

S&P/CSE Sector and Industry Group Indices Consultation on Constituent Weighting Scheme

MUMBAI, NOVEMBER 17, 2021: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on a potential change to the S&P/CSE Sector and Industry Group Indices.

In order to better reflect the portion of Sri Lankan companies available for trading by the general public, S&P DJI is considering changing the indices’ constituent weighting scheme from total market capitalization (“TMC”) to float-adjusted market capitalization (“FMC”). The table below summarizes the proposed change.

Proposed Change	Current	Methodology	Proposed
Constituent Weighting Scheme	Index constituents are weighted by TMC.		Index constituents are weighted by FMC.

Please refer to the [S&P/CSE Sector and Industry Group Indices Methodology](#) for further details on the indices.

IMPACT ANALYSIS

Using data as of the market close on November 15, 2021, the table below shows each index’s market capitalization using the current methodology (TMC) as compared to the proposed methodology (FMC).

Index	Stock Count	Index Market Capitalization (TMC)	Index Market Capitalization (FMC)	Difference (%)
S&P/CSE Automobiles & Components Industry Group Index	1	6,520,440,000	3,064,606,800	-53.00%
S&P/CSE Banks Industry Group Index	16	364,162,034,786	249,484,240,773	-31.49%
S&P/CSE Consumer Durables & Apparel Industry Group Index	6	86,819,243,700	23,410,297,446	-73.04%
S&P/CSE Consumer Discretionary Sector Index	6	317,091,351,450	67,796,904,403	-78.62%
S&P/CSE Capital Goods Industry Group Index	16	700,372,838,600	296,239,153,563	-57.70%
S&P/CSE Commercial & Professional Services Industry Group Index	6	5,909,096,100	841,545,087	-85.76%
S&P/CSE Consumer Services Industry Group Index	37	160,558,987,200	31,011,726,482	-80.69%
S&P/CSE Consumer Staples Sector Index	57	1,024,864,084,300	197,717,721,061	-80.71%
S&P/CSE Diversified Financials Industry Group Index	49	1,309,768,753,442	133,283,696,056	-89.82%
S&P/CSE Energy Industry Group Index	7	24,240,874,865	6,615,520,716	-72.71%
S&P/CSE Energy Sector Index	7	24,240,874,865	6,615,520,716	-72.71%
S&P/CSE Food, Beverage & Tobacco Industry Group Index	5	922,186,253,600	175,534,313,306	-80.97%
S&P/CSE Financials Sector Index	76	1,775,127,184,978	415,168,639,424	-76.61%
S&P/CSE Food & Staples Retailing Industry Group Index	5	93,200,814,400	21,213,350,910	-77.24%
S&P/CSE Health Care Sector Index	9	79,038,972,350	12,606,927,265	-84.05%
S&P/CSE Household & Personal Products Industry Group Index	9	9,477,016,300	970,056,845	-89.76%
S&P/CSE Health Care Equipment & Services Industry Group Index	9	79,038,972,350	12,606,927,265	-84.05%
S&P/CSE Insurance Industry Group Index	11	101,196,396,750	32,400,702,595	-67.98%

Index	Stock Count	Index Market Capitalization (TMC)	Capitalization (FMC)	Difference (%)
S&P/CSE Industrials Sector Index	9	1,103,588,760,950	364,678,606,712	-66.96%
S&P/CSE Materials Industry Group Index	25	182,687,625,950	72,382,276,617	-60.38%
S&P/CSE Materials Sector Index	25	182,687,625,950	72,382,276,617	-60.38%
S&P/CSE Real Estate Industry Group Index	19	72,688,886,750	12,951,193,013	-82.18%
S&P/CSE Retailing Industry Group Index	19	63,192,680,550	10,310,273,675	-83.68%
S&P/CSE Real Estate Sector Index	19	72,688,886,750	12,951,193,013	-82.18%
S&P/CSE Telecommunication Services Industry Group Index	2	156,001,708,800	19,373,044,896	-87.58%
S&P/CSE Transportation Industry Group Index	3	397,306,826,250	67,597,908,063	-82.99%
S&P/CSE Communication Services Sector Index	6	156,001,708,800	19,373,044,896	-87.58%
S&P/CSE Utilities Industry Group Index	10	56,017,865,600	14,652,354,271	-73.84%
S&P/CSE Utilities Sector Index	10	56,017,865,600	14,652,354,271	-73.84%

IMPLEMENTATION TIMING

S&P DJI is considering three options for the timing of the implementation of the methodology change, should it be adopted:

- **Option 1:** Implement in conjunction with December 2021 rebalancing, which takes effect prior to the market open on **Monday, December 20, 2021**.
- **Option 2:** Implement on the first trading day of 2022, which takes effect prior to the market open on **Monday, January 3, 2022**.
- **Option 3:** Implement in conjunction with March 2022 rebalancing, which takes effect prior to the market open on **Monday, March 21, 2022**.

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 constituent weighting scheme?**
2. **Should the proposed change be adopted, what is your preferred implementation date?**
 - **Option 1: Effective prior to the market open on Monday, December 20, 2021**
 - **Option 2: Effective prior to the market open on Monday, January 3, 2022**
 - **Option 3: Effective prior to the market open on Monday, March 21, 2022**
3. **Do you have any other comments or feedback regarding the proposed change 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 30, 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

CONSULTATION

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.

FOR MORE INFORMATION:

S&P Dow Jones Indices

index_services@spglobal.com