



Index Methodology

Solactive Canadian Midstream Oil & Gas Index

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This document contains the underlying principles and regulations regarding the structure and operating of the Solactive Canadian Midstream Oil & Gas Index. Solactive AG shall make every effort to implement regulations. Solactive AG does not offer any explicit or tacit guarantee or assurance, neither pertaining to the results from the use of the Index nor the Index value at any certain point in time nor in any other respect. The Index is merely calculated and published by Solactive AG and it strives to the best of its ability to ensure the correctness of the calculation. There is no obligation for Solactive AG – irrespective of possible obligations to issuers – to advise third parties, including investors and/or financial intermediaries, of any errors in the Index. The publication of the Index by Solactive AG is not a recommendation for capital investment and does not contain any assurance or opinion of Solactive AG regarding a possible investment in a financial instrument based on an index.

Introduction

This document is to be used as a guideline with regard to the composition, calculation and management of the Solactive Canadian Midstream Oil & Gas Index. The index measures the performance of a selection of Canadian midstream oil and gas companies listed on the Toronto Stock Exchange. This includes companies engaged in oil and gas storage, transportation, marketing and refining. The constituents of the index are equal weighted. Any changes made to the methodology are initiated by the Committee specified in Section 1.6.

The Solactive Canadian Midstream Oil & Gas Index is calculated and published by Solactive AG. The name “Solactive” is copyrighted.

1 Index specifications

The Index is rules-based and is designed to measure the performance of the Canadian midstream sector. The Index is calculated as a total return and a price return index.

1.1 Short name and ISIN

The Index is distributed under the following identifiers:

Index Name	Index WKN	Index ISIN	Bloomberg Ticker	Reuters Ric
Solactive Canadian Midstream Oil & Gas Index	SLA4CM	DE000SLA4CM6	SOLCOG Index	.SOLCOG
Solactive Canadian Midstream Oil & Gas Index (Total Return)	SLA9CM	DE000SLA9CM5	SOLCOGTR Index	.SOLCOGTR

1.2 Initial value

The Index is based on 10,000 as of close of trading on the “Start Date” May 21st, 2014. Historical data is available since September 19th, 2008.

1.3 Distribution

The Index is published via the distribution platform of Boerse Stuttgart AG and is distributed to all affiliated vendors.

1.4 Levels and calculation frequency

The level of the Index is calculated on each Business Day based on the last traded price. For each update, the most recent prices of all Index Components are used. Should there be no current price available on Reuters, the most recent price is used for the index calculation.

The Index is calculated every Business Day during market hours with updates every 15 seconds. In the event that pricing data cannot be provided or that there are issues regarding the index value dissemination of Solactive AG or Boerse Stuttgart AG the Index will not be distributed.

Any incorrect calculation is adjusted on a retrospective basis.

1.5 Weighting

On each Adjustment Day each Index Component of the Solactive Canadian Midstream Index is weighted equally.

1.6 Decision-making bodies

A Committee composed of Solactive AG employees is responsible for decisions regarding the composition of the Index as well as any amendments to the guideline (herein referred to as the "**Committee**" or the "**Index Committee**"). The Committee determines the future composition of the Index when any extraordinary event occurs and implements necessary adjustments.

Members of the Committee can recommend changes to the composition of an Index or to these guidelines and submit them to the Committee for approval.

1.7 Publication

All specifications and information relevant for calculating the Index are made available on <http://www.solactive.com> web pages and sub-pages.

1.8 Historical data

Historical data will be maintained from the launch of the Index on May 21st 2014.

2 Eligible Securities and Rebalancing

2.1 Selection of the Index Components

The “**Selection Pool**” in respect of a Selection Day are those companies that fulfill the following conditions:

- (a) Significant business operations in the Canadian midstream industry.
- (b) Listed on the Toronto stock exchange.
- (c) Market Capitalization of at least 50 million CAD.
- (d) Average daily traded value of at least 250,000 CAD in the last three months.

Certain securities are ineligible for inclusion. For example, preferred shares, warrants, securities issued by mutual fund corporations, exchangeable shares and installment receipts. In addition, the index committee has full discretion to determine eligibility for inclusion depending on security type.

2.2 Ordinary adjustments (Rebalancing)

If a rebalancing would result in a number of index components below 10, the index committee may decide to add a company that does not fulfil every criteria in section 2.1. If two replacement companies are generally eligible, the company with the higher liquidity as measured according to average daily trading volume (3 month in CAD) will be added.

The composition of the Index is ordinarily adjusted and equal weighted quarterly at the close of trading on the third Friday in March, June, September and December based on close prices as at that day. If this is not a Business Day, the adjustment is conducted on the preceding Business Day. Index shares are determined based on the close prices as at the rebalance date.

On each Adjustment Day each Index Component of the Solactive Canadian Midstream Oil & Gas Index is weighted equally.

Solactive AG shall publish changes made to the Index composition as soon as the new composition has been determined. Notice will be provided prior to the Adjustment Day.

