

S&P Dow Jones Indices Consultation on the Quarterly Rebalancing Process

NEW YORK, MAY 14, 2021: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the quarterly rebalancing process for S&P and Dow Jones global equity indices.

In order to provide additional advanced notice for index changes during quarterly rebalancing months, S&P DJI is proposing to modify the freeze period for quarterly shares outstanding and Investable Weight Factor (“IWF”) updates. This proposal is applicable to float-adjusted market capitalization (“FMC”) indices that rebalance effective prior to the market open on the Monday following the third Friday in March, June, September, and December.

MODIFICATIONS TO THE SHARES OUTSTANDING AND IWF FREEZE PERIOD

Currently, a shares outstanding and IWF freeze period is implemented during each quarterly rebalancing. The freeze period begins after the market close on the Tuesday prior to the second Friday of each rebalancing month (i.e. March, June, September, and December) and ends after the market close on the third Friday of the rebalancing month. During the freeze period, shares outstanding and IWFs are not changed except for mandatory corporate action events (e.g. merger activity, stock splits, and rights offerings), and the accelerated implementation rule is suspended. All changes that qualify for accelerated implementation scheduled to be effective during the share/IWF freeze period will instead be announced on the third Friday of the rebalancing month and implemented five business days after the quarterly rebalancing effective date.

Expanding the freeze period and establishing earlier reference dates for shares outstanding and IWF research will allow S&P DJI to provide preliminary pro-forma information to clients earlier.

The table below summarizes the current and proposed reference dates for shares outstanding and IWFs during quarterly rebalancing months.

Schedule	Current	Proposed
Shares Outstanding and IWF Reference Dates ¹	After the market close on the Tuesday prior to the second Friday in March, June, September, and December.	After the market close 10 weeks prior to the third Friday in March, June, September, and December. (For example, in March 2021 the reference date would be January 8, 2021).
Freeze Period for Accelerated Implementation Rules ²	After the market close on the Tuesday prior to the second Friday in March, June, September, and December through after the market close on the third Friday of the quarterly rebalancing month.	After the market close on the first Friday in March, June, September, and December through after the market close on the third Friday of the quarterly rebalancing month.

For additional information on the treatment of shares outstanding and IWFs, please refer to [S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology](#) and [S&P Dow Jones Indices’ Float Adjustment Methodology](#).

¹ The reference date is the cutoff date for publicly available information used for quarterly shares outstanding and IWF changes.

² For more information on the freeze period and accelerated implementation rules, please refer to [S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology](#).

PROPOSED QUARTERLY REBALANCING ANNOUNCEMENT SCHEDULE

S&P DJI is proposing to expand the pro-forma announcement schedule for the FMC weighted indices listed below to include one week of preliminary pro-forma files and two weeks of final pro-forma files. The preliminary pro-forma files would be provided to clients in order to establish a one-week commentary period prior to the announcement of the finalized pro-forma rebalancing changes.

- S&P Global BMI
- Dow Jones Global Index
- Dow Jones U.S. Total Stock Market Index
- S&P Total Market Index
- S&P/TSX Composite Index
- S&P Composite 1500

The table below summarizes the current and proposed rebalancing announcement dates.

Quarterly Rebalancing	Rebalancing Announcement Dates	
	Current	Proposed
March	Rebalancing changes are announced after the market close on the second Friday of the rebalancing month.	Preliminary pro-forma files will be available for the indices listed above after the market close on the last Friday in February, May, August, and November. Final pro-forma files for all FMC weighted indices will be available after the market close on the first Friday in March, June, September, and December. Final pro-forma files for capped and weighted indices (i.e. non-FMC weighted indices) will be announced after the market close on the second Friday in March, June, September, and December.
June	Rebalancing changes are announced after the market close on the second Friday of the rebalancing month.	
September	Rebalancing changes for all FMC weighted indices are announced after the market close on the first Friday of the rebalancing month.	
	Rebalancing changes for capped and weighted indices (i.e. non-FMC weighted indices) are announced after the market close on the second Friday of the rebalancing month.	
December	Rebalancing changes are announced after the market close on the second Friday of the rebalancing month.	

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described changes, if adopted, in conjunction with the September 2021 rebalancing, which takes effect prior to the market open on Monday, September 20, 2021. If adopted, the changes will first be visible to clients beginning on Friday, August 27, 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 announce preliminary pro-forma files for the above list of FMC weighted indices on the last Friday in February, May, August, and November in order to establish a one week commentary period prior to rebalancing changes becoming finalized?
2. Do you agree with the proposal to announce all finalized rebalancing changes for FMC weighted indices after the market close on the first Friday in March, June, September, and December?
3. Do you agree with the proposal to change the reference dates for shares outstanding and IWFs to after the market close 10 weeks prior to the third Friday in March, June, September, and December?
4. Do you agree with the proposal to change the freeze period for accelerated implementation rules to after the market close on the first Friday in March, June,

CONSULTATION

September, and December through after the market close on the third Friday of the quarterly rebalancing month in order to coincide with the finalization of the rebalancing changes?

- 5. If any of the proposed changes are adopted, do you agree with the proposed implementation date?**
- 6. 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 **June 14, 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.

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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