

S&P/BNY Mellon New Frontier Index Consultation Results

NEW YORK, MARCH 30, 2020: S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with market participants on potential changes to the S&P/BNY Mellon New Frontier Index.

In order enhance index liquidity and concentration, S&P DJI will modify the index’s liquidity screen and constituent weighting scheme. The table below summarizes the changes.

Changes	Methodology	
	Previous	Updated
Liquidity	As of each rebalancing reference date, companies must have a three-month average daily value traded (ADVT) of at least US\$ 500,000.	As of each rebalancing reference date, companies must have a three-month median daily value traded (MDVT) of at least US\$ 300,000 (US\$ 250,000 for current index constituents).
Constituent Weighting	<p>For a given rebalancing date, all the securities eligible for inclusion are weighted by their float-adjusted market capitalization subject to security and country constraints. This is done using an optimization procedure that chooses final weights in such a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock, subject to the following constraints:</p> <ul style="list-style-type: none"> • The maximum weight of each country is 10% (15% for Argentina and Nigeria). • The maximum weight of each security is 10%. • The aggregate weight of companies in the index with a weight greater than 4.5% cannot exceed 45%. 	<p>For a given rebalancing date, all the securities eligible for inclusion are weighted by their float-adjusted market capitalization subject to security and country constraints. This is done using an optimization procedure that chooses final weights in such a way as to minimize the sum of the squared differences of capped weight and uncapped weight, divided by uncapped weight for each stock, subject to the following constraints:</p> <ul style="list-style-type: none"> • The maximum weight of each country is 10% (15% for Argentina, Nigeria, and Vietnam). • The maximum weight of each security is 10%. • The aggregate weight of companies in the index with a weight greater than 4.5% cannot exceed 45%.

These changes will be implemented in conjunction with the subsequent quarterly rebalancing, which will take effect prior to the market open on Monday, April 20, 2020.

Please note that the S&P/BNY Mellon New Frontier Index Methodology on S&P DJI’s website is being updated to reflect these changes.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

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