

**Silver FLOWS™ Indices**  
**By Credit Suisse and NASDAQ OMX**  
**Index Rules**

**Index Sponsors**

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## 1. Introduction

This document constitutes the index rules for the Silver FLOWS™ Index Series and defines the formulas and the procedures for its construction and calculation. The Index Sponsor will be responsible for approving certain actions under these Rules and will be consulted by the Index Calculation Agent as necessary on matters of interpretation. As used herein, the “**Index**” has the definition set forth below, and may refer separately to the Total Return Index or the Price Return Index, or both, as the context requires, and “**Rules**” means the rules contained in this document, as may be amended from time to time by the Index Sponsor. When used herein, the term “Index Sponsor” shall refer to the Index Co-Sponsors identified in Section 1.3, acting through the persons appointed to act for each of them pursuant to Section 1.3.

There are ten indices in the suite of Credit Suisse Silver FLOWS™ Indices (each an “Index”, and collectively, “Indices”):

The Credit Suisse NASDAQ Silver FLOWS™<sub>104</sub> Price Index (the “104 PR Index”) and the Credit Suisse NASDAQ Silver FLOWS™<sub>104</sub> Total Return Index (the “104 TR Index”, and collectively with the 104 PR Index, the “104 Indices”).

The Credit Suisse NASDAQ Silver FLOWS™<sub>106</sub> Price Index (the “106 PR Index”) and the Credit Suisse NASDAQ Silver FLOWS™<sub>106</sub> Total Return Index (the “106 TR Index”, and collectively with the 106 PR Index, the “106 Indices”).

The Credit Suisse NASDAQ Silver FLOWS™<sub>108</sub> Price Index (the “108 PR Index”) and the Credit Suisse NASDAQ Silver FLOWS™<sub>108</sub> Total Return Index (the “108 TR Index”, and collectively with the 108 PR Index, the “108 Indices”).

The Credit Suisse NASDAQ Silver FLOWS™<sub>110</sub> Price Index (the “110 PR Index”) and the Credit Suisse NASDAQ Silver FLOWS™<sub>110</sub> Total Return Index (the “110 TR Index”, and collectively with the 110 PR Index, the “110 Indices”).

The Credit Suisse NASDAQ Silver FLOWS™<sub>112</sub> Price Index (the “112 PR Index”) and the Credit Suisse NASDAQ Silver FLOWS™<sub>112</sub> Total Return Index (the “112 TR Index”, and collectively with the 112 PR Index, the “112 Indices”).

For the purposes of these rules, each PR Index shall constitute a “Price Return Index” and each TR Index shall constitute a “Total Return Index”.

This document is published by Credit Suisse International, (“**Credit Suisse**” or “**CS**”) of One Cabot Square, London, E14 4QJ, United Kingdom and The NASDAQ OMX Group, Inc. (“**NASDAQ OMX**”) of One Liberty Plaza, 165 Broadway, New York, NY 10006, USA.

### 1.1. What is the FLOWS™ Index family?

The Formula-Linked OverWrite Strategy (“FLOWS™”) index family was developed by Credit Suisse. Each index within the family is designed to replicate a “covered call” strategy. Covered call strategies represent an approach to owning assets that offers higher yield than simply holding the asset except in cases when the asset increases above the call strike. In such a strategy, an investor holds a long position in an asset and writes (sells) call options on that same asset. The investor receives income from selling the options and thus somewhat muted downside to the extent of income received. In selling the calls, however, the investor forfeits the right to participate in the potential upside of the asset beyond the strike price of the call options during their term. Covered call (also known as “buy-write”) strategies have been used historically by investors to manage risk and generate income in portfolios. The FLOWS™ Index family is designed to reflect investable covered call strategies on a variety of assets.

### 1.2. What are the Silver FLOWS™ Indices

The Silver FLOWS™ Indices adopt the covered call strategy described above by employing a rules-based algorithmic approach that seeks to replicate operating a monthly “covered call” income strategy on an ETF on silver, maintaining a long position in shares of the ISHARES® Silver Trust ETF (SLV) (the “Shares”) while selling hypothetical call options each month on that position (the “Options”). The hypothetical sale of options (“New Options”) and repurchase of existing options (“Expiring Options”) will occur each month, generally over a five day period (the “Roll Period”), in order to “roll” the options and maintain a continuing short Option position on the Shares. The hypothetical premiums generated from notional sales of the Options are subtracted monthly from the Price Return Index (with a month’s lag); such hypothetical premiums are included and “reinvested” each month in the Total Return Index (with a month’s lag). The hypothetical repurchase of existing Options will be funded through hypothetical sales of Shares (assuming the repurchased Options are priced higher than zero).

The Indices select the listed call option that has the lowest strike price that is above the Target Strike multiplied by the closing price of the Shares on the Primary Exchange as of the Strike Observation Time on the Strike Observation Date as the “**Reference Option**” by which the price of the hypothetical Options will be determined as equal. All Options notionally sold over the Roll Dates

of any given month will be the same options (i.e., having the same strike price and expiration date) selected on the Strike Observation Date.

The Index Value of each Index on the Index Start Date is as described in Section 1.4. The Index Start Date will be deemed to be a Roll Date, and all initial option positions will be identified and established on the Index Start Date. The Options hypothetically sold on the Index Start Date were hypothetically repurchased on the next regular Roll Dates.

### 1.3. Parties

Index Co-Sponsors: Credit Suisse Securities USA, LLC (“Credit Suisse” or “CS”) and The NASDAQ OMX Group, Inc, (“NASDAQ OMX”) will together act as the “**Index Sponsor**” under these Rules. Credit Suisse shall be represented by the employees appointed by it, and NASDAQ shall be represented by its Index Group, and such employees and such division shall collectively represent the Index Co-Sponsors in connection with their joint performance of the responsibilities of the Index Sponsor under these Rules. Each Index Co-Sponsor may modify the persons so representing it at any time, upon notice of not less than five (5) Exchange Business Days to the other.

Index Calculation Agent: NASDAQ OMX, pursuant to an agreement between NASDAQ OMX and CS as amended from time to time

### 1.4. General Index Terms

Index: Any index of the Silver FLOWS™ Index Series listed in Section 1.

Index Component: Any component of the Notional Portfolio (as defined in Section 2.1), from time to time.

