calculation Agent will perform the Calculations described in the Index Conditions using the information, data sources or factors specified in these Index Conditions and any Amount (together, “Information”) and may perform any Calculation and any action required in respect of the Index Conditions in any sequence. However, in the event that the Index Calculation Agent is not able to obtain or use any necessary Information, then (after using reasonable endeavors and after applying any fallback provision specified in the Index Conditions in respect of the relevant Calculation) the Index Calculation Agent may, but shall not be obliged to, use its estimate (made in good faith and in a commercially reasonable manner) of the relevant Information in performing such Calculation, should the Index Calculation Agent determine that such estimate is reasonably necessary in order to give effect to any provision or to perform any Calculation necessary under the Index Conditions.

(d) No verification of Information

Although the Index Calculation Agent will obtain Information for inclusion in the Index or for use in performing any Calculation under the Index Conditions from sources that the
Index Calculation Agent considers reliable (including databases maintained by the Index Calculation Agent or its Affiliates, and public sources such as Bloomberg and Reuters), the Index Calculation Agent will not publish or independently verify such Information.

(e) **Corrections**

Subject as provided in the applicable Index Methodology and any Correction Period specified, if the Index Calculation Agent becomes aware that any Information used by it in connection with any Calculation under the Index Conditions has subsequently been corrected or adjusted, then the Index Calculation Agent may, but shall not be obliged to, use such corrected or adjusted Information and as a consequence make any further Calculation that it determines necessary or desirable in order to give effect to or to reflect such corrected or adjusted Information, including without limitation any redenomination, exchange or conversion of any currency into a successor currency.

(f) **Reliance**

In performing any Calculation under the Index Conditions, the Index Calculation Agent may rely upon the opinion of any person who appears to it as being competent to value any asset or instrument of any class, or to perform any other calculation or determination, by reason of any appropriate relevant professional qualification or experience.

(g) **Not acting as fiduciary or agent**

In performing any Calculation or other action in connection with the Index Conditions, each of the Index Calculation Agent and the Index Sponsor will act as principal and not as agent of any other person. Neither the Index Calculation Agent nor the Index Sponsor owes any duty of care or any fiduciary duty to any investor in any Index Linked Product or to any other person. Each Calculation and other action performed in connection with the Index Conditions by the Index Calculation Agent or the Index Sponsor is performed in reliance on this provision and is subject to this provision.

If through performing any such Calculation or other action the Index Calculation Agent or the Index Sponsor is rendered an agent or fiduciary of another person under applicable law, then (at the option of the Index Calculation Agent or the Index Sponsor, as relevant) the rights and obligations of the Index Calculation Agent or the Index Sponsor to perform such Calculation or other action may be suspended (or, if already performed, the application of such Calculation or other action may be suspended) until such time when such Calculation or other action can be performed either by the Index Calculation Agent or the Index Sponsor as principal and not as an agent or fiduciary or by an appropriate third party who is both willing and able to perform such Calculation or other action.

(h) **Dates and times of calculations**

Notwithstanding that certain Calculations under the Index Conditions may be expressed to be “on” or “as at” a certain date or time, the Index Calculation Agent may in its discretion perform such Calculation in respect of such date or time after such date or time.

2. **CONFLICTS OF INTEREST**

Citi entities perform various roles in connection with the Index and Index Linked Products, and conflicts of interest may arise for any such entity as a consequence of any role it performs in connection with the Index or any Index Linked Product or as a consequence of its activities more generally.

During the normal course of their business, the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates, directors, officers, employees, representatives, delegates and agents
(each, for the purposes of this Section E, a “Relevant Person”) may enter into, promote, offer or sell securities or contracts (whether or not structured) linked to the Index and/or any Constituent. Any Relevant Person may at any time (a) have long or short principal positions or actively trade (whether or not through making markets to its clients) positions in or relating to the Index or any Constituent; (b) invest in or engage in transactions with or on behalf of other persons relating to the Index and/or any Constituent; (c) undertake hedging transactions (for the purposes of any security or contract) which may adversely affect the level, price or rate or other factor underlying the Index and/or any Constituent; (d) have an investment banking or commercial relationship with the issuer of any Constituent and have access to information from any such issuer; or (e) publish research in respect of any Constituent or the issuer of any Constituent. Such activity may or may not affect the Index Level, but potential investors and counterparties should be aware that a conflict of interest may arise when a person acts in more than one capacity, and such conflict of interest may affect (whether in a positive manner or a negative manner) the Index Level.

3. DISCLAIMER

No Relevant Person makes any express or implied representation or warranty as to (a) the advisability of purchasing or entering into any Index Linked Product; (b) the levels of the Index at any particular date or time; (c) the results to be obtained from the use of the Index or any datum included in the Index Conditions for any purpose; or (d) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Index and any information contained in the Index Conditions. No Relevant Person will have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages.