2.3 Intra-Adjustment period changes

If a company included in the Solactive Canadian Midstream Oil & Gas Index is removed from the Index between two Adjustment Days due to an Extraordinary Event, if necessary, the Committee shall designate a successor. The replacement company will be added to the index at the same weight as the deleted company. In case there is no company meeting all criteria as outlined in section 2.1 as of the Extraordinary Adjustment Day, the weight of the company exiting the index will be distributed proportionally among the remaining index components. If the deletion would result in a number of index components below 10, the index committee may decide to add a company that does not fulfil every criteria in section 2.1. If two replacement companies are generally eligible, the company with the higher liquidity as measured according to average daily trading volume (3 months in CAD) will be added. The Solactive Canadian Midstream Oil & Gas Index is adjusted before an index component will be delisted. This is announced by Solactive AG on its webpage (www.solactive.com) at least two trading days before the delisting date if the information is publicly available at that time.

3 Calculation of the Index

3.1 Index formula

The Index Level at any given time is calculated according to the following formula:

$$Index_t = \frac{\sum_{i=1}^n x_{i,t} * p_{i,t} * f_{i,t}}{D_t}$$

with:

$x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t

$p_{i,t}$ = Price of Index Component i on Trading Day t

$f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency

D_t = Divisor on Trading Day t

After the close of trading on each Adjustment Day t the new Divisor is calculated as follows:

$$D_t = \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}{Index_t}$$

This Divisor is valid with start of index calculation on the following Business Day.

3.2 Accuracy

The value of the Index will be rounded to four decimal places.

The number of Index Shares of the Index Components will be rounded to integers.

Trading Prices and foreign exchange rates will be rounded to four decimal places.

The Divisor will be rounded to six decimal places.

3.3 Dividends and other distributions

Dividend payments cause an adjustment of the Divisor of the total return index version. The new Divisor is calculated as follows:

$$D_{t+1} = D_t * \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t}) - (x_{i,t} * y_{i,t} * g_{i,t})}{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}$$

with

$p_{i,t}$ = Price of Index Component i on Trading Day t

$f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency

$x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t

$y_{i,t}$ = Distribution of Index Component i with ex date t+1

$g_{i,t}$ = Foreign exchange rate to convert the amount of the distribution of Index Component i on Trading Day t into the Index Currency

D_t = Divisor on Trading Day t

D_{t+1} = Divisor on Trading Day t+1

3.4 Corporate actions

Following the announcement regarding the terms and conditions of a corporate action, the Index Calculator determines whether such corporate action has a dilutive, concentrative or similar effect on the price of the respective Index Component.

If this should be the case the Index Calculator shall make the necessary adjustments that are deemed appropriate in order to maintain the previous weights on the date on which the adjustment shall come into effect.

3.4.2 Capital increases (Rights Issuances)

In the case of capital increases with ex date t+1 the Index is adjusted as follows:

$$x_{i,t+1} = x_i * \frac{1+B}{1} \quad \text{with:}$$

$x_{i,t+1}$ = Number of Index Shares of Index Component i on Trading Day t+1

$x_{i,t}$ = Number of Index Shares of Index Component i on Trading Day t

B = Shares received for every share held

$$p_{i,t+1} = \frac{p_{i,t} + s * B}{1+B} \quad \text{with:}$$

$p_{i,t}$ = Price of Index Component i on Trading Day t

$p_{i,t+1}$ = Hypothetical Price of Index Component i on Trading Day t+1

s = Subscription Price in the Index Component currency

$$D_{t+1} = D_t * \frac{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t}) + \sum_{i=1}^n [(x_{i,t+1} * p_{i,t+1} * f_{i,t}) - (x_{i,t} * p_{i,t} * f_{i,t})]}{\sum_{i=1}^n (p_{i,t} * f_{i,t} * x_{i,t})}$$

with

$P_{i,t}$ = Price of Index Component i on Trading Day t

$f_{i,t}$ = Foreign exchange rate to convert the Price of Index Component i on Trading Day t into the Index Currency

$x_{i,t}$ = Number of Index Shares of the Index Component i on Trading Day t

$P_{i,t+1}$ = Hypothetical price of Index Component i on Trading Day t+1

$x_{i,t+1}$ = Number of Index Shares of the Index Component i on Trading Day t+1

D_t = Divisor on Trading Day t

D_{t+1} = Divisor on Trading Day t+1

3.4.3 Share splits

To maintain the current index weighting, in the case of share splits with ex date on Trading Day $t+1$ it is assumed that the prices change in ratio of the terms of the split. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} * B$$

$x_{i,t}$ = Number of Index Shares of the affected Index Component on Trading Day t

$x_{i,t+1}$ = Number of Index Shares of the affected Index Component on Trading Day $t+1$

B = Shares after the share split for every share held before the split

3.4.4 Stock distributions

In the case of stock distributions with ex date on Trading Day $t+1$ it is assumed that the prices change according to the terms of the distribution. The new Number of Index Shares is calculated as follows:

$$x_{i,t+1} = x_{i,t} * (1 + B)$$

$x_{i,t}$ = Number of Index Shares of the affected Index Component on Trading Day t

$x_{i,t+1}$ = Number of Index Shares of the affected Index Component on Trading Day $t+1$

B = Shares received for every share held

4 Definitions

“Index Component” is each stock or share class currently included in the Index. At any time, the list of Index Components comprising the Index is available from the Index Calculator’s website.