Rules: The rules contained in this document, as may be amended from time to time by the Index Sponsor.

Index Start Date: December 26, 2008

Index Start Value: 10,000

Index Live Date: March 28, 2013 (for the 106 Index)

Index Calculation Day: Any Exchange Business Day on which a value for each Reference Asset exists on the Exchange. A value shall be considered to exist if either “bid” or “ask” levels are published for the Shares and for the Options on the Exchange on such day.

Exchange Business Day: Any Scheduled Trading Day on which each Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing before its scheduled closing time.

Scheduled Trading Day: In respect of any Exchange, any day on which such Exchange is scheduled to be open for trading for its regular trading session

Exchange: With respect to the Share, NYSE ARCA, and with respect to the Option, CBOE and any other US exchanges on which the Options are traded

Expiry Dates: Monthly on each Listed Option Expiration Date.<sup>1</sup>

Target Strike: 104% for the 104 Indices

<sup>1</sup> In respect of options expiring prior to February 15, 2015, “Expiry Date” refers to the Scheduled Trading Day immediately preceding each Listed Option Expiration Date.

106% for the 106 Indices

108% for the 108 Indices

110% for the 110 Indices

112% for the 112 Indices

Index Roll Period:	The Roll Dates in any month, including in the event of Disrupted Days any Extraordinary Roll Dates.
Roll Dates	Normally, the five (5) consecutive Index Calculation Days starting on (and including) the first scheduled Index Calculation Day falling on or after the tenth (10 <sup>th</sup> ) calendar day prior to an Expiry Date, subject to modification as described in Section 2.2. A Roll Date shall be considered “scheduled” if it precedes the Expiry Date for the current month and as of the close of the immediately preceding Index Calculation Date, the outstanding Expiring Option Units is not o.
Extraordinary Roll Date	<p>In any given month, the first Index Calculation Day, which falls on the Expiry Date or after, for which:</p> <ol style="list-style-type: none"> <li>1) no preceding Index Calculation Days during the same month have been Roll Dates or</li> <li>2) as of the close of the most recent Roll Date, the index maintained a hypothetical position in Expiring Option different from o</li> </ol> <p>For the avoidance of doubt, Extraordinary Roll Date shall be an unscheduled Roll Date and might not exist for each given month.</p>
Listed Option Expiration Date:	The scheduled day each month on which standard monthly options on the Share expire on the CBOE <sup>2</sup>
Early Closure	The closure on any Exchange Business Day of the Exchange in respect of any Reference Asset before its scheduled closing time, unless such earlier closing time is announced by such Exchange at least one hour before the earlier of (i) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange system for execution at the scheduled closing time on such Exchange Business Day;
Exchange Disruption	Any event (other than an Early Closure) that disrupts or impairs, as determined by the Index Sponsor, the ability of market participants in general to effect transactions in, or obtain market values for, any Reference Asset
Trading Disruption	Any suspension of or limitation imposed on trading by the relevant Exchange or otherwise, and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or otherwise, relating to any Reference Asset on the Exchange.
Index Value:	The value of the Index as published by the Index Calculation Agent in accordance with Section 3.
Reference Assets:	<p>For the purposes of this Index, the Reference Assets are the following:</p> <ol style="list-style-type: none"> <li>(1) shares of ISHARES® SILVER TRUST (Bloomberg: SLV UP Equity) (“<b>Share</b>”)</li> <li>(2) a hypothetical call option on the Share (“<b>Option</b>”)</li> </ol> <p>On Roll Dates, (2) shall be further composed of (2)(a) Option sold during the previous Roll Period</p>

<sup>2</sup> In respect of options expiring prior to February 15, 2015, “Listed Option Expiration Date” refers to the Saturday following the third Friday of each month (or, if such Friday was a holiday on the CBOE, the last day preceding such Friday on which the CBOE was open for business).

(“Expiring Option”) and (2)(b) Option sold during the current Roll Period (“New Option”)

Relevant Currency: US Dollar

## 2. Index Construction

### 2.1. Composition of the Notional Portfolio

The Index measures the rate of return of a notional investment in a covered call strategy involving a notional long exposure to the Shares and a notional short position in an approximately one-month call options on the Shares (the “**Index Strategy**”). The establishment of such notional short position through hypothetical sales of the Options will result in the generation of a notional cash component that, at the end of the following Rebalance Period, will be subtracted from the Index (in the case of the Price Return Indices) or retained and re-invested in the Index (in the case of the Total Return Indices), as provided in Section 3 hereof. The notional portfolio generated by this Index Strategy (the “**Notional Portfolio**”) comprises:

- Long notional investment in Share units (each, a “**Share Unit**”), being a certain number of hypothetical units of the Share, determined in accordance with Section 3.3; and
- Short notional position in Option units (each, an “**Option Unit**”), being a certain number of hypothetical units of the Option (which, on Roll Dates, shall be further composed of New Option and Expiring Option), determined in accordance with Section 3.4; and
- Notional cash position, determined in accordance with Section 3.5 (the “**Cash Position**”)

### 2.2. Rebalancing of the Index

As of the end of each Roll Date, the index will be rebalanced, so that its investment in Share and Options is as prescribed by the Index Strategy. In addition, on the last Roll Date of each month, (A) each Price Return Index will (i) subtract from the Index the Distribution determined at the conclusion of the prior Index Roll Period and (ii) announce the Distribution applicable to the following month, and (B) each Total Return Index will (i) add to its notional investment in the Share Units the amount of the Distribution determined at the conclusion of the prior Index Roll Period (“Distribution Today”) and (ii) announce the amount of the Distribution to be added to the notional investment in the Share Units in the following month. In particular, the following steps will occur over each month (capitalized terms not otherwise defined have the definitions assigned to such terms in Section 3):

- 1) Each month, on the Strike Observation Date at the Strike Observation Time, the Index will determine the strike of the Option in respect of which a short position will be established during such Roll Period (each, a “**New Option**”). This hypothetical Option will feature a strike price that is the same as the strike price for the listed call option expiring during the following month with the lowest strike price above the Target Strike multiplied by the price of the Shares on the Primary Exchange at that time (the “**Reference Option**”).
- 2) As of the end of the first Roll Date, and on each successive Roll Date of such Index Roll Period, the Index will hypothetically sell the New Option in an amount described below. Also, as of the end of each such Roll Date the Index will hypothetically repurchase an amount, as specified by the Roll Pct (generally 20%, or as otherwise described below in the event Disrupted Days occur during a Roll Period), of the Option Units notionally sold during the previous Index Roll Period (the “Expiring Options”); the Index will hypothetically liquidate Shares Units as necessary in an amount sufficient to fund such notional purchase.
- 3) On the last Roll Date of such Index Roll Period, the Index will determine the amount of the Cash Position generated from the hypothetical sales of the Options during such Index Roll Period, which will, on the close of the last day of the next following Index Roll Period, be (i) subtracted from each Price Return Index and (ii) added to each Total Return Index in the form of additional Share Units.

