

## S&P/ASX All Technology Index Consultation

**SYDNEY, NOVEMBER 5, 2021:** S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the S&P/ASX All Technology Index.

In order to reduce single stock concentration, S&P DJI is proposing to lower the single stock cap applied at each quarterly rebalancing from 25% to 10%. In conjunction with this change, S&P DJI is also considering increasing the minimum liquidity requirement to improve capacity. In addition, S&P DJI is proposing to establish new fast-track entry rules for initial public offerings (“IPOs”) meeting specific eligibility criteria in order to allow for more rapid inclusion in the index. The table below summarizes the proposed changes.

Proposed Change	Methodology	
	Current	Proposed
Constituent Weighting	The index is weighted by float-adjusted market capitalization, subject to a single constituent weight cap of 25% of the total index weight.	The index is weighted by float-adjusted market capitalization, subject to a single constituent weight cap of 10% of the total index weight.
Liquidity Requirement	Stocks must, as of the rebalancing reference date, have a minimum three-month median daily value traded of AUD 0.12 million (current constituents AUD 0.080 million).	Stocks must, as of the rebalancing reference date, have a minimum three-month median daily value traded of AUD 0.25 million (current constituents AUD 0.175 million).
Fast-Track IPO Inclusion Criteria	--	<p>IPOs are eligible for fast-track entry, subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• Only newly public IPOs and direct placement listings will be considered eligible for fast-track entry.</li> <li>• Fast-track IPO additions must meet a minimum float-adjusted market capitalization threshold of AUD 300 million, calculated using the shares offered (excluding over-allotment options) and the closing price on the first day of trading on the ASX. The threshold level is reviewed from time to time and updated as needed to assure consistency with market conditions.</li> <li>• In addition, the IPO will need to meet all other applicable index eligibility rules except for the liquidity requirement. If all necessary public information is available, S&amp;P DJI verifies that the fast-track conditions have been met. Once S&amp;P DJI announces that the IPO is eligible for fast-track addition, it is added to the index with five business days lead time. Fast-track IPO additions eligible to be added during a quarterly rebalancing freeze period will be added on the rebalancing effective date.</li> </ul>

For more information on the S&P/ASX All Technology Index, please refer to the [S&P/ASX Australian Indices Methodology](#).

## IMPACT ANALYSIS

Using data from the previous three quarterly rebalancings, the table below shows the actual one-way turnover and maximum days to trade using the current methodology, as well as the theoretical results that would have occurred had the proposed methodology changes been applied at the March 2021 rebalancing and carried forward to the June and September 2021 rebalancings.

Rebalancing	One-Way Turnover		Maximum Days to Trade <sup>1</sup>	
	Actual	Theoretical	Actual	Theoretical
March 2021	2.62%	14.81%	1.24	1.84
June 2021	1.51%	2.26%	0.13	1.86
September 2021	1.71%	1.60%	1.4	1.67

The tables below show the total number of eligible IPOs as well as those eligible for fast-track entry if the proposed criteria were applied during the three years up to the end of October 2021.

### Fast-Track IPO Eligibility

Total Eligible IPOs	Total IPOs Eligible for Fast-Track Entry
55	2

### IPOs Eligible for Fast-Track Entry

Ticker	Company	List Date	List Date Close Price	Estimated Weight at Entry Date	Actual Date Added to Index	Add Date Close Price
TYR	Tyro Payments Limited	6-Dec-2019	AUD 3.38	1.27%	19-Jun-2020	AUD 3.84
NXL	Nuix Limited	4-Dec-2020	AUD 8.01	1.31%	19-Mar-2021	AUD 5.33

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the subsequent rebalancing, which takes effect prior to the open on Monday, December 20, 2021. If adopted, the change will first be visible to clients in pro-forma files beginning on Friday, December 10, 2021.

## QUESTIONS

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

1. Do you agree with the proposed change to the single stock weight cap?
2. Do you agree with the proposed change to the liquidity requirement?
3. Do you agree with the proposed change to introduce fast-track IPO inclusion criteria?
4. Should the proposed changes be adopted, do you agree with the proposed implementation date?
5. 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 **November 19, 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.

<sup>1</sup> based on a hypothetical fund AUM of AUD 250 million.

## CONSULTATION

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](mailto: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](http://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](http://www.spdji.com).

### FOR MORE INFORMATION:

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