

# S&P UK and Euro High Yield Dividend Aristocrats Indices Consultation on the Treatment of Monthly Dividend Review Replacements

**AMSTERDAM, JANUARY 18, 2022:** S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the S&P UK and Euro High Yield Dividend Aristocrats Indices.

In order to reduce the residual trading required around the Monthly Dividend Review (“MDR”) replacements as a result of the current approach where the replacement company is added at the same weight of the company being removed, as well as to minimize the potential for reverse turnover, S&P DJI is proposing to amend the MDR replacement treatment. Two options are being considered and are described below.

**Option 1:** No replacements are made for MDR removals. To limit potential concentration and capacity concerns, if more than 10% of the target constituent count is removed intra-rebalance due to the MDR, mergers and acquisitions, etc. an ad-hoc rebalance will be triggered and applied at the subsequent quarterly rebalancing, restoring the index to the target count. Replacements would be determined using data from the most recent annual rebalance, with updated weights calculated using indicative annual yield, float market capitalization and median value traded data from the last business day prior to the quarterly rebalance.

**Option 2:** Replacement companies are still made for MDR removals, however in order to provide a defined target to trade to, the index shares for the MDR replacement will be set using close prices from the day prior to the announcement of the respective MDR changes.

*For more information on the S&P UK and Euro High Yield Dividend Aristocrat Indices, please refer to the [S&P UK / Euro High Yield Dividend Aristocrats Methodology](#).*

## IMPACT ANALYSIS

The tables below and on the following page provide the intra-rebalance removals from the respective indices for the three years from January 1, 2019 through to December 31, 2021.

S&P UK High Yield Dividend Aristocrats			
Company Removed	Removal Date	Reason for Removal	Weight at Removal
RPC Group	July 1, 2019	M&A	1.85%
Greene King	October 31, 2019	M&A	2.76%
G4S Plc	April 1, 2020	MDR	1.52%
Morrison (WM) Supermarkets	October 27, 2021	M&A	5.00%

S&P Euro High Yield Dividend Aristocrats			
Company Removed	Removal Date	Reason for Removal	Weight at Removal
Axel Springer SE	December 23, 2019	M&A	2.39%
Deutsche Euroshop AG	April 1, 2020	MDR	2.08%
Heineken Holding NV	September 1, 2020	MDR	1.48%
Sodexo	December 1, 2020	MDR	4.09%
Unilever	December 21, 2020	Redomiciled	2.74%
Red Electrica Corporacion SA	September 1, 2021	MDR	4.07%

Please note that S&P DJI announced on April 22, 2020 that it would suspend the April and May 2020 MDR for the S&P UK and Euro High Yield Dividend Aristocrat Indices. As per the methodology, only MDR removals are replaced simultaneously, M&A removals are not.

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the February MDR (if applicable), which takes effect prior to the open on Tuesday, March 1, 2022.

## QUESTIONS

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

### 1. Which option do you prefer regarding the change in treatment of MDR replacements?

- **Option 1: No replacements for MDR removals.**
- **Option 2: Index shares for MDR replacements are set using close prices from one day prior to the announcement of the respective MDR changes.**
- **Option 3: A different option (please specify in Question 2 below).**

### 2. 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 **February 4, 2022**. 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](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.spglobal.com/spdji](http://www.spglobal.com/spdji).

## CONSULTATION

## 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<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. 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.spglobal.com/spdji](http://www.spglobal.com/spdji).

### FOR MORE INFORMATION:

**S&P Dow Jones Indices**  
[index\\_services@spglobal.com](mailto:index_services@spglobal.com)