Generally, any scheduled Index Calculation Day that is also a Disrupted Day will not be deemed to be an Index Calculation Day hereunder; *provided*, that the Index Calculation Agent may at any time take the actions prescribed in Section 6.

In respect of any scheduled Roll Date, in the event that a Trading Disruption or an Exchange Disruption occurs on such date, such date shall no longer be considered an Index Calculation Day (and thus not a Roll Date, although it will continue to be a scheduled Roll Date) and therefore any hypothetical trades that were intended to be hypothetically sold or repurchased (as the case may be) on such date shall be executed over the following Index Calculation Days. In such case, the Roll Period will be extended as necessary so that the current Roll Period spans 5 Index Calculation Days; *provided*, that if Trading Disruptions or Exchange

Disruptions have resulted in the last scheduled Roll Date of the current Roll Period to be the scheduled Index Calculation Day immediately preceding the scheduled Expiry Date, the Roll Period may only be extended further via an Extraordinary Roll Date and the Roll Percentage shall be adjusted so that any remaining hypothetical trades for the current Roll Period shall be executed evenly over the remaining days of such Roll Period (for the avoidance of doubt, the last day of the scheduled Roll Period shall never be on or after an Expiry Date; however an Extraordinary Roll Date may fall on or succeed an Expiry Date). In the case where the last scheduled Roll Date (non-Extraordinary Roll Date) immediately precedes the scheduled Expiry Date and a disruption occurs on such Roll Date, the following Index Calculation Day shall be an Extraordinary Roll Date, on which all remaining Option trades shall be executed and an Extraordinary Roll Adjustment shall be applicable.

### 3. Index Calculation

#### 3.0. Definitions

The following definitions will be used throughout this document:

**“Strike Observation Date”** will mean the Index Calculation Day immediately preceding the first actual Roll Date of each month.

**“Strike Observation Time”** will mean 4:00PM New York City time on the Strike Observation Date.

**“Share Mid Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , means the official closing price of the Share on its primary exchange (NYSE ARCA) (“Primary Exchange”) as of the close of that date. This number will be rounded to 4 digits after the decimal point.

**“Option Bid Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , means the bid price of the Option as of the close of that date and it will be calculated as follows:

- If Price Adjustment Event<sub>t</sub> is not in effect,  $Option\ Bid\ Price_t = Listed\ Bid\ Price_t$
- Otherwise,  $Option\ Bid\ Price_t = Adjusted\ Bid\ Price_t$

This number will be rounded to 3 digits after the decimal point.

**“Option Ask Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , means the ask price of the Option as of the close of that date and it will be calculated as follows:

- If Price Adjustment Event<sub>t</sub> is not in effect,  $Option\ Ask\ Price_t = Listed\ Ask\ Price_t$
- Otherwise,  $Option\ Ask\ Price_t = Adjusted\ Ask\ Price_t$

This number will be rounded to 3 digits after the decimal point.

**“Option Mid Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , means the mid-market price of the Option as of the close of that date as determined by the arithmetic average of Option Bid Price<sub>t</sub> and Option Ask Price<sub>t</sub>. This number will be rounded to 3 digits after the decimal point.

**“Adjusted Bid Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , with respect to an option on Share with the same term and strike as the Option in the index, is determined as follows:

- If the Listed Bid Price<sub>t</sub> is available,  $Adjusted\ Bid\ Price_t = Listed\ Bid\ Price_t$
- Otherwise, if the Listed Ask Price<sub>t</sub> is available,  $Adjusted\ Bid\ Price_t = \max[0, Listed\ Ask\ Price_t - .01]$

This number will be rounded to 3 digits after the decimal point.

**“Adjusted Ask Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , with respect to an option on Share with the same term and strike as the Option in the index, is determined as follows:

- If the Listed Ask Price<sub>t</sub> is available,  $Adjusted\ Ask\ Price_t = Listed\ Ask\ Price_t$
- If the Listed Bid Price<sub>t</sub> is available,  $Adjusted\ Ask\ Price_t = Listed\ Bid\ Price_t + 0.01$

This number will be rounded to 3 digits after the decimal point.

**“Price Adjustment Event<sub>t</sub>”** shall be deemed to be in effect on any Index Calculation Day,  $t$ , if either of Listed Bid Price<sub>t</sub>, and Listed Ask Price<sub>t</sub> is unavailable.

**“Extraordinary Exchange Intervention Event<sub>t</sub>”** shall be deemed to be in effect on any Index Calculation Day,  $t$ , if during the same month, with regard to an Expiring Option, an Exchange or any other relevant governing body has extended the maturity for the corresponding Reference Option’s originally scheduled Listed Option Expiration Date, and as a result the expiry on the corresponding Reference Option is on or after  $t$ .

**“Listed Bid Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , is the last bid for the applicable Reference Option on date  $t$  during regular market hours as reported by the relevant Exchange. This number will be rounded to 2 digits after the decimal point.

**“Listed Ask Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , is the last ask for the applicable Reference Option on date  $t$  during regular market hours as reported by the relevant Exchange. This number will be rounded to 2 digits after the decimal point.

**“Extraordinary Share Mid Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , which is also an Extraordinary Roll Date, means the VWAP price of the Share as published on its Primary Exchange by Bloomberg for that date (EQY\_WEIGHTED\_AVG\_PX). This number will be rounded to 4 digits after the decimal point.