The Index Conditions have been prepared solely for the purposes of information and nothing in the Index Conditions constitutes (a) an offer to buy or to sell any security or contract, to participate in any transaction or to adopt any investment strategy; or (b) legal, tax, regulatory, financial or accounting advice. Any decision to purchase any Index Linked Product should be based on the information contained in the associated prospectus or offering document (however described). In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of the factors that must be considered in connection with an investment in the security or contract described therein.

Neither the Index Calculation Agent nor the Index Sponsor is under any obligation to continue to calculate, publish or disseminate the Index or the Index Level.

4. INTELLECTUAL PROPERTY

The Index and the Index Conditions (including for the avoidance of doubt these Index General Conditions) are the Index Sponsor’s proprietary and confidential material. No person may reproduce or disseminate the information contained in the Index Conditions, the Index or the Index Level without the prior written consent of the Index Sponsor. These Index General Conditions and each Index Methodology are not intended for distribution to or use by any person in a jurisdiction where such distribution is prohibited by applicable law or regulation.

The Index is not in any way sponsored or promoted by any sponsor or issuer, as relevant, of any Constituent.

© 2011 Citigroup Global Markets Limited. All rights reserved. Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its Affiliates and are used and registered throughout the world. Citigroup Global Markets Limited is authorized and regulated in the United Kingdom by the Financial Services Authority.
Section F: Constituent Schedule
Constituent Schedule

SHARE

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a “Share”.

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Shares.

References to a “Paragraph” shall be references to a paragraph of this Constituent Schedule and references to a “Sub-paragraph” shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

“Constituent Closing Level” shall mean, in respect of a Share and a Valuation Date for such Share and unless otherwise specified in the applicable Index Methodology, the official closing price of such Share on such Valuation Date, as displayed on the applicable Electronic Page.

“Valuation Time” shall mean, in respect of a Share and a Scheduled Trading Day for such Share, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day.

(b) Intraday valuations

“Constituent Level” shall mean, in respect of a Share and a Valuation Time on a Valuation Date for such Share, the price of such Share at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

“Valuation Time” shall mean, in respect of a Share and a Scheduled Trading Day for such Share, the time when the price of such Share is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

“Disrupted Day” shall mean, in respect of a Share, any Scheduled Trading Day for such Share on which any of the events set out below occurs:

(a) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or

(b) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (i) any relevant Exchange of such Share; or (ii) any relevant Related Exchange of futures contracts or options contracts relating to such Share; or

(c) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in Sub-paragraph (d) or Sub-paragraph (e) of this definition) which disrupts or impairs the ability
of market participants in general (i) (on any relevant Exchange) to effect transactions in or to obtain market values for such Share; or (ii) (on any relevant Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such Share; or

(d) the closure on any Exchange Business Day of any relevant Exchange prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Exchange system for execution at the relevant Valuation Time on such Exchange Business Day); or

(e) the closure on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options contracts relating to such Share prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Related Exchange system for execution at the Valuation Time on such Exchange Business Day).

3. ADJUSTMENT EVENTS

“Adjustment Event” shall mean, in respect of a Share, the occurrence of any of the events set out below:

(a) a Corporate Action; or

(b) a Delisting; or

(c) an Insolvency; or

(d) a Merger Event; or

(e) a Nationalization; or

(f) a Tender Offer.

(a) Corporate Action

“Corporate Action” shall mean, in respect of relevant Shares, any of the following events (provided that, in each case, the relevant event has a diluting or concentrative effect on the theoretical value of the relevant Shares):

(i) a subdivision, consolidation or reclassification of such Shares, unless resulting in a Merger Event; or

(ii) a free distribution or dividend of such Shares to existing holders by way of bonus, capitalization or similar issue; or

(iii) a distribution, issue or dividend to existing holders of such Shares of (A) an additional amount of such Shares; or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of the liquidation of the relevant Share Company equally or proportionately with such payments to holders of its Shares; or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by such Share Company as a result of a spin-off or other similar transaction; or (D) any other type of securities, rights or
warrants or other assets, in any case for payment (whether in cash or otherwise) at less than their prevailing market price; or

(iv) an Extraordinary Dividend; or

(v) a call by the relevant Share Company in respect of such Shares which are not fully paid; or

(vi) a repurchase by the relevant Share Company or any of its subsidiaries of such Shares, whether out of profits or capital, and whether the consideration for such repurchase is cash, securities or otherwise; or

(vii) in respect of the relevant Share Company, an event which results in any shareholder rights being diluted or becoming separated from shares of common stock or other shares of the capital stock of such Share Company, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers which provides (upon the occurrence of certain events) for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value (PROVIDED THAT any adjustment effected as a result of such an event may be readjusted upon any redemption of such rights); or

(viii) any other event which may have a diluting or concentrative effect on the theoretical value of such Shares.