“Number of Index Shares” is in respect of an Index Component and on any given Business Day the number of shares included in the Index.

In particular an **“Extraordinary Event”** is

- a Merger
- a Takeover bid
- a delisting
- Insolvency

The Trading Price for this Index Component on the day the event came into effect is the last available market price for this Index Component quoted on the Exchange on the day the event came into effect (or, if a market price is not available for the day the event came into effect, the last available market price quoted on the Exchange on a day specified as appropriate by the Index Calculator), as determined by the Index Calculator, and this price is used as the Trading Price of the particular Index Component until the end of the day on which the composition of the Index is next determined according to this methodology.

In case of insolvency of an Index Component, the Index Component shall remain in the Index until the next Adjustment Day. As long as a market price for the affected Index Component is available on a Business Day, this shall be applied as the Trading Price for this Index Component on the relevant Business Day. If the stock is suspended from trading following such an announcement and does not resume trading before the Adjustment Day, the index committee may decide to use a different price than the last available traded price prior to the trading suspension. The Committee may also decide to eliminate the respective Index Component at an earlier point in time prior to the next Adjustment Day. The procedure in this case is identical to an elimination due to an Extraordinary Event.

An Index Component is **“delisted”** if the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in or the issuing of public quotes on the Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided delisting is not because of a Merger or a Takeover bid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator,

“Insolvency” occurs with regard to an Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of a voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

A **“Takeover bid”** is an extraordinary corporate action in which an acquiring company or a legal person makes an offer to a target company to buy the target shares for a cash and/or stock consideration. Takeover bids that do not result in a Delisting of the target company will not be processed between ordinary rebalancing dates.

With regard to an Index Component a **“Merger”** is

- (i) a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,
- (ii) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Index Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),
- (iii) a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares which are held and controlled by the legal person), or

- (iv) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event (except for shares held and controlled by the legal person) represent in total less than 50% of the shares in circulation directly subsequent to such an event.

The **“Merger Date”** is the date on which a Merger is concluded or the date specified by the Index Calculator if such a date cannot be determined under the law applicable to the Merger.

“Exchange” is, in respect of the Selection Pool and every Index Component, the respective primary exchange where the Index Component has its primary listing. The Committee may decide to declare a different stock exchange the **“Exchange”** for trading reasons, even if the company is only listed there via a Stock Substitute.

With regard to an Index component (subject to the provisions given above under **“Extraordinary Events”**) the **“Trading Price”** in respect of a Trading Day is the closing price on this Trading Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Index Calculator will use the most recent price.

A **“Trading Day”** is in relation to the Index or an Index Component a Trading Day on the Exchange (or a day that would have been such a day if a market disruption had not occurred). The Index Calculator is ultimately responsible as to whether a certain day is a Trading Day with regard to the Index or an Index Component or in any other connection relating to this methodology.

A **“Business Day”** is a day on which the Toronto Stock Exchange is open for trading.

The **“Index Calculator”** is Solactive AG or any other appropriately appointed successor in this function.

The **“Index Currency”** is the currency in which the Index is denominated and shall be Canadian Dollar (**“CAD”**).

“Market Capitalization” is with regard to each of the shares in the Selection Pool on a Selection Day or Adjustment Day the value published as the Market Capitalization for this day.

As at the date of this Index Manual, Market Capitalization is defined as the value of a company calculated by multiplying the number of shares outstanding of the company by its share price.

“Adjustment Day” is the third Friday in March, June, September and December. If this happens to be no Business Day, the Adjustment Day is the immediately preceding Business Day.

“Selection Day” is the Business Day 10 Business Days before the Adjustment Day.

A **“Market Disruption Event”** occurs if

1. one of the following events occurs or exists on a Trading Day prior to the opening quotation time for an Index Component:
 - A) trading is suspended or restricted (due to price movements that exceed the limits allowed by the Exchange or an Affiliated Exchange, or for other reasons):
 - 1.1. across the whole Exchange; or
 - 1.2. on an Exchange or in a trading or quotation system (as determined by the Index Calculator) in which an Index Component is listed or quoted; or
 - B) an event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the Exchange transactions in respect of a security included in the Index or to determine market values for a security included in the Index or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on these shares or to determine market values for such options or futures contracts; or
2. trading on the Exchange is ceased prior to the usual closing time (as defined below), unless the early cessation of trading is announced by the Exchange on this Trading Day at least one hour before

(aa) the actual closing time for normal trading on the Exchange on the Trading Day in question or, if earlier.

(bb) the closing time (if given) of the Exchange for the execution of orders at the time the quote is given.

“Normal exchange closing time” is the time at which the Exchange or an Affiliated Exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours; or

3. a general moratorium is imposed on banking transactions in the country in which the Exchange is resident if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes his decision based on those circumstances that he considers reasonable and appropriate.

5 Appendix

5.1 Contact data

Information regarding the Index

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5.2 Calculation of the Index – change in calculation method

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator shall apply the method described above for the composition and calculation of the Index. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index, which it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Index Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.