**“Extraordinary Option Ask Price<sub>t</sub>”** on any Index Calculation Day,  $t$ , which is also an Extraordinary Roll Date, means:

- 1) With respect to a call Option, whose Expiry Date is on the day  $t$ , the value calculated by:

$$\text{Extraordinary Option Ask Price}_t = \text{Option Ask Price}_t + \text{ExtraordinaryRollAdjustment}_t$$

- 2) With respect to a call Option, whose Expiry Date is before the day  $t$ , its intrinsic value, as calculated by:

- a. If an Extraordinary Exchange Intervention Event<sub>t</sub> is not applicable

$$\text{Extraordinary Option Ask Price}_t = \max[0, \text{Share Mid Price}_{t-1} - \text{Strike}] + \text{ExtraordinaryRollAdjustment}_t$$

Where,

$t - 1$  is the immediately preceding Index Calculation Day

- b. If an Extraordinary Exchange Intervention Event<sub>t</sub> is applicable

$$\text{Extraordinary Option Ask Price}_t = \max[0, \text{Share Mid Price}_t - \text{Strike}] + \text{ExtraordinaryRollAdjustment}_t$$

- 3) With respect to any other Option,

$$\text{Extraordinary Option Ask Price}_t = \text{Option Ask Price}_t$$

This number will be rounded to 3 digits after the decimal point.

**“ExtraordinaryRollAdjustment<sub>t</sub>”** on any Index Calculation Day,  $t$ , which is also an Extraordinary Roll Date shall be equal to

- 1) If  $t$  is an Expiry Date (as originally scheduled):

$$\text{ExtraordinaryRollAdjustment}_t = \begin{cases} \max[0.01, 0.0001 \times \text{ShareMidPrice}_t], & \text{if } \text{ShareMidPrice}_t < 0.98 \times \text{Strike} \\ \max[0.03, 0.0003 \times \text{ShareMidPrice}_t], & \text{if } \text{ShareMidPrice}_t \geq 0.98 \times \text{Strike} \end{cases}$$

- 2) If  $t$  is not an Expiry Date (as originally scheduled):

- a. If an Extraordinary Exchange Intervention Event<sub>t</sub> is not applicable

$$\text{ExtraordinaryRollAdjustment}_t = \max[0, \text{ExtraordinaryShareMidPrice}_t - \max[\text{ShareMidPrice}_{t-1}, \text{Strike}]]$$

Where,

$t - 1$  is the immediately preceding Index Calculation Day

*Strike* is the strike of the relevant Option

- b. If an Extraordinary Exchange Intervention Event<sub>t</sub> is applicable

$$\text{ExtraordinaryRollAdjustment}_t = \max[0, \text{ExtraordinaryShareMidPrice}_t - \max[\text{ShareMidPrice}_t, \text{Strike}]]$$

Where,

*Strike* is the strike of the relevant Option

This number will be rounded to 3 digits after the decimal point.



### 3.1. Composition of the Notional Portfolio at Inception

On the Index Start Date, the Index had an initial level of Index Start Value, and the Notional Portfolio comprised the following Index Components, the sum of the values of which adds to the Index Start Value:

1.  $n_0^{Share}$  Share Units, reflecting a position in Shares, as represented by the Share Mid Price of the Shares on the Index Start Date
2.  $n_0^{Option}$  Option Units of the Share call options with strike  $Strike_0$  with maturity  $Maturity_0$ , reflecting call options on all Share Units expiring on the next scheduled expiration having the lowest listed strike price that is above the Target Strike multiplied by the closing price of the Shares as of the Index Start Date.
3. Cash and, if applicable, Distribution of  $Cash_0$  and as a Cash Position, reflecting the value of the Option Units, as represented by the Option Mid Price of the Options on the Index Start Date multiplied by the number of Option Units, so that the initial level of the Index equals Index Start Value.

	$n_0^{Share}$	$n_0^{Option}$	$Cash_0$	$Strike_0$	$Maturity_0$
104 Index	939.849624	(939.849624)	187.969925	12	16-Jan-09
106 Index	939.849624	(939.849624)	187.969925	12	16-Jan-09
108 Index	939.849624	(939.849624)	187.969925	12	16-Jan-09
110 Index	939.849624	(939.849624)	187.969925	12	16-Jan-09
112 Index	939.849624	(939.849624)	187.969925	12	16-Jan-09

The Index Start Value shall be rounded to 4 decimal places.

### 3.2. Daily Calculation of the Index

For each Index Calculation Day  $t$ , which is **not a Roll Date and not an Extraordinary Roll Date**, the Index Value in respect of such Index Calculation Day  $t$  (" $Index_t$ ") is calculated by the Index Calculation Agent at the end of such day in accordance with the following formula:

$$Index_t = n_t^{Share} \times Share_t + n_t^{Option} \times OptionMid_t + Cash_t$$

Where:

- $t$  is the same as the Index Calculation Day  $t$ ;
- $Index_t$  is the Index Value as of the close of the Index Calculation Day,  $t$ ;
- $n_t^{Share}$  is the number of Share Units as of the close of the Index Calculation Day,  $t$ ;
- $Share_t$  is the Share Mid Price as of the close of Index Calculation Day  $t$ ;
- $n_t^{Option}$  is the number of Option Units short at the close of Index Calculation Day  $t$ ;
- $OptionMid_t$  is the Option Mid Price as of the close of Index Calculation Day  $t$ ; and
- $Cash_t$  is the Cash Position outstanding at the close of Index Calculation Day  $t$  as defined below.

For each Index Calculation Day  $t$ , which is **a Roll Date and not an Extraordinary Roll Date**, the Index Value in respect of such Index Calculation Day  $t$  (" $Index_t$ ") is calculated by the Index Calculation Agent at the end of such day in accordance with the following formula:

$$Index_t = n_t^{Share} \times Share_t + n_t^{oldOption} \times OptionMid_t^{old} + n_t^{NewOption} \times OptionMid_t^{New} + Cash_t$$

Where:

$t$	is the same as the Index Calculation Day $t$ ;
$Index_t$	is the Index Value as of the close of the Index Calculation Day, $t$ ;
$n_t^{Share}$	is the number of Share Units as of the close of the Index Calculation Day, $t$ ;
$Share_t$	is the Share Mid Price as of the close of Index Calculation Day $t$ ;
$n_t^{OldOption}$	is the number of Option Units of the Expiring Option hypothetically short on Index Calculation Day $t$ ;
$OptionMid_t^{Old}$	is the Option Mid Price of the Expiring Option hypothetically short on Index Calculation Day $t$ ;
$n_t^{NewOption}$	is the number of Option Units of the New Option hypothetically short on Index Calculation Day $t$ ;
$OptionMid_t^{New}$	is the Option Mid Price of the New Option hypothetically short on Index Calculation Day $t$ ;
$Cash_t$	is the Cash Position outstanding at the close of Index Calculation Day $t$ as defined below;

For each Index Calculation Day  $t$ , which is an **Extraordinary Roll Date**, the Index Value in respect of such Index Calculation Day  $t$  ("**Index<sub>t</sub>**") shall be calculated by the Index Calculation Agent at the end of such day in accordance with the following formula:

$$Index_t = n_t^{Share} \times Share_t + n_t^{NewOption} \times OptionMid_t^{New} + Cash_t$$

Where:

$t$	is the same as the Index Calculation Day $t$ ;
$Index_t$	is the Index Value as of the close of the Index Calculation Day, $t$ ;
$n_t^{Share}$	is the number of Share Units as of the close of the Index Calculation Day, $t$ ;
$Share_t$	is the Share Mid Price as of the close of Index Calculation Day $t$ ;
$n_t^{NewOption}$	is the number of Option Units of the New Option hypothetically short on Index Calculation Day $t$ ;
$OptionMid_t^{New}$	is the Option Mid Price of the New Option hypothetically short on Index Calculation Day $t$ ;
$Cash_t$	is the Cash Position outstanding at the close of Index Calculation Day $t$ as defined below;

The final result from this calculation will be rounded to 6 digits after the decimal point.

### 3.3 Share Units

As of the end of each Roll Date, the number of Share Units held in the index will be adjusted to reflect that any cash in excess of the paid Distribution shall be recapitalized into the index.

For each Index Calculation Day  $t$ , which is **not a Roll Date and not an Extraordinary Roll Date**, the Share Units shall remain unchanged:

$$n_t^{Share} = n_{t-1}^{Share}$$

For each Index Calculation Day  $t$ , which is a **Roll Date and not an Extraordinary Roll Date**, the Share Units shall be determined as:

$$n_t^{Share} = \begin{cases} n_{t-1}^{Share} + RollPct_t \times \frac{n_{t-5}^{Option} \times (OptionAsk_t^{Old} + TAOldPct \times Share_t)}{Share_t \times (1 - TASharePct)}, & \text{if } t + 1 \text{ is a Roll Date} \\ n_{t-1}^{Share} + RollPct_t \times \frac{n_{t-5}^{Option} \times (OptionAsk_t^{Old} + TAOldPct \times Share_t)}{Share_t \times (1 - TASharePct)} + \frac{Cash_{t-5} - Distribution_{t-5}}{Share_t \times (1 - TASharePct)}, & \text{if } t + 1 \text{ is not a Roll Date} \end{cases}$$

Where:

$t$	is the same as the Index Calculation Day $t$ ;
-----	--

$t - 1$	is the immediately preceding Index Calculation Day before the Index Calculation Day $t$
$t - 5$	is the 5th preceding Index Calculation Day before the Index Calculation Day $t$
$n_t^{Share}$	is the number of Share Units as of the close of Index Calculation Day $t$ ;
$Share_t$	is the Share Mid Price as of the close of Index Calculation Day $t$ ;
$n_t^{Option}$	is the number of Option Units as of the close of Index Calculation Day $t$ ;
$OptionAsk_t^{Old}$	is the Option Ask Price of the Expiring Option on the Index Calculation Day $t$ ;
$TAOldPct$	is the Trading Adjustment applicable to Option position being closed out
$TASharePct$	is the Trading Adjustment applicable to Share position being rebalanced
$RollPct_t$	is the Roll Percentage on the Index Calculation Day $t$ , as defined in this document
$Cash_t$	is the Cash Position outstanding on the Index Calculation Day $t$
$Distribution_t$	is the unpaid Distribution as of the Index Calculation Day $t$

For each Index Calculation Day  $t$ , which is an **Extraordinary Roll Date**, the Share Units shall be determined as:

$$n_t^{Share} = n_{t-1}^{Share} + RollPct_t \times \frac{n_{t-5}^{Option} \times (OptionAsk_t^{Old} + TAOldPct \times Share_t)}{Share_t \times (1 - TASharePct)} + \frac{Cash_{t-5} - Distribution_{t-5}}{Share_t \times (1 - TASharePct)}$$

Where:

$t$	is the same as the Index Calculation Day $t$ ;
$t - 1$	is the immediately preceding Index Calculation Day before the Index Calculation Day $t$
$t - 5$	is the 5th preceding Index Calculation Day before the Index Calculation Day $t$
$n_t^{Share}$	is the number of Share Units as of the close of Index Calculation Day $t$ ;
$Share_t$	is the Share Mid Price as of the close of Index Calculation Day $t$ ;
$n_t^{Option}$	is the number of Option Units as of the close of Index Calculation Day $t$ ;
$OptionAsk_t^{Old}$	is the Extraordinary Option Ask Price of the Expiring Option on the Index Calculation Day $t$ ;
$TAOldPct$	is the Trading Adjustment applicable to the Expiring Option position
$TASharePct$	is the Trading Adjustment applicable to Share position being rebalanced
$RollPct_t$	is the Roll Percentage on the Index Calculation Day $t$ , as defined in this document
$Cash_t$	is the Cash Position outstanding on the Index Calculation Day $t$
$Distribution_t$	is the unpaid Distribution as of the Index Calculation Day $t$

The final result from this calculation will be rounded to 6 digits after the decimal point.

