



Numis Securities Limited: Article 28 Procedures, January 2024

These procedures are published in accordance with Article 28(1), Benchmark Regulation which require an administrator to “publish, together with the Benchmark statement referred to in Article 27, a procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a Benchmark which may be used in the United Kingdom in accordance with Article 29(1). The procedure may be drafted, where applicable, for families of Benchmarks and shall be updated and published whenever a material change occurs.”

#### Background and Purpose

Numis Securities Limited (“NSL”) is administrator to the Deutsche Numis Family of Benchmarks (the “Deutsche Numis benchmarks”), which includes nine indexes, listed below. The Deutsche Numis Benchmarks are regulated data, non-significant benchmarks. They relate to UK equities.

- **Deutsche Numis Smaller Companies Index:** Contains all the stocks that make up the smallest 10% by value of the UK fully listed equity market (including Premium and Standard Listings) as at the annual end-year rebalancing date.
- **Deutsche Numis Smaller Companies + AIM Index:** Contains all the stocks that make up the smallest 10% by value of the UK fully listed equity market (including Premium and Standard Listings), as at the annual end-year rebalancing date plus AIM stocks that meet the same size limit.
- **Deutsche Numis Extended Smaller Companies Index:** This index is identical to the Deutsche Numis Smaller Companies Index, except that the back history contains stocks listed on the (now long defunct) Unlisted Securities Market (USM). Consequently the index level is different, but % movements in the index are the same.
- **Deutsche Numis Sub-£1bn Index:** Contains all the stocks with a market capitalisation of less than £1bn at the annual end-year rebalancing date, that are listed on the UK main fully listed equity market (including Premium and Standard Listings) or on AIM.
- **Deutsche Numis 1000 Index:** Contains all the stocks that make up the smallest 2% by value of the UK fully listed equity market (including Premium and Standard Listings), as at the annual end-year rebalancing date, calculated on an Excluding Investment Companies basis.
- **Deutsche Numis UK Mid-Cap Index:** Contains all the stocks that, as at the annual end-year rebalancing date, make up the smallest 20% by value of the UK fully listed equity market (including Premium and Standard Listings), excluding the bottom 5% by value of the UK fully listed equity market.
- **Deutsche Numis Alternative Markets Index:** Contains all stocks listed on qualifying UK Alternative markets, regardless of market capitalisation. Currently AIM is the only market that qualifies.
- **The Deutsche Numis UK All Share Index:** Represents the performance of UK main market listed companies across the entire market cap range of the UK main listed market
- **The Deutsche Numis UK Large Cap index:** Represents the performance of UK main market listed companies in the cumulative market cap range of 20-100% of the UK main listed market

The purpose of this document is to set out the process should there be any requirement to make any (i) change to the Consultants to the benchmarks or Benchmark administrator, (ii) methodology change or (iii) to terminate any or all of the indices administered by NSL.

Any proposed material changes to the Deutsche Numis Benchmark methodology, including cessation, requires approval of the NSL Board. Such a decision would also be subject to the oversight of the NSL Benchmark Oversight Committee (the “BOC”).

#### Structure of the Deutsche Numis Benchmarks

The Deutsche Numis Benchmarks are compiled by NSL using as input data official closing prices sourced via vendors from eligible stock exchanges. NSL distributes the Deutsche Numis Benchmarks. Professor Paul Marsh and Scott Evans act as Consultants to NSL on the Benchmarks.

Professors Marsh and Dimson own certain IP relating to the indices.

The Head of Benchmarks at NSL is Will Wallis.



### Benchmark Methodology Change Process

Changes to the Deutsche Numis Benchmark methodology could be required for a variety of reasons, including:

- (i) market events which directly or indirectly affect any or all of the Deutsche Numis Benchmarks;
- (ii) a review by NSL or the BOC of the Deutsche Numis Benchmark Methodology;
- (iii) a review by Professor Marsh, Professor Dimson and Scott Evans;
- (iv) feedback from stakeholders including users of the Deutsche Numis Benchmarks;
- (v) regulatory changes;
- (vi) NSL identifying alternative operational arrangements for one or all of the Deutsche Numis Benchmarks.

Should a change process be triggered, the Head of Benchmarks, in conjunction with the Head of Compliance and the BOC, will first determine whether the proposed change is material.

A proposed change can be determined to be material based on a variety of factors, which could include:

- (i) any fundamental change to the process by which the Deutsche Numis Benchmark is determined;
- (ii) any change to the underlying market or reality represented by the Deutsche Numis Benchmark;
- (iii) any impact on the objective of the Deutsche Numis Benchmark;
- (iv) any impact on the performance of the Deutsche Numis Benchmark;
- (v) any impact on current users of the Deutsche Numis Benchmark;
- (vi) any impact on the financial market and;
- (vii) any impact on the components of the Deutsche Numis Benchmark, including the type and source of input data used.

Any decision as to materiality should be made at the time the relevant change(s) are proposed and in light of the current methodology for the relevant benchmark.

Should the change(s) be determined not to be material, the updated methodology will be amended and published by the Head of Benchmarks.

Should the change(s) be determined to be material, the proposed change(s), including the proposed revised methodology, will be submitted for approval first to Professors Marsh, Professor Dimson and Scott Evans, and then to the NSL Board, who are required to either approve or reject the change in conjunction with the BOC.

