

Modification to the Methodology of the S&P U.S. Indices

NEW YORK, FEBRUARY 4, 2022: S&P Dow Jones Indices (“S&P DJI”) announces updates to the S&P U.S. Indices Methodology.

S&P DJI is providing additional guidance regarding the timing when a Special Purpose Acquisition Company (“SPAC”) that transitions to an operating company via a de-SPAC transaction becomes eligible for the S&P Composite 1500 and broader indices. Additional clarity is also being provided regarding how S&P DJI determines if a direct placement listing Initial Public Offering (“IPO”) meets the Fast Track implementation rules. To enhance readability, selected derived indices mentioned in the methodology are being moved to a new appendix. The new guidance and clarifications are described below.

Eligibility Timing Criteria for Companies Post de-SPAC Events

For the S&P Total Market Index (TMI) and S&P Completion Index (CI), SPACs that transition to an operating company via a de-SPAC transaction are eligible for index addition, subject to a reference date that is five weeks prior to the rebalancing effective date.

For the S&P Composite 1500 and its related flow-through indices, S&P DJI considers the de-SPAC transaction to be an event equivalent to an IPO, and 12 months of trading post the de-SPAC event are required before a former SPAC can be considered for the S&P Composite 1500 indices.

Fast Track Implementation Guidance for Direct Placement Listing IPOs

Fast track direct placement listing IPO additions must meet a minimum float-adjusted market capitalization (“FMC”) threshold, calculated using the shares available to the public as determined by its investable weight factor (“IWF”), and the closing price on the first day of trading on an eligible exchange.

Liquidity Calculation

The liquidity calculation text has been aligned and standardized across various methodologies to provide consistency across methodology documents. Please note that this update to the language is just a clarification and the liquidity calculation is not changing.

Previous Text

Liquidity. Eligibility differs depending on the index:

- **S&P Total Market Index.** Using composite pricing and volume, the ratio of annual dollar value traded (defined as average closing price multiplied by historical volume over the last 365 calendar days) to FMC should be at least 0.10.
- **S&P Composite 1500.** Using composite pricing and volume, the ratio of annual dollar value traded (defined as average closing price multiplied by historical volume over the last 365 calendar days) to

FMC should be at least 1.00, and the stock should trade a minimum of 250,000 shares in each of the six months leading up to the evaluation date.

Updated Text

Liquidity. A float-adjusted liquidity ratio (“FALR”), defined as the annual dollar value traded divided by the FMC, is used to measure liquidity. Using composite pricing and consolidated volume (excluding dark pools) across all venues (including historical values), annual dollar value traded is defined as the average closing price multiplied by the historical volume over the 365 calendar days prior to the evaluation date. This is reduced to the available trading period for IPOs or spin-offs that do not have 365 calendar days of trading history. In these cases, the dollar value traded available as of the evaluation date is annualized. Eligibility differs depending on the index:

- **S&P Total Market Index**

- Liquidity requirements are reviewed during the quarterly rebalancings.
- The price (corporate action adjusted) as of the evaluation date, and the shares outstanding and IWF as of the rebalancing effective date are used to calculate the FMC.
- The evaluation date is five weeks prior to the rebalancing effective date.
- FALR must be greater than or equal to 0.1.
- Current constituents have no minimum requirement.

- **S&P Composite 1500**

- The price, shares outstanding, and IWF as of the evaluation date are used to calculate the FMC.
- The evaluation date is the open of trading on the day prior to the announcement date.
- The stock should trade a minimum of 250,000 shares in each of the six months leading up to the evaluation date.
- FALR must be greater than or equal to 1.0 at the time of addition to the Composite 1500.
- Current constituents have no minimum requirement.

Please note that the S&P U.S. Indices Methodology on S&P DJI’s website is being updated to reflect the new guidance and clarifications.

For more information about S&P Dow Jones Indices, please visit www.spglobal.com/spdji.

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