### 3.4. Option Units

At the end of each Roll Date,  $r$ , which is a Roll Date during the Roll Period prior to the expiry of the Option, the Option currently held in the index ("**Expiring Option**") will be rolled into a hypothetical new position ("**New Option**") such that (i) Expiring Options will be hypothetically repurchased and New Options hypothetically sold, and (ii) at the end of each Roll Date the combined number of units of Expiring Option and New Option will equal in absolute value (and be opposite in sign) the number Share Units calculated as of the end of that day. Specifically, the hypothetical New Option position being opened will be deemed to have the following parameters:

- **Maturity:** The Expiry Date during the month following the current Roll Date

- **Strike:** The strike price of the listed call option on the Shares with a Listed Option Expiration Date occurring during the month following the current Roll Date with the lowest strike above the Target Strike multiplied by the price of the Share on that date, observed as the last price on the Primary Exchange before or on the Strike Observation Time on the Strike Observation Date for that month (such listed option, the “**Reference Option**” corresponding to the hypothetical New Option).
- **Exercise Type:** European
- **Settlement:** Cash
- **Number of Option Units** Determined as described below

In general, as of the close of any Index Calculation Day  $t$ , the total Option Units shall represent a short call option position corresponding to the number of Share Units.

For each Index Calculation Day  $t$ , which is **not a Roll Date and not an Extraordinary Roll Date**,

$$n_t^{Option} = n_{t-1}^{Option}$$

For each Index Calculation Day  $t$ , which is **a Roll Date and not an Extraordinary Roll Date**, the number of Option Units sold will equal the number of the new Share Units as of the close of that date.

$$n_t^{OldOption} = \begin{cases} n_{t-1}^{Option} - RollPct_t \times n_{t-5}^{Option}, & \text{if } t - 1 \text{ is not a Roll Date} \\ n_{t-1}^{OldOption} - RollPct_t \times n_{t-5}^{Option}, & \text{if } t - 1 \text{ is a Roll Date and } t + 1 \text{ is a Roll Date} \\ 0, & \text{if } t + 1 \text{ is not a Roll Date} \end{cases}$$

$$n_t^{NewOption} = -(n_t^{Share} + n_t^{OldOption})$$

$$n_t^{Option} = n_t^{OldOption} + n_t^{NewOption}$$

Where,

- $t$  is the same as the Index Calculation Day  $t$ ;
- $t - 1$  is the immediately preceding Index Calculation Day before the Index Calculation Day  $t$
- $t - 5$  is the 5th preceding Index Calculation Day before the Index Calculation Day  $t$
- $n_t^{Option}$  is the number of Option Units as of the close of Index Calculation Date  $t$ ;
- $n_t^{OldOption}$  is the number of Option Units of the Option being hypothetically purchased as of the close of Index Calculation Day  $t$ ;
- $n_t^{NewOption}$  is the number of Option Units of the Option being hypothetically sold as of the close of Index Calculation Day  $t$ ;
- $RollPct_t$  is the Roll Percentage on the Index Calculation Day  $t$ , as defined in this document

For each Index Calculation Day  $t$ , which is **an Extraordinary Roll Date**, the number of Option Units sold will equal the number of the new Share Units as of the close of that date.

$$n_t^{OldOption} = 0$$

$$n_t^{NewOption} = -(n_t^{Share} + n_t^{OldOption})$$

$$n_t^{Option} = n_t^{OldOption} + n_t^{NewOption}$$

Where,

- $t$  is the same as the Index Calculation Day  $t$ ;

$t - 1$	is the immediately preceding Index Calculation Day before the Index Calculation Day $t$
$t - 5$	is the 5th preceding Index Calculation Day before the Index Calculation Day $t$
$n_t^{Option}$	is the number of Option Units as of the close of Index Calculation Date $t$ ;
$n_t^{OldOption}$	is the number of Option Units of the Option being hypothetically purchased as of the close of Index Calculation Day $t$ ;
$n_t^{NewOption}$	is the number of Option Units of the Option being hypothetically sold as of the close of Index Calculation Day $t$ ;

The final result from this calculation will be rounded to 6 digits after the decimal point.

### 3.5. Cash

At the end of each Index Calculation Day,  $t$ , the cash level ("Cash <sub>$t$</sub> ") shall be determined as follows:

For each Index Calculation Day  $t$ , which is **not a Roll Date and not an Extraordinary Roll Date**,

$$Cash_t = Cash_{t-1}$$

For each Index Calculation Day  $t$ , which is **a Roll Date and not an Extraordinary Roll Date**,

$$Cash_t = \begin{cases} Cash_{t-1} - n_t^{NewOption} \times \max[0, OptionBid_t^{New} - TANewPct \times Share_t], & \text{if } t - 1 \text{ is not a Roll Date} \\ Cash_{t-1} - (n_t^{NewOption} - n_{t-1}^{NewOption}) \times \max[0, OptionBid_t^{New} - TANewPct \times Share_t], & \text{if } t - 1 \text{ and } t + 1 \text{ are Roll Dates} \\ Cash_{t-1} - (n_t^{NewOption} - n_{t-1}^{NewOption}) \times \max[0, OptionBid_t^{New} - TANewPct \times Share_t] - Cash_{t-5}, & \text{if } t + 1 \text{ is not a Roll Date} \end{cases}$$

Where,

$t$	is the same as the Index Calculation Day $t$ ;
$t - 1$	is the immediately preceding Index Calculation Day before the Index Calculation Day $t$
$t - 5$	is the 5th preceding Index Calculation Day before the Index Calculation Day $t$
$t + 1$	is the immediately following Index Calculation Day, $t+1$ ;
$n_t^{OldOption}$	is the number of Option Units of the Option being hypothetically purchased as of the close of Index Calculation Day $t$ ;
$n_t^{NewOption}$	is the number of Option Units of the Option being hypothetically sold as of the close of Index Calculation Day $t$ ;
$OptionBid_t^{New}$	is the Option Bid Price of the Option being hypothetically sold as of the Index Calculation Day $t$
$Share_t$	is the Share Mid Price as of the close of Index Calculation Day $t$ ;
$TANewPct$	is the Trading Adjustment applicable to option being hypothetically sold

For each Index Calculation Day  $t$ , which is **an Extraordinary Roll Date**,

$$Cash_t = Cash_{t-1} - (n_t^{NewOption} - n_{t-1}^{NewOption}) \times \max[0, OptionBid_t^{New} - TANewPct \times Share_t] - Cash_{t-5}$$

Where,

$t$	is the same as the Index Calculation Day $t$ ;
$t - 1$	is the immediately preceding Index Calculation Day before the Index Calculation Day $t$
$t - 5$	is the 5th preceding Index Calculation Day before the Index Calculation Day $t$
$n_t^{NewOption}$	is the number of Option Units of the Option being hypothetically sold as of the close of Index Calculation Day $t$ ;

$OptionBid_t^{New}$	is the Option Bid Price of the Option being hypothetically sold as of the Index Calculation Day t
$Share_t$	is the Share Mid Price as of the close of Index Calculation Day t;
$TANewPct$	is the Trading Adjustment applicable to option being hypothetically sold

The final result from this calculation will be rounded to 6 digits after the decimal point.

