

## S&P/CLX Indices Consultation on Ineligible Securities

**MEXICO CITY, FEBRUARY 1, 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/CLX Indices.

### INELIGIBLE SECURITIES

On January 18, 2019, S&P DJI announced a revision to the ineligible securities rule whereby the threshold used to exclude companies holding shares of a public pension fund from the indices was changed as detailed in the table below.<sup>1</sup>

Criterion	Methodology	
	Previous	Current <sup>2</sup>
Ineligible Securities	Pension Funds (Administradora de Fondos de Pensiones or AFPs) and companies holding more than 50% of the shares of a public pension fund (considered major shareholders) are ineligible for index inclusion.	Pension Funds (Administradora de Fondos de Pensiones or AFPs) and companies holding more than 10% of the shares of a public pension fund (considered major shareholders) are ineligible for index inclusion.

Following this change and in order to ensure the indices continue to be investable, replicable, and meet local investment requirements, S&P DJI is seeking market feedback regarding the ineligible securities rule. Specifically, S&P DJI is considering the following three options:

1. Maintaining the current ineligible securities rule, whereby Pension Funds (Administradora de Fondos de Pensiones or AFPs) and companies holding more than 10% of the shares of a public pension fund (considered major shareholders) are ineligible for index inclusion.
2. Reverting back to the previous ineligible securities rule, whereby Pension Funds (Administradora de Fondos de Pensiones or AFPs) and companies holding more than 50% of the shares of a public pension fund (considered major shareholders) would be ineligible for index inclusion.
3. Eliminating the company ownership threshold, so that companies holding any percentage of shares of a public pension fund (considered major shareholders) would be eligible for index inclusion. Pension Funds (Administradora de Fondos de Pensiones or AFPs) would still be ineligible for inclusion under this scenario.

For more information on the S&P/CLX Indices, please refer to the S&P/CLX Indices Methodology available [here](#).

<sup>1</sup> The January 18, 2019 announcement is available [here](#).

<sup>2</sup> The current rule takes effect at the market open of the given index’s first rebalancing effective date on or after February 1, 2019.

## IMPLEMENTATION TIMING

Should any changes as a result of this consultation be adopted, S&P DJI is proposing to implement them prior to the market open on **Monday, March 18, 2019**.

## QUESTIONS

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

1. **Which option do you prefer in regards to the ineligible securities rule?**
  - **Option 1 – Maintaining the current rule**
  - **Option 2 – Reverting back to the previous rule**
  - **Option 3 – Eliminating the company ownership threshold**
2. **Should any changes as a result of this consultation be adopted, do you agree with the proposed implementation date?**
3. **Do you have any other comments or feedback regarding the S&P/CLX Indices' ineligible securities rule?**

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.<sup>3</sup> 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 **March 4, 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](mailto: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](http://www.spdji.com).

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<sup>3</sup> Individual and company names as well as contact details will be redacted.

## 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<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. 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](http://www.spdji.com).

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