

S&P Pan Arab and GCC Investable Indices Consultation on Including Saudi Arabian Domiciled Stocks

AMSTERDAM, JANUARY 15, 2019: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on a potential change to the S&P Pan Arab and GCC Investable Indices.

As previously announced, S&P DJI will change the country classification of Saudi Arabia from stand-alone to emerging market beginning in March 2019. The change will occur in two phases: the first in conjunction with the March 2019 quarterly rebalancing and the second with the September 2019 annual reconstitution.¹

S&P DJI is seeking market feedback in order to determine whether the S&P Pan Arab and GCC Investable Indices should also introduce Saudi Arabian domiciled stocks in a similar phased approach: 50% in March 2019 and 100% in September 2019.

The broad benchmark indices potentially impacted by this proposal are shown in Table 1 along with the hypothetical country representation under these possible scenarios.

Table 1:

Benchmark Index²	Hypothetical Weights of Saudi Arabia at	
	50% Inclusion	100% Inclusion
S&P Pan Arab Investable	28.50%	44.35%
S&P GCC Investable	33.53%	50.22%
S&P Pan Arab Investable Shariah	53.08%	69.35%
S&P GCC Investable Shariah	56.50%	72.2%

In addition, tables 2 and 3 on the following page show notable constituent data and summary statistics for the S&P Saudi Arabia BMI.

¹ Full announcement details are available [here](#).

² Data as of May 1, 2018.

Table 2:

Stock Name	Market Cap (US\$ Million)	
	Total	Float-Adjusted
SAUDI BASIC INDUSTRIES CORP	91,626	21,990
Al Rajhi Banking & Investment Corp.	36,402	17,837
National Commercial Bank	35,838	12,902
Samba Financial Group	15,492	7,591
Saudi Telecom	44,120	7,059
Saudi Arabian Mining Company	17,697	6,194
Saudi Electricity Company	25,465	4,838
Riyadh Bank	11,991	4,317
Alinma Bank	8,339	4,086
Almarai Co. Ltd.	15,991	3,998
Yanbu National Petrochemicals Company	10,426	3,858
Banque Saudi Fransi	10,606	3,606
Saudi Arabian Fertilizer Company	7,273	3,273
SAVOLA Group	5,956	2,918
Saudi Kayan Petrochemical Company	5,752	2,818
Jarir Marketing Company	4,115	2,016
Dar Al Arkan Real Estate Development	3,997	1,959
Bank Al Bilad	3,902	1,873
National Industrialization Company	3,658	1,793
Etihad Etisalat Co.	3,529	1,729

Table 3:

Size Category ³	Constituent Count	Market Cap (US\$ Million)	
		Total	Float-Adjusted
LargeCap	23	374,671	118,997
MidCap	20	41,737	18,455
SmallCap	73	33,793	15,109
Total	116	450,202	152,562

Under this proposal, stocks domiciled in Saudi Arabia would be added to the impacted indices using the relevant float-adjustment factors for non-GCC residents, who typically have tighter ownership restrictions.

For information on float adjustment and Investable Weights Factors (IWF), please refer to S&P DJI's Float Adjustment Methodology available at www.spdji.com.

For further information on the S&P Pan Arab and GCC Investable Indices, please refer to the S&P Pan Arab Indices Methodology available at www.spdji.com.

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 introduce Saudi Arabian domiciled stocks to the S&P Pan Arab and GCC Investable Indices?

³ Data as of May 1, 2018.

CONSULTATION

2. **If you agreed with the proposal in question 1 above, do you also agree with the phased implementation approach in line with S&P DJI's planned introduction of Saudi Arabian stocks to its global benchmark indices?**
3. **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. S&P DJI will make responses to consultations freely available upon request.⁴ If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **February 13, 2019**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

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 index_services@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.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500[®] and the Dow Jones Industrial Average[®]. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit www.spdji.com.

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⁴ Individual and company names as well as contact details will be redacted.