### 3.6. Distribution

The Distribution amount ("Distribution") shall be determined at the end of the last Roll Date in each month and on the last Roll Date of the following month will be paid out in the case of the Price Return Index and reinvested into strategy in the case of the Total Return Index. The Distribution will be a certain percentage (the "Payout Ratio" or "PR") of the premium generated by selling the New Option, which will be 100% for the Price Return Index and 0% for the Total Return Index.

For each Index Calculation Day t, which is **not a Roll Date and not an Extraordinary Roll Date**,

$$Distribution_t = Distribution_{t-1}$$

For each Index Calculation Day t, which is **a Roll Date and not an Extraordinary Roll Date**,

$$Disrubution_t = \begin{cases} Distribution_{t-1} - PR \times n_t^{NewOption} \times \max[0, OptionBid_t^{New} - TANewPct \times Share_t), & \text{if } t - 1 \text{ is not a Roll Date} \\ Distribution_{t-1} - PR \times (n_t^{NewOption} - n_{t-1}^{NewOption}) \times \max[0, OptionBid_t^{New} - TANewPct \times Share_t), & \text{if } t - 1 \text{ and } t + 1 \text{ are a Roll Dates} \\ Distribution_{t-1} - PR \times (n_t^{NewOption} - n_{t-1}^{NewOption}) \times \max[0, OptionBid_t^{New} - TANewPct \times Share_t) - DT_t, & \text{if } t + 1 \text{ is not a Roll Date} \end{cases}$$

Where

$t$	is the same as the Index Calculation Day t;
$t - 1$	is the immediately preceding Index Calculation Day before the Index Calculation Day t
$t - 5$	is the 5-th preceding Index Calculation Day before the Index Calculation Day t
$t + 1$	is the immediately following Index Calculation Day, t+1;
$n_t^{NewOption}$	is the number of Option Units of the Option being rolled into as of the close of Index Calculation Day t;
$OptionBid_t^{New}$	is the Option Bid Price of the Option being rolled into as of the Index Calculation Day t
$Share_t$	is the Share Mid Price as of the close of Index Calculation Day t;
$Disrubution_t$	is the unpaid Distribution as of the Index Calculation Day t
$DT_t$	is the Distribution Today as of the Index Calculation Day t
$PR$	is equal to 1.0 for the Price Return Index and equal to 0 for the Total Return Index
$TANewPct$	is the Trading Adjustment applicable to option being hypothetically sold

For each Index Calculation Day t, which is **an Extraordinary Roll Date**,

$$Distribution_t = Distribution_{t-1} - PR \times (n_t^{NewOption} - n_{t-1}^{NewOption}) \times \max[0, OptionBid_t^{New} - TANewPct \times Share_t) - DT_t$$

Where

$t$	is the same as the Index Calculation Day t;
$t - 1$	is the immediately preceding Index Calculation Day before the Index Calculation Day t
$t - 5$	is the 5-th preceding Index Calculation Day before the Index Calculation Day t
$n_t^{NewOption}$	is the number of Option Units of the Option being rolled into as of the close of Index Calculation Day t;

$OptionBid_t^{New}$	is the Option Bid Price of the Option being rolled into as of the Index Calculation Day t
$Share_t$	is the Share Mid Price as of the close of Index Calculation Day t;
$Disrubution_t$	is the unpaid Distribution as of the Index Calculation Day t
$DT_t$	is the Distribution Today as of the Index Calculation Day t
$PR$	is equal to 1.0 for the Price Return Index and equal to 0 for the Total Return Index
$TANewPct$	is the Trading Adjustment applicable to option being hypothetically sold

The final result from this calculation will be rounded to 6 digits after the decimal point.

### 3.6.1 Distribution Today

The Distribution Today ("DT") shall represent the actual distribution or reinvestment, respectively, for the PR and the TR indices, on any given Index Calculation Day. The Distribution Today shall have a non-zero value only on the last day of each Roll Period.

For each Index Calculation Day t, which is **not a Roll Date and not an Extraordinary Roll Date**,

$$DistributionToday_t = 0$$

For each Index Calculation Day t, which is **a Roll Date and not an Extraordinary Roll Date**,

$$DistributionToday_t = \begin{cases} 0, & \text{if } t + 1 \text{ is a Roll Date} \\ Distribution_{t-5}, & \text{if } t + 1 \text{ is not a Roll Date} \end{cases}$$

Where

$t$	is the same as the Index Calculation Day t;
$t - 5$	is the 5-th preceding Index Calculation Day before the Index Calculation Day t
$t + 1$	is the immediately following Index Calculation Day, t+1;
$Disrubution_t$	is the unpaid Distribution as of the Index Calculation Day t

For each Index Calculation Day t, which is **an Extraordinary Roll Date**,

$$DistributionToday_t = Distribution_{t-5}$$

Where

$t$	is the same as the Index Calculation Day t;
$t - 5$	is the 5-th preceding Index Calculation Day before the Index Calculation Day t
$Disrubution_t$	is the unpaid Distribution as of the Index Calculation Day t

The final result from this calculation will be rounded to 6 digits after the decimal point.

### 3.7. Trading Adjustments

The Index Value will be adjusted for the notional transaction costs incurred by rebalances of the Notional Portfolio (the "Trading Adjustment")

$TAOldPct$	is the Trading Adjustment applicable to Option being opened and is equal to 0.0003
$TANewPct$	is the Trading Adjustment applicable to Option being closed and is equal to 0.0003
$TASharePct$	is the Trading Adjustment applicable to Shares being rebalanced and is equal to 0.0001

### 3.8. Roll Percentage

To alleviate the risk of trading large positions on a single day, the Index will roll its monthly exposure gradually over the 5 Roll Dates in each month or fully roll anything that is remaining to be rolled (to the extent applicable) over the single Extraordinary Roll Date

$RollPct_t$

on any Index Calculation Day,  $t$ , is the proportion of the previous month's expiring Option position being rolled into a new position on each Roll Date.