(b) Delisting

“Delisting” shall mean, in respect of relevant Shares, that any relevant Exchange announces that pursuant to the rules of such Exchange such Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or a Tender Offer) and are not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Exchange (or, where such Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is acceptable to the Index Calculation Agent) located in another country (that is acceptable to the Index Calculation Agent). In addition, it will also constitute a Delisting if the relevant Exchange is located in the United States and the relevant Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the NASDAQ Global Select Market and the NASDAQ Global Market (or their respective successors).

(c) Insolvency

“Insolvency” shall mean, in respect of a Share Company, that either (i) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of (or any analogous proceeding) affecting such Share Company (A) all the Shares of such Share Company are required to be transferred to an Insolvency Officer; or (B) holders of such Shares become legally prohibited from transferring or redeeming such Shares; or (ii) an Insolvency Event occurs in respect of such Share Company.

“Insolvency Officer” shall mean an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official.

“Insolvency Event” shall mean, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up or official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) either (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking an Insolvency Judgment, or a petition is presented for its winding-up or liquidation by it or by such
Competent Official; or (B) has instituted against it a proceeding seeking an Insolvency Judgment, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person not described in (A) above and either (1) results in an Insolvency Judgment or the entry of an order for relief or the making of an order for its winding up or liquidation; or (2) is not dismissed, discharged, stayed or restrained, in each case within 15 days of the institution or presentation thereof; or (iv) seeks or becomes subject to the appointment of an Insolvency Officer of all or substantially all of its assets; or (v) has a secured party take possession of all or substantially all of its assets (and such secured party maintains possession for not less than 15 days thereafter); or (vi) has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets (and such process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) the holders of securities issued by such entity become legally prohibited from transferring such securities; or (viii) causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) to (vi) above. For these purposes, “Competent Official” shall mean, in respect of such entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or in the jurisdiction of its head office or home office; “Insolvency Law” shall mean any bankruptcy law, insolvency law or other similar law affecting creditors’ rights; and “Insolvency Judgment” shall mean any judgment of insolvency or bankruptcy or any other relief under any Insolvency Law.

**Merger Event**

“Merger Event” shall mean, in respect of relevant Shares, any:

(i) reclassification or change of such Shares which results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding to another entity or person; or

(ii) consolidation, amalgamation, merger or binding share exchange of the relevant Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which it is the continuing entity and which does not result in a reclassification of all such Shares outstanding); or

(iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares for the relevant Share Company, which results in a transfer of or an irrevocable commitment to transfer all such Shares (other than those owned or controlled by such entity or person); or

(iv) consolidation, amalgamation, merger or binding share exchange of the relevant Share Company or its subsidiaries with or into another entity in which such Share Company is the continuing entity and which does not result in the reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than those owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event.

**Nationalization**

“Nationalization” shall mean, in respect of a Share Company, that all the Shares or all the assets or substantially all the assets of such Share Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.
(f) **Tender Offer**

“Tender Offer” shall mean, in respect of a Share Company, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of such Share Company, as assessed with reference to the filings made with governmental or self-regulatory agencies or such other reasonably relevant information.

4. **CORRECTIONS**

“Correction Period” shall mean, in respect of a Share, two Index Business Days.

5. **REPLACEMENT CRITERIA**

“Replacement Criteria” shall mean, in respect of a Share, the criteria (if any) specified as such in the applicable Index Methodology.

6. **DEFINITIONS**

“Exchange” shall mean, in respect of a Share and unless otherwise specified in the applicable Index Methodology, the primary exchange, trading system or quotation system in respect of such Share or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such Share has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Share on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system).

“Exchange Business Day” shall mean, in respect of a Share, any Scheduled Trading Day for such Share on which each relevant Exchange and each relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or any such Related Exchange closing prior to its Scheduled Closing Time.

“Extraordinary Dividend” shall mean, in respect of a Share, a dividend or a distribution or portion thereof which is determined by the Index Calculation Agent to be an extraordinary dividend relating to such Share having regard to general market consensus.

“Related Exchange” shall mean, in respect of a Share and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Share or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such futures contracts or options contracts has temporarily relocated (PROVIDED THAT that there is comparable liquidity relative to such futures contracts or options contracts on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where “All Exchanges” is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Share, then “Related Exchange” shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Share.

“Scheduled Closing Time” shall mean, in respect of a Share, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such Share, the scheduled weekday closing time on such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange or Related Exchange.
“Scheduled Trading Day” shall mean, in respect of a Share, any day on which each relevant Exchange and each relevant Related Exchange is scheduled to be open for trading for its regular trading session.

“Share” shall mean each Constituent classified as such in the applicable Index Methodology.

“Share Company” shall mean, in respect of a Share, the issuer of such Share.