

# Consultation Notice on proposed amendments to the methodology of indices comprised in the Credit Suisse Volatility Target Indices

This Notice is addressed to all users and stakeholders of the Credit Suisse Volatility Target Indices (each an “**Index**” and together, the “**Indices**”) listed in the appendix to this Notice (the “**Appendix**”) and is published by Credit Suisse International (“**CSI**”) in its capacity as Index Administrator (as defined below) in respect of the Indices.

CSI is authorised by the Prudential Regulation Authority (“**PRA**”) and regulated by the Financial Conduct Authority (“**FCA**”) and the PRA. CSI is registered with the FCA as a benchmark administrator.

## **Introduction and scope of Consultation**

CSI is the sponsor (the “**Index Sponsor**”) of the Indices. CSI also acts as (i) the administrator (the “**Index Administrator**” and “**Index Administration**”) of the Indices for the purposes of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds as it forms part of the domestic law of the United Kingdom (the “**UK BMR**”) and (ii) the index calculation agent (the “**Index Calculation Agent**”). CSI, as the Index Sponsor and Index Administrator, may, acting through its index committee (the “**Index Committee**”) and in consultation with the Index Advisory Committee, make decisions on any amendments to the Index Methodology (as defined below).

CSI, as Index Sponsor and Index Administrator has proposed amendments to the Index Methodology (as defined below) of each Index and as Index Administrator is hereby consulting on those proposed amendments (the “**Consultation**”).

The aim of the Consultation is to provide users and stakeholders with (i) applicable background information, (ii) the rationale for, and clear information on, the proposed amendments, (iii) an opportunity to ask questions or provide comments in respect of the proposed amendments and (iv) practical information on responding to the Consultation and next steps.

Capitalised terms used but not defined herein shall have the meaning ascribed to them in the relevant CS Index Rules (as defined below).

If you do not understand the contents of this Notice or are unsure how this affects you, you should consult an appropriate professional adviser.

## **Current Index Methodology**

The current methodology used for each Index (the “**Index Methodology**”) is set out in Credit Suisse Volatility Target Indices, Index Specific Rules (as amended) for each Index (each the “**Index Specific Rules**”) and Master Index Rules (as amended) (the “**Master Index Rules**”) and together with the Index Specific Rules, the “**CS Index Rules**”).

## **Background to the Consultation and rationale for the proposed amendments to the Index Methodology**

On 12 June 2023, UBS announced the completion of the acquisition of Credit Suisse. Credit Suisse Group AG was merged into UBS Group AG (the “**UBS/CS Acquisition**”) and the combined entity has since operated as a consolidated banking group. CSI has become a wholly owned indirect subsidiary of UBS Group AG. Following the UBS/CS Acquisition the decision has been taken in conjunction with CSI and the Index Committee, to conduct an orderly exit (the “**Index Administrator Exit**”) from CSI’s role as an administrator under UK BMR and this will impact the Indices.

As part of the implementation of the Index Administrator Exit, CSI on a date which is expected to be by, or shortly after 17 June 2024 (the “**Transfer Effective Date**”), proposes to transfer its role as Index Sponsor of the Indices to UBS AG, London Branch (the “**Index Sponsor Transfer**”), which in turn proposes to appoint MerQube, Inc (i) as Index Administrator for the Indices, subject to delegation to its subsidiary, MerQube UK Limited (“**MerQube**”), (the “**Third Party Administrator Appointment**”) and (ii) as Index Calculation Agent for the Indices (the “**Third Party Calculation Agent Appointment**”), (succeeding CSI in those capacities), on the Transfer Effective Date.

MerQube is registered as an administrator by the FCA under UK BMR.

MerQube, Inc. has been an established index administrator and index calculation agent since 2019. Further information on MerQube, Inc and MerQube can be found at <https://merqube.com/home>.

Amendments to the Index Methodology relating to the Indices are necessary from the Transfer Effective Date, as a result of the proposed Index Sponsor Transfer, Index Administrator Exit , Third Party Administrator Appointment and Third Party Calculation Agent Appointment.

## **Proposed amendments to each Index Methodology**

In the context of the matters outlined above, it is proposed that, in respect of each Index, with effect from the Transfer Effective Date in each case:

- CSI will transfer its role as Index Sponsor to UBS AG, London Branch and CSI will cease to be the Index Sponsor, Index Administrator and Index Calculation Agent;
- each Index will be renamed, as set out in the Appendix;
- UBS AG, London Branch, as Index Sponsor, will complete the Third Party Administrator Appointment and the Third Party Calculation Agent Appointment, so that MerQube and MerQube, Inc. replace CSI as Index Administrator and Index Calculation Agent respectively;
- MerQube Inc. will publish and calculate the level of each Index, in place of CSI;
- the CS Index Rules for each Index will be replaced by the index rules prepared by MerQube, Inc. (the “**MerQube Index Rules**”). The MerQube Index Rules will contain the Index Methodology, with amendments to reflect the changes above and certain others to reflect the ongoing roles of MerQube as Index Administrator and MerQube, Inc Index Calculation Agent of each Index and the Index Sponsor Transfer.

## **Consultation Period and availability of documentation**

In order to take into account the views of users and stakeholders of the Indices, CSI, as Index Administrator, is conducting the Consultation on the proposed amendments. The Consultation opens on 15 May 2024 and will run until close of business in London on 17 June 2024 (the “**Consultation Period**”).

Within the Consultation Period, users and stakeholders are invited to send any feedback or comments on this Consultation to the following, including a reference to the relevant Bloomberg Ticker in their email, along with their name and details of their status as a user or stakeholder:

[list.qis-consultation@credit-suisse.com](mailto:list.qis-consultation@credit-suisse.com)

Copies of the CS Index Rules and draft MerQube Index Rules will be made available to users and stakeholders of the CSCB Indices upon request to the same email address within the Consultation Period, giving the same details.

Please note that this Notice and any relevant updates on the Consultation will be made accessible on the following website : <https://www.credit-suisse.com/uk/en/investment-banking/financial-regulatory/customer-notices.html?a=32>

### **Credit Suisse International**

Dated: 15 May 2024

## Appendix

Current name of Index	Bloomberg Ticker	New name of Index
Credit Suisse Cross Velocity Fund Index	CSEACRSV	UBS Cross Velocity Fund Index
Credit Suisse Enhanced Momentum Portfolio Fund ER 4% USD 2 Index	CSEAEMP2	UBS Enhanced Momentum Portfolio Fund ER 4% USD 2 Index