Should the NSL Board, in conjunction with the BOC, approve the proposed change(s), the proposed change will be sent out for stakeholder consultation.

Consultation responses will be considered by the Head of Benchmarks and the BOC, who will determine whether to implement the change(s).

If the Head of Benchmarks and the BOC determine to implement the change(s), this will become effective as soon as practicable and the approved methodology formalised and published.

If required, NSL will also update the Benchmark Statement as a result of changes and republish this to the Deutsche Numis website.

### Benchmark Cessation Process

Cessation of a benchmark could be required for a variety of reasons and these can include:

- (i) regulatory changes;
- (ii) reduction in the liquidity of any components that make up a relevant benchmark;
- (iii) input data no longer being available to calculate the relevant benchmark;
- (iv) operational issues affecting the relevant benchmark or any components that make up such benchmark;
- (v) market environment changes result in the relevant benchmark no longer meeting users or stakeholders' requirements;



Numis Securities Limited: Article 28 Procedures, January 2024

- (vi) London Business School (LBS) ceasing to provide access to its database
- (vii) Professors Marsh and Scott Evans ceasing to act as Consultants to the Deutsche Numis benchmarks
- (viii) where the administrator believes that such benchmark no longer measures the underlying economic reality / asset class the benchmark methodology seeks to measure.

Any proposed cessation of a benchmark will require approval first by Professors Marsh, Professor Dimson and Scott Evans and then the NSL Board, who in conjunction with the BOC, will take into account various factors, including whether there are still users of the relevant benchmark.

Should the NSL Board approve the proposed cessation of the Deutsche Numis Benchmark, the proposed cessation will be sent out for stakeholder consultation.

Consultation responses will be considered by the Head of Benchmarks and the BOC. The NSL Board would make the final determination as to whether to implement the cessation.

NSL will also update the Benchmark Statement as a result of such changes and republish this to the Deutsche Numis website.

NSL will consult with regulators as required.

#### Benchmark Consultation Process

The aim of the consultation process is to provide for clear communication of the proposed methodology change(s) or cessation, as well as any relevant rationale. NSL will also endeavour to answer any questions which arise from any consultation process.

As part of the benchmark methodology change or cessation process, a separate user consultation process will be triggered where:

- (i) any proposed change to the benchmark methodology is determined to be material (in accordance with the Benchmark Change Process above)
- (ii) where the NSL Board and the BOC determines that a consultation process is required in connection with non-material methodology changes or cessation to a relevant benchmark.

The NSL Board and BOC will take into account regulatory guidelines and principles (such as the FCA Principles for Business, Conduct Rules NSLs policies and procedures) in making any determination for a consultation process where the methodology change is non-material or where a cessation is proposed.

The Head of Benchmarks, in conjunction with the BOC as appropriate, will create and issue a consultation document which will be sent via email to the users of the Deutsche Numis Benchmark, with the purpose of soliciting comments and feedback.

For a change in benchmark methodology, the consultation document shall include:

- (i) An explanation of the proposed change to the methodology;
- (ii) An assessment of the impact of the proposed change to the methodology; and
- (iii) An explanation of why the change is being proposed.

For a cessation of the benchmark, the consultation document shall include:

- (i) An explanation of the reasons for the proposed cessation; and
- (ii) An assessment of the impact of the proposed cessation on the users of the benchmark .

A time frame for responses will be set. This may range from two weeks to a month. Users of the benchmark will be able to submit feedback and ask questions during this time.

The Head of Benchmarks together with the Head of Compliance and the BOC will review the responses received and determine whether or not to progress with the proposed methodology change(s) or cessation. The NSL Board would then make the final determination as to whether to implement the cessation.



### Unused indexes

Should a published index have no ongoing contracted users, there is no requirement for the Benchmark Cessation or Consultation processes outlined above.

### Implementation

Should the final proposed methodology change(s) or benchmark cessation be approved for implementation by the NSL Board, the change(s) or cessation will be communicated to the relevant stakeholders.

The communication will include a date from which the change or cessation will be effective from.

The length of the notice period will depend on the change(s) being proposed.

If a cessation is proposed, the typical length of the notice period will be 6 months, however this will depend on a variety of factors which are to be taken into account at the relevant time.

### Changes to the benchmark administrator, benchmark name or Consultants to the benchmarks

Numis Securities Limited does not consider that changes to the benchmark administrator, benchmark name or Consultants to the benchmarks constitute methodology changes.

Material changes to the benchmark administrator and the Consultants to the benchmarks require approval from the BOC and the NSL Board. The below changes are considered material:

- (i) A proposed change of benchmark administrator;
- (ii) Any proposed wholesale change to the LBS arrangements or the Consultants to the benchmarks

For the avoidance of doubt, replacement of one of the Consultants to the benchmarks would not be necessarily considered a material change.

A change to the benchmark name would not be considered a material change.

In the event of either (i) and/or (ii) occurring, and having received approval from both the BOC and the NSL Board, the Head of Benchmarks, with oversight from the BOC, will draft and send a notification to all users of the benchmarks, informing them of the change.

It is not required to follow the Benchmark Methodology Change process and the Benchmark Consultation Process as the changes envisaged in (i) and/or (ii) are not considered to be methodology changes.

### Changes to this document

Material changes to this document require BOC approval.