

The Difference Between GICS[®] Structure and DJICS System

Introduction

The Global Industry Classification Standard (GICS) was developed in 1999 by S&P Global and MSCI. GICS is the primary industry classification system used by S&P Dow Jones Indices (S&P DJI). From inception to present, all stocks measured by S&P DJI-branded indices have been classified by GICS sectors.¹ Prior to 2012, when the S&P Dow Jones Indices joint venture was created, all Dow Jones Indices were classified under the Industry Classification Benchmark (ICB) until the shift to the proprietary Dow Jones Industry Classification System (DJICS), with industries representing the highest level.² Since the 2012 creation of S&P DJI, almost all new S&P DJI indices follow the GICS framework, which categorizes stocks into 11 distinct sectors, while DJICS divides stocks into its own 10 groups titled “industries”.

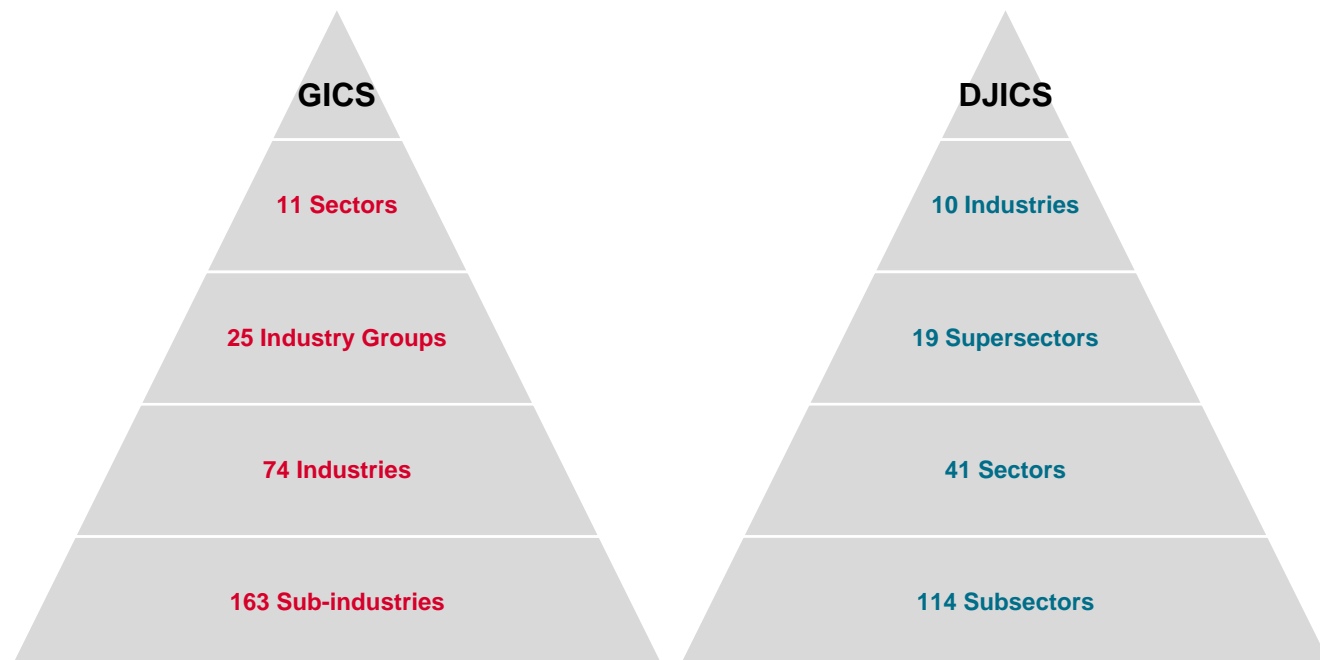
Similarities and Differences

The classification systems are similar in their structure. Both are four-tiered, hierarchical systems that classify securities quantitatively and qualitatively. Companies are classified in the subgroup whose definition most closely describes the business activities that generate the majority of the company’s revenues. In GICS, companies are first assigned at the lowest level of granularity at the sub-industry, which then determines its membership of an industry, industry group and sector. In DJICS, companies are first assigned at the lowest level of granularity at the subsector, which then determines its membership of sectors, supersectors and industries.

¹ In addition to GICS, some thematic indices may also have their own classification systems. e.g., [S&P Kensho New Economies](#).

² ICB, is proprietary to Financial Times Stock Exchange Group (FTSE) and is used by FTSE Russell and STOXX.

Exhibit 1: GICS and DJICS Classification Breakdown



Source: S&P Dow Jones Indices LLC. Data as of March 17, 2023. Chart is provided for illustrative purposes.

GICS differs from DJICS in several ways.

1. Names of tiers:

- While both systems have a similar number of groups at the top level, these groups are not completely identical to each other.
- **GICS Sectors:** Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Communication Services, Utilities and Real Estate.
- **DJICS:** Basic Materials, Consumer Goods, Consumer Services, Financials, Health Care, Industrials, Oil & Gas, Technology, Telecommunications and Utilities.
- As each subsequent tier is a breakdown of the preceding tier; there are similar groups that may be more inclusive or exclusive of different lines of business based on the strict definition set by the parent group.

2. Number of groupings in each tier:

- GICS' 11 sectors at the top of the pyramid denote the broadest classification, followed by 25 industry groups, 74 industries and finally 163 sub-industries, which represent the narrowest definition of this classification system.
- Similarly, DJICS' 10 industries are broken down into 19 supersectors, then 41 sectors and finally 114 subsectors. In most instances, GICS has a more granular breakdown than DJICS.³

³ * In 2018, the Telecommunications Services sector was expanded and renamed Communication Services.

Further Resources

GICS

- Overview: <https://www.spglobal.com/spdji/en/landing/topic/gics/>
- Reference Materials: <https://www.spglobal.com/spdji/en/search/?query=gics>
- Methodology: <https://www.spglobal.com/spdji/en/documents/methodologies/methodology-gics.pdf>

DJICS

- Excel Breakdown: <https://www.spglobal.com/spdji/en/documents/index-policies/sector-classification-system-dj-indices.xls>
- Mapping versus GICS: <http://www.spindices.com/documents/index-policies/gics-djics-comparison-2013.xlsx>

In 2013, S&P DJI announced most Dow Jones-branded indices would transition to the GICS framework with the changes implemented gradually on an index family basis. Please see <https://www.spglobal.com/spdji/en/documents/index-news-and-announcements/20131111-dj-gics-adoption.pdf> and <https://www.spglobal.com/spdji/en/documents/index-news-and-announcements/20140527-dj-gics-postpone.pdf>.

However, there are still some indices which use the proprietary DJICS framework, such as the [Dow Jones U.S. Sector Indices](#) and [Dow Jones U.S. Select Sector Specialty Indices](#).

For more information on Dow Jones Sectors, please see:

<https://www.spglobal.com/spdji/en/index-family/equity/us-equity/dow-jones-sectors/>

** In September 2016, Real Estate was carved out of Financials and became a standalone GICS sector.

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