

Methodology of TAIEX Daily Return Inverse -1X Index

I. Profile

Index Name: TAIEX Daily Return Inverse -1X Index

Abbreviation: TAIEX Inverse -1X Index

Base Date: 2015/8/31

Base Value: 10,000

II. Introduction

TAIEX Daily Return Inverse -1X Index (TAIEX Inverse -1X Index) aims to reflect performance of a multiple (of -1) of the inverse daily performance of the underlying reference index, the Taiwan Stock Exchange Capitalization Weighted Stock Index (TAIEX).

III. Calculation Method

$$IIDX_t = IIDX_s \times \left\{ 1 + \left[R \times \left(\frac{TRN_t}{TRN_s} - 1 \right) \right] \right\}$$

$IIDX_t$: Current value of TAIEX Inverse -1X Index

$IIDX_s$: Closing value of TAIEX Inverse -1X Index at the previous trading day

R: Multiple of -1

TRN_t : Current value of underlying reference index

TRN_s : Closing value of underlying reference index at the previous trading day

IV. Frequency and time of calculation

TAIEX Inverse -1X Index will be calculated intra-day on a 5 second basis.

V. Reverse split

If the closing value of TAIEX Inverse -1X Index is below 100 on trading day T, the reverse split will be implemented from the open on T+3. The rebased index level is determined by the closing index value on T+2 scaled by 100.