

S&P Kensho New Economy Indices Consultation on IPO Treatment

NEW YORK, APRIL 18, 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 Kensho New Economy Indices. S&P DJI is seeking market feedback regarding the inclusion of initial public offerings (“IPOs”) in the indices.

Currently, companies must have issued SEC filings 10K, 20F, or 40F, and have a trading history of at least three months as of the selection reference date for the annual reconstitution in order to be eligible for index inclusion.

In order to take advantage of heightened liquidity opportunities generally afforded by IPOs, S&P DJI is considering adding significantly sized IPOs to the indices. Under this proposal, IPOs that meet all eligibility criteria as stated in the methodology except for the SEC filing requirement as of the selection reference date for either the annual reconstitution or the semi-annual rebalancing would be screened against a set IPO float-adjusted market capitalization (“FMC”) threshold (e.g. US\$ 2 billion, US\$ 1 billion, or US\$ 500 million). IPOs satisfying the IPO FMC threshold would qualify for index inclusion. In lieu of the SEC filings 10K, 20F, or 40F, the prospectus filed with the SEC would be used to determine IPO eligibility. Please refer to Appendix I for 2018 IPO statistics.

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology change, if adopted, in conjunction with the 2019 semi-annual rebalancing. Please refer to Appendix II for a list of index-specific effective dates.

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 include eligible IPOs in the S&P Kensho New Economy Indices?**
- 2. If the proposal to include eligible IPOs is adopted, where should the minimum IPO FMC threshold be set for purposes of index inclusion?**
 - US\$ 2 billion as measured by the closing price on the selection reference date
 - US\$ 1 billion as measured by the closing price on the selection reference date
 - US\$ 500 million as measured by the closing price on the selection reference date
 - Other (please specify)
- 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.¹ 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 **May 17, 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.

¹ Individual and company names as well as contact details will be redacted.

APPENDIX I

The table below shows the total number of U.S. IPOs (“Total #”) as well as the total U.S. dollar FMC amount issued (“Total Issued FMC”, billions).

U.S. 2018 IPOs	Total #	Total Issued FMC (billions)
Total IPOs	244	
IPOs with stock level FMC >= \$2 billion	5	\$18.72
IPOs with stock level FMC > \$1 billion	13	\$29.35
IPOs with stock level FMC > \$500 million	27	\$39.06

The table below shows the total number of IPOs (“Eligible #”) as well as the total U.S. dollar FMC amount issued (“Eligible Issued FMC”, billions) that would have been eligible for index inclusion using the IPO size thresholds described previously.

2018 IPOs Eligible for Kensho	Eligible #	Eligible Issued FMC (billions)
Proposed IPO Size Thresholds:		
US\$ 2 billion FMC	2	\$5.36
US\$ 1 billion FMC	5	\$8.75
US\$ 500 million FMC	5	\$8.75

For information on the S&P Kensho New Economy Indices, please refer to the S&P Kensho New Economy Indices Methodology available [here](#).

APPENDIX II

S&P DJI is proposing to implement the previously described methodology change, if adopted, after the market close on the effective date listed in the table below, in conjunction with the 2019 semi-annual rebalancing.

Index Name	Effective Date
S&P Kensho Advanced Transport Systems Index	November 15, 2019
S&P Kensho Wearables Index	November 15, 2019
S&P Kensho Autonomous Vehicles Index	November 15, 2019
S&P Kensho Smart Borders Index	November 15, 2019
S&P Kensho Smart Grids Index	November 15, 2019
S&P Kensho Smart Buildings Index	November 15, 2019
S&P Kensho Digital Communities Index	November 15, 2019
S&P Kensho Enterprise Collaboration Index	November 15, 2019
S&P Kensho Electric Vehicles Index	November 15, 2019
S&P Kensho Cyber Security Index	November 15, 2019
S&P Kensho Space Index	November 15, 2019
S&P Kensho Cyber Security Mid-Large Cap Index	November 15, 2019
S&P Kensho Robotics Index	November 29, 2019
S&P Kensho Cleantech Index	November 29, 2019
S&P Kensho Clean Energy Index	November 29, 2019
S&P Kensho 3D Printing Index	November 29, 2019
S&P Kensho Genetic Engineering Index	November 29, 2019
S&P Kensho Nanotechnology Index	November 29, 2019
S&P Kensho Virtual Reality Index	November 29, 2019
S&P Kensho Drones Index	November 29, 2019
S&P Kensho Future Payments Index	November 29, 2019
S&P Kensho Distributed Ledger Index	November 29, 2019
S&P Kensho Alternative Finance Index	November 29, 2019
S&P Kensho Future Security Index	December 20, 2019
S&P Kensho Intelligent Infrastructure Index	December 20, 2019
S&P Kensho Smart Transportation Index	December 20, 2019
S&P Kensho Final Frontiers Index	December 20, 2019
S&P Kensho Clean Power Index	December 20, 2019
S&P Kensho Human Evolution Index	December 20, 2019
S&P Kensho Democratized Banking Index	December 20, 2019
S&P Kensho Future Communication Index	December 20, 2019
S&P Kensho New Economies Composite Index	December 20, 2019
S&P Kensho New Economies Select Index	December 20, 2019

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.

FOR MORE INFORMATION:

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