

S&P Dow Jones Indices

A Division of [S&P Global](#)

A Market Leader in Robust Index Management

With the tremendous growth and broad global acceptance of index-based investing, index providers are receiving more attention. Questions regarding business structure and corporate ownership, the strength of the calculation infrastructure, access to and roles in providing market data, and other salient issues have become important elements of due diligence and regulatory conversations. Index users demand that there is a reputable service provider behind their benchmarks and investments.

ABOUT US

S&P Dow Jones Indices (S&P DJI) is a leading publisher of a wide variety of indices, many of which are used as benchmarks throughout the global marketplace. We publish over 1,000,000 indices, including globally-recognized and industry-leading indices such as the S&P 500®, the Dow Jones Industrial Average™ and the S&P/Case Shiller Home Price Indices. In addition to calculating and publishing our own indices, we have a great deal of experience working with third-parties and owners of other benchmarks to leverage our oversight and governance protocols, our transparent systems and processes, and to act as a custom index calculation agent that calculates, maintains and distributes over 50,000 custom indices around the globe.

HISTORY & EXPERIENCE

S&P Indices and Dow Jones Indexes – the predecessors of the combined S&P DJI joint venture – each had a history of operations that is entirely unmatched by any other index provider. Our milestones include the publication of the Dow Jones Industrial Average in 1896, through the 1957 introduction of the S&P 500 Index, to the contemporary launch of many of the most innovative and lauded indices in the industry.

We are among the world's largest and most influential index providers based on: visibility across global audiences, assets both benchmarked and directly indexed, ETF listings and assets, derivatives contracts based on a variety of indices and other key measures of liquidity and adoption.

Our history and the attendant growth of our global footprint have resulted in significant operational depth and breadth. We launch hundreds of indices each year including those under our own brand, as well as white-labeled indices calculated on behalf of other parties. We also have an enviable record of achieving Index Provider of the year awards that testify to our spirit of innovation and the strength of our brand ([Our Awards](#)).

We've also demonstrated the ability to develop and manage a wide range of methodologies from conventional to more advanced concepts. A corollary to our long history is our firm commitment to the index business. Clients are afforded the levels of service and innovation necessary for success today and the assurance that S&P DJI will be here tomorrow.

AVOIDING POTENTIAL CONFLICTS OF INTEREST

As recent headlines about benchmarks such as LIBOR have demonstrated, it is imperative that the publishers of indices and benchmarks ensure a strict separation between commercial operations and the index or benchmark calculation function. The potential for conflicts naturally arises when an organization is involved in index publication as well as in pricing component securities and/or issuing investment products.

S&P DJI focuses on index publication services and does not engage in any investment banking, equity listing, investment management or trading activities. Therefore, we are not prone to the inherent conflicts of interest that confront other index publishers engaged in such side-by-side activities. Similarly, we do not take part in the pricing of index components and the issuance of investment products; we source component prices from third parties, such as exchanges, and we license our indexes to third party product issuers.



Since transparency is one of the broadly-accepted and valued tenets of index investing, users should be aware of the issues inherent in relying on potentially conflicted index providers. Separation of the index publication process from other steps in the investment product development cycle ensures that transparency, independence and objectivity are fully maintained. In response to recent scandals, various regulatory bodies have proposed enhancements to index governance and administration. It is notable that such principles were woven into the fabric of S&P DJI long before recent headlines brought these issues to the forefront.

At S&P DJI, physical and organizational firewalls separate commercial operations and index governance. Final decisions about methodologies, index constituent selections, index rebalancing, etc. are all made within a distinct group with no relation to and restricted communications with commercial operations. Management and commercial teams are made aware of index changes at the same time as other market participants dramatically reducing the risk of front running, information leakage, etc. Changes in constituent weights are governed by objective, rules-based and publicly available methodologies.

A ROBUST INFRASTRUCTURE

Per the demands of clients, exchanges and regulators, indices should be calculated according to exacting and reliable standards. Over our decades of operation, we have built a fully redundant and resilient calculation platform capable of handling the full range of asset classes.

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Our operations and support personnel are geographically dispersed with locations in New York, New Jersey, London and Beijing; primary and secondary calculation engines are based in North America and Europe. Our rights to use hundreds of market data sources provide great flexibility in

calculating our indices, as well as third-party branded indices. Our real-time index values can be disseminated via multiple global exchanges and vendors, through dedicated low-latency lines or via the Internet. Our quality control, calculation oversight, client services and technology departments are well-staffed and vigilant. These systems, staff and index methodologies have been refined and tested through varied and volatile market conditions.

USING A REPUTABLE INDEX PROVIDER

Association with a well-established index brand accrues significant marketing, promotional and product-awareness benefits. Our indices are perhaps the most widely-cited benchmarks among global print and broadcast media. The markets grant their imprimatur to S&P DJI through their use of our indices; one prominent example is the New York Stock Exchange basing its circuit breakers on the S&P 500 Index.

Our outreach to global asset owners, investment consultants, investment advisors and other intermediaries in the financial services ecosystem encourage awareness and adoption of our index offerings. Our global educational and promotional campaigns – executed via marketing collateral, websites, webinars, seminars and conferences, advertising, social media and other means – are simply unmatched by “self-indexers,” upstart providers or providers where index publication is a non-core activity. The presence of S&P or Dow Jones in a product name offers much needed transparency and assurance in an era when transparency and assurance are all the more critical. When issuers remove the index provider name from their products or further obscure the provenance of the index, investors can be deprived of easy access to salient details such as methodology details and index constituents. When issuers attempt to create their own indices, they may introduce other conflicts of interest, which would not be present with an independent index provider.

The acceptance of the S&P Dow Jones Indices brand is evidenced by the fact that our indexes are often the definitive answer for determining financial market performance across equities, commodities, housing prices and other investment themes and asset classes.

INDUSTRY BEST PRACTICES

Drawing on more than a century of experience in index development and publication, S&P DJI is the gold standard for sound and reliable index construction.

We are committed to maintaining an ongoing dialogue with regulators and policymakers as they continue their review of the industry to offer our views on industry dynamics and best practices. Through participation in the Index Industry Association (of which S&P DJI is a founding member), the industry now has a forum to discuss its views of professional standards and disseminate them to the general public, including through publication of [Best Practices](#) guidance for the industry.

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