

## S&P/TSX Venture Composite Index Consultation on Constituent Weighting and Minimum Size Threshold

**TORONTO, JANUARY 28, 2022:** S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the S&P/TSX Venture Composite Index.

In order to reduce sector and single stock concentration while focusing on larger, more established companies listed on the TSX Venture Exchange, S&P DJI is proposing to institute a 10% single stock cap and a 50% GICS sector cap, applied at each quarterly rebalancing. Additionally, S&P DJI is considering increasing the minimum size threshold for inclusion in the index. The table below summarizes the proposed changes.

Proposed Changes	Current	Methodology	Proposed
Index Construction: Constituent Weighting	The index is float-adjusted market capitalization weighted.		The index is float-adjusted market capitalization weighted, <b>subject to a 10% single stock weight cap and a 50% GICS sector weight cap. These capping constraints are applied quarterly.</b>
Eligibility Criteria: Market Capitalization	At the end of every calendar quarter, a security must have a relative weight of at least <b>0.05%</b> of the total capitalization of the S&P/TSX Venture Composite to be in the index, after taking into consideration all share changes, additions, and deletions.		At the end of every calendar quarter, a security must have a relative weight of at least <b>0.20%</b> of the total capitalization of the S&P/TSX Venture Composite to be in the index, after taking into consideration all share changes, additions, and deletions.

For additional information about the index, please refer to the [S&P/TSX Venture Composite Methodology](#).

### IMPACT ANALYSIS

Using data as of October 18, 2021, the table below shows comparative index market cap characteristics using the current methodology as well as the results that would have occurred if the proposed changes has been in effect at that time.

Proposed Methodology	Max	Average	Median	Min	Sum	Count
Capped Float Market Cap (CAD)	3,851,112,795	253,362,684	158,604,955	78,670,470	38,511,127,948	152
Float Market Cap (CAD)	5,018,636,250	289,087,494	169,679,287	70,951,149	43,652,211,568	
Total Market Cap (CAD)	5,282,775,000	366,467,882	227,371,900	83,471,940	55,336,650,173	
Current Methodology	Max	Average	Median	Min	Sum	Count
Float Market Cap (CAD)	5,018,636,250	140,915,005	61,524,378	21,537,185	54,393,191,988	386
Total Market Cap (CAD)	5,282,775,000	181,637,812	82,979,675	23,776,385	70,112,195,389	

The estimated two-way turnover based on the proposed changes is 23.50%.

Please refer to the appendix of this document for comparative index characteristics of the GICS sub-indices related to the S&P/TSX Venture Composite.

## 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, April 18, 2022. If adopted, the changes will first be visible to clients in pro-forma files beginning on Friday, April 8, 2022.

## 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 implement the 10% single stock weight cap?**
2. **Do you agree with the proposal to implement the 50% GICS sector weight cap?**
3. **Do you agree with the proposal to increase the minimum size threshold used for index inclusion purposes from 0.05% to 0.20%?**
4. **Should any of the proposed methodology 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 **February 28, 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 [index\\_services@spglobal.com](mailto:index_services@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).

## APPENDIX – GICS Sub-Indices

Using data as of October 18, 2021, the table below shows comparative index market cap characteristics for the GICS sub-indices related to the S&P/TSX Venture Composite using the current methodology as well as the results that would have occurred if the proposed changes has been in effect at that time.

Index	Current Methodology			Proposed Methodology			Capped FMC <sup>3</sup>
	Stock Count	TMC <sup>1</sup>	FMC <sup>2</sup>	Stock Count	TMC <sup>1</sup>	FMC <sup>2</sup>	
S&P/TSX Venture Energy (Sector) Index (CAD)	36	8,237.34	6,402.70	16	6,893.27	3,161.83	3,328.66
S&P/TSX Venture Materials (Sector) Index (CAD)	226	36,667.09	27,820.24	89	28,122.04	18,958.43	19,318.04
S&P/TSX Venture Industrials (Sector) Index (CAD)	19	2,654.12	1,859.67	9	1,972.51	1,525.27	1,605.74
S&P/TSX Venture Consumer Discretionary (Sector) Index (CAD)	5	399.21	253.62	1	150.42	93.34	98.26
S&P/TSX Venture Consumer Staples (Sector) Index (CAD)	5	587.92	413.27	3	497.51	416.46	438.44
S&P/TSX Venture Health Care (Sector) Index (CAD)	32	3,897.29	3,110.55	12	2,499.84	2,238.12	2,356.21
S&P/TSX Venture Financials (Sector) Index (CAD)	4	652.96	423.46	1	379.45	309.28	325.60
S&P/TSX Venture Information Technology (Sector) Index (CAD)	32	12,443.08	10,915.43	13	11,348.49	9,359.02	8,465.36
S&P/TSX Venture Real Estate (Sector) Index (CAD)	8	3,197.11	2,092.21	4	3,005.01	1,994.69	2,099.94
S&P/TSX Venture Pharmaceuticals, Biotechnology & Life Sciences (Industry Group) Index (CAD)	19	2,005.41	1,573.69	6	1,038.99	990.30	1,042.55
S&P/TSX Venture Software & Services (Industry Group) Index (CAD)	23	11,115.85	9,789.87	10	10,386.63	8,539.70	7,590.59
S&P/TSX Venture Oil, Gas & Consumable Fuels (Industry) Index (CAD)	33	8,032.04	6,279.69	16	6,893.27	3,161.83	3,328.66
S&P/TSX Venture Metals & Mining (Industry) Index (CAD)	220	35,786.50	27,206.10	86	27,460.02	18,540.10	18,886.20
S&P/TSX Venture Oil & Gas Exploration & Production (Sub Industry) Index (CAD)	19	5,958.77	4,717.65	12	5,424.38	2,395.26	2,521.64
S&P/TSX Venture Diversified Metals & Mining (Sub Industry) Index (CAD)	118	19,535.50	15,380.70	46	15,021.40	10,514.09	10,710.37
S&P/TSX Venture Gold (Sub Industry) Index (CAD)	70	11,903.20	8,257.46	27	9,327.72	5,852.69	5,961.95
S&P/TSX Venture Precious Metals & Minerals (Sub Industry) Index (CAD)	17	2,318.82	1,980.51	8	1,773.50	1,370.38	1,395.96

<sup>1</sup> Total Market Cap in CAD Million.

<sup>2</sup> Float Market Cap in CAD Million.

<sup>3</sup> Capped Float Market Cap in CAD Million.

## 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.

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