

## HSBC Pan Arab MultiFactor Index Series Consultation on Index Business Day Convention

**AMSTERDAM, SEPTEMBER 21, 2020:** S&P DJI Netherlands B.V., a wholly owned subsidiary of S&P Dow Jones Indices LLC., (“S&P Dow Jones Indices” or “S&P DJI”) is the benchmark administrator for the HSBC Pan Arab MultiFactor Index Series. The HSBC Pan Arab MultiFactor Index Series is owned by HSBC Bank plc. S&P DJI is conducting a consultation with market participants on potential changes to the index series.

The Pan Arab region tends to have some holidays determined at the last minute, especially the religious ones. This can sometimes leave very little time to inform and implement changes; this gets exacerbated if a “preceding” convention is used rather than a “following”.

S&P DJI is considering changing the Index Business Day Convention used to address situations where the third Thursday in each month is not an Index Business Day by changing the convention used from “the immediately preceding Index Business Day” to “the immediately following Index Business Day”. This proposed change should affect the definitions of the “Rebalancing Start Date” as well as the “Reconstitution Date”. The table below summarizes the proposed changes.

Proposed Changes	Methodology	
	Current	Proposed
Rebalancing Start Date Definition	“ <b>Rebalancing Start Date</b> ” means the third Thursday of “Rebalancing months” of the respective sub-index, or if such Thursday is not an Index Business Day, the immediately preceding Index Business Day.	“ <b>Rebalancing Start Date</b> ” means the third Thursday of “Rebalancing months” of the respective sub-index, or if such Thursday is not an Index Business Day, the immediately following Index Business Day.
Reconstitution Date Definition	“ <b>Reconstitution Date</b> ” means the third Thursday of March, June, September and December in each calendar year, or if such Thursday is not an Index Business Day, the immediately preceding Index Business Day.	“ <b>Reconstitution Date</b> ” means the third Thursday of March, June, September and December in each calendar year, or if such Thursday is not an Index Business Day, the immediately following Index Business Day.

### IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the November rebalancing, which takes effect prior to the market open on Friday, November 20, 2020.

### QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. Do you agree with the proposal to redefine the Rebalancing Start Date?
2. Do you agree with the proposal to redefine the Reconstitution Date?
3. If any of the proposed changes are adopted, do you agree with the proposed implementation date?

**4. Do you have any other comments or feedback regarding the proposed changes outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Please respond to this survey by **October 19, 2020**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at [SPDJI\\_Index\\_Governance@spglobal.com](mailto:SPDJI_Index_Governance@spglobal.com).

*Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.*

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit [www.spdji.com](http://www.spdji.com).

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**S&P Dow Jones Indices**  
[index\\_services@spglobal.com](mailto:index_services@spglobal.com)