

Consultation on the Investable Weight Factor Threshold for the S&P Japanese Indices

TOKYO, APRIL 22, 2021: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on a potential change to the S&P Japanese Indices.

In order to maintain a wider pool of eligible non-constituent securities, while preserving the investability of the indices, S&P DJI is considering modifying the IWF threshold used for initial index eligibility purposes. The table below summarizes the potential change.

Change	Current	Proposed
IWF Threshold for Index Eligibility	Stocks must have a minimum IWF of 0.5 to be eligible for initial index inclusion, however an IWF at or above that level is not necessary for a stock to remain in an index. This is applied to the S&P Japan 500 and S&P/TOPIX 150.	Stocks must have a minimum IWF of 0.3 to be eligible for initial index inclusion, however an IWF at or above that level is not necessary for a stock to remain in an index. This is applied to the S&P Japan 500 and S&P/TOPIX 150.

For more information on the indices, please refer to [S&P Japanese Indices Methodology](#) and [S&P/TOPIX 150 Methodology](#).

Using data from the March 2021 quarterly rebalancing, the table below shows the actual pool of eligible non-constituent securities (market capitalization and count) as well as the hypothetical results that would have occurred had the proposed change been in effect at that time.

Index	Result Type	Market Capitalization (JPY in billion)	Count
S&P Japan 500	Actual	5,314	34
	Hypothetical	10,733	53
S&P/TOPIX 150	Actual	12,345	13
	Hypothetical	15,253	14

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the methodology change, if adopted, in conjunction with the subsequent rebalancing, which takes effect prior to the market open on **Monday, June 21, 2021**. If adopted, the change will first be visible to clients in pro-forma files beginning on Friday, June 11, 2021.

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 change the IWF threshold for the S&P Japanese indices from 0.5 to 0.3?
2. If the proposed change is adopted, do you agree with the proposed implementation date?

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. Please respond to this survey by **May 21, 2021**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

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 SPDJI_Index_Governance@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.

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