If the current day is an Extraordinary Roll Date and no Index Calculation Day during the current month has been a Roll Date,

$$RollPct_t = \frac{n_{t-1}^{Option}}{n_{t-5}^{Option}}$$

Otherwise, if the current day is an Extraordinary Roll Date and at least one Index Calculation Day during the current month has been a Roll Date,

$$RollPct_t = \frac{n_{t-1}^{OldOption}}{n_{t-5}^{Option}}$$

Otherwise,

If the current month's Roll Period has been completed (i.e. current Index Calculation Date is after the last Roll Date for the month) or the current Roll Period has not experienced any Disrupted Days (and thus all scheduled Index Calculation Days of the current Roll Period have indeed been Index Calculation Days), the  $RollPct_t$  shall be equal to 0.20.

Otherwise (any originally scheduled Index Calculation Day during the current Roll Period has been disrupted),

If no preceding Index Calculation Days during the current month have been Roll Dates:

$$RollPct_t = \frac{n_{t-1}^{Option}}{RemainingRoll_t \times n_{t-5}^{Option}}$$

If at least one preceding Index Calculation Date during the current month has been a Roll Date:

$$RollPct_t = \frac{n_{t-1}^{OldOption}}{RemainingRoll_t \times n_{t-5}^{Option}}$$

$RemainingRoll_t$

is remaining number of days in the current Roll Period until the Expiry Date  $RemainingRoll_t = \max[1, \min[5 - NumRolls_t, NumBDToExpiry_t]]$

$NumRolls_t$

is the number of Roll Dates from the current Roll Period that have already occurred excluding the current Roll Date,  $t$

$NumBDToExpiry_t$

is the number of scheduled Index Calculation Days from and including the current Index Calculation Day,  $t$ , to and excluding the Expiry Date for that month if  $t$  precedes the Expiry Date for that month, or 0 otherwise.

The final result from this calculation will be rounded to 6 digits after the decimal point.

### 3.9. Index Precision

The Index Values will be rounded to 6 decimal places when published and all subsequent Index Values refer to the preceding rounded Index Value.

## 4. Publication of the Index Value

The Index Calculation Agent retains the right to delay publication of the Index Value if it reasonably believes there are circumstances that prevent the correct calculation of the Index.

The Index Value for the each Index will be calculated by the Index Calculation Agent and published on Bloomberg page as follows:

104 PR Index TBD



104 TR Index TBD

106 PR Index QSLVO

106 TR Index QSLVOTR

108 PR Index TBD

108 TR Index TBD

110 PR Index TBD

110 TR Index TBD

112 PR Index TBD

112 TR Index TBD

Calculation and publication of the Index Value in respect of each Index Calculation Day  $t$  will take place at or shortly after 5:00 PM New York City time on each Index Calculation Day $_t$ .

In the event that an Index Value published by the Index Calculation Agent is amended after it is initially published, but before the publication of the following Index Calculation Day's Index Value, the amended Index Value will be considered the official fixing level and used in all applicable calculations. The Index may be replaced by a successor index.

## 5. Amendment of the Index Rules

The Index Sponsor may revise the Index if it determines that one of the following events has occurred:

- a) there is any event or circumstance that makes it impossible or impracticable to calculate the Index pursuant to the Rules;
- b) a change to the Rules is required to address an error, ambiguity or omission; or
- c) an Extraordinary Event has occurred.

"Extraordinary Event" means any of the following:

- a) a material adverse change in either (i) the liquidity of any Index Component or (ii) the trading volume, terms or listing of any Index Component;
- b) any event or circumstance as a result of which the value of an Index Component is deemed unreliable;
- c) an Index Component is permanently altered (including without limitation any declaration of a dividend or other distribution on the Shares), discontinued or otherwise unavailable;
- d) a change by the applicable exchange or other price source with respect to the (i) calculation, (ii) announcement, or (iii) publication of the settlement price or method by which the value of an Index Component is calculated, which has a material effect on the level of the Index; or
- e) any other event that materially frustrates the purpose or aims of the Index Strategy (for example if there is a material risk of the Index Value becoming negative).

Any revision may lead to a change in the way the Index is calculated or constructed. Such changes may include, but are not limited to, substitution of an Index Component, or index rebalancing on a date that is not a Roll Date but otherwise in accordance with the rebalancing process specified in Section 2.2 above.

## 6. Suspension of the Index

### 6.1. Index Disruption

Where, in the determination of the Index Calculation Agent, an Index Disruption Event has occurred or is existing and continuing in respect of any scheduled Index Calculation Day (a "**Disrupted Day**"), the Index Calculation Agent may in respect of such Disrupted Day suspend the calculation and publication of the Index Value until the next Index Calculation Day that is not a Disrupted Day.

For these purposes, "**Index Disruption Event**" means a General Disruption Event or a Reference Asset Disruption Event.

### 6.2. General Disruption Events

In the determination of the Index Calculation Agent, each of the following events is a "**General Disruption Event**":

- a) a closure of the money markets denominated in the Relevant Currency other than for ordinary public holidays, or a restriction or suspension in trading in these markets that would materially impact the determination arising in the construction or calculation of the Index and the Index Value; or
- b) the failure, suspension or postponement of any calculation within the Index Strategy in respect of any Index Calculation Day, any event resulting in a breakdown in any means of communication or a procedure normally used to enable the determination of the Index Value, any other event that the Index Calculation Agent determines is likely to prevent the prompt or accurate determination of the Index Value, or a conclusion by the Index Calculation Agent that as a consequence of any such event that the last reported Index Value should not be relied upon.

### 6.3. Reference Asset Disruption Events

In the determination of the Index Calculation Agent, each of the following events is a "**Reference Asset Disruption Event**":

- a) the occurrence or existence, in respect of any Reference Asset, of one of the following:
  - 1) a Trading Disruption on the Exchange in respect of such Reference Asset;
  - 2) an Exchange Disruption; or
  - 3) an Early Closure.
- b) any failure to publish the value of a Reference Asset for any reason on a day when such Reference Asset is due to be published; or
- c) any event that disrupts or impairs (as determined by the Index Calculation Agent) the ability of market participants to obtain market values for, any Reference Asset.

## 7. Important Disclaimer Information

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