

Market Query

Treatment of special dividends in price indices – 16. October 2024

Market Query - Treatment of special dividends in price indices

Topic:

- The Vienna Stock Exchange is reviewing the treatment of special dividends in its price indices.
- Current version CEE & CIS (chapter 6.8.):
<https://www.wienerbourse.at/en/indices/download-area/index-rules/en-cee-cis-index-guide/>
- Current version Austrian Indices (chapter 2.1.2.)
<https://www.wienerbourse.at/en/indices/download-area/index-rules/en-aut-index-guide/>

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Motivation:

- Currently special dividends, paid by index members, are reinvested into price indices with their gross amount.
- As the holder of a respective index portfolio may only receive the net amount of a special dividend, only the net amount should be used for re-investment into the price indices of the Vienna Stock Exchange.

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Proposed changes:

- The Vienna Stock Exchange proposes to change the reinvestment of special dividends in all Vienna Stock Exchange price indices from gross amount to net amount.
- As a consequence, in case of special dividends, dividend point indices will be adjusted for the taxation amount.

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Index Type	Special Dividend Old	Special Dividend New
Price Index	Gross Amount	Net Amount
Dividend Point Index	n/a	Taxation Amount

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Questions:

- Do you agree with the proposed change of the treatment of special dividends in price indices of the Vienna Stock Exchange?
- Do you see any negative consequences arising from this change?

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Timeline:

- Please send your statement regarding the proposed methodology change to index@wienerboerse.at until **October 31, 2024**.
- Answers will be treated confidentially.
- The result of the market query will be published on **November 15, 2024**.

Market Query - Result

- Market participants sent a mixed response to the proposed change of the treatment of special dividends in Vienna Stock Exchange indices.
- While some would agree with the change, others mentioned negative consequences regarding hedging on the derivatives market.
- Currently special dividends are considered with their gross amount on the respective derivatives market and therefore a change to re-investment of the net amount would have negative consequences for the hedge of financial products.
- **As also the majority of international index administrators currently uses the gross amount of special dividends, the Vienna Stock Exchange will abstain from the proposed change and keep the current regime.**

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