

# **IHS Markit Benchmark Administration Limited Consultation on Japanese and Korean Dividends Treatment for EMIX (EMICS) and EMIX World Index Families**

**FRANKFURT, SEPTEMBER 14, 2022:** IHS Markit Benchmark Administration Limited (“IMBA UK”) is the Index Administrator of the EMIX Indices. IMBA UK administers these indices in accordance with the Principles for Financial Benchmarks published by the Board of the International Organization of Securities Commissions (IOSCO) and the UK Benchmarks Regulation (UK BMR).

IMBA UK is conducting a consultation with market participants on potential changes to the treatment of Japanese and Korean dividends for EMIX (EMICS) and EMIX World Index families.

## **BACKGROUND**

Cash dividends from Japan and Korea are usually confirmed after the ex-date. In Japan, estimated dividends amounts are often provided before the ex-date, while in Korea the majority of the dividends are not announced prior to the ex-date. According to the current treatment, if the dividend amount is not confirmed before the ex-date, the dividend is applied on the next business day after the information on the dividend amount becomes publicly available. The current corporate actions treatment methodology is available in the “Markit Index Standard Treatment” document found [here](#).

## **PROPOSAL**

IMBA UK proposes modifying the treatment of Japanese and Korean dividends to align it with other S&P DJI global indices.

Current	If the dividend amount is not confirmed before the ex-date, or the dividend announcement is available after the ex-date only, the adjustment applies on the next business day after the information on the dividend amount becomes publicly available. (“Markit Index Standard Treatment”, Section 6.2.1.2)
Proposed	If an estimated dividend amount is announced by the company before the ex-date, the estimated dividend amount is applied on the ex-date. If the estimated dividend amount is not announced by the company, the estimated dividend amount is calculated based on the historical dividend payment pattern of the company as the previous year’s dividend amount adjusted for any relevant corporate events and is applied on the estimated ex-date. If no dividend was paid by the company in the previous year and no dividend amount is announced, no dividend is applied. After the company confirms the actual dividend amount, the difference between the estimated and the confirmed dividend amounts is applied to the affected indices on a monthly basis. If the stock is not part of the index on the ex-date, or not part of the index on the dividend adjustment implementation date, the adjustment is not applied to the index.

Methodology	Dividends Treatment
Proposed	<ul style="list-style-type: none"><li>• <b>Japan.</b> If a company decides not to pay dividends, this decision is usually communicated by the company, in which case a negative dividend in the amount of the estimated dividend is applied. Irregular dividend payments such as special dividends and capital returns are generally treated as ordinary dividends according to the treatment described above.</li><li>• <b>Korea.</b> A negative dividend in amount of the estimated dividend is applied if the dividend payment has not been confirmed by the company within six months after the ex-date.</li></ul>

Please refer to the appendix below for a list of potentially impacted EMIX (EMICS) and EMIX World headline indices.

## IMPLEMENTATION TIMING

IMBA UK is proposing to implement the previously described methodology change, if adopted, in conjunction with the December 2022 quarterly rebalancing, which takes effect prior to the market open on **Monday, December 19, 2022.**

## QUESTIONS

Please answer the following questions and provide IMBA with the reasoning behind your answers:

- 1. Do you agree with IMBA UK's proposal to update the treatment of Japanese and Korean dividends for the EMIX (EMICS) and EMIX World index families?**
- 2. Should the proposed methodology change be adopted, do you agree with the proposed implementation date?**
- 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 on the proposal herein and the suggested timetable for its implementation. Please respond to this survey by **Friday, October 14, 2022.** After this date, IMBA UK will no longer accept survey responses. Prior to the Index Committee's final review, IMBA UK may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

IMBA UK may publish summaries of stakeholders' comments along with IMBA UK's responses to those comments unless the stakeholder in question expressly requests confidentiality.

*Please be advised that all comments will be reviewed and considered before a final decision is made; however, IMBA UK makes no guarantees or is under no obligation to comply with any of the responses. The consultation may result in no changes or outcome of any kind. If IMBA UK decides to change the index methodology, an announcement will be posted on our website. IMBA UK reserves the right to make a final decision on the proposal.*

# S&P Dow Jones Indices

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Thank you for taking the time to complete this survey.

For further information about this consultation, please contact IMBA UK at [SPDJ Index Governance@spglobal.com](mailto:SPDJ Index Governance@spglobal.com).

**FOR MORE INFORMATION:**

[indices@ihsmarkit.com](mailto:indices@ihsmarkit.com)

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## APPENDIX

The following EMIX Headline indices will potentially be impacted by the proposed change:

Index Code	Index Name
<b>EAXISCUP</b>	EMIX Asia ex India Sub Continent (EMICS)
<b>EGMEUP</b>	EMIX Global Mining and Energy (EMICS)
<b>EGMGEUP</b>	EMIX Global Mining Gold and Energy (EMICS)
<b>EJPUP</b>	EMIX Japan (EMICS)
<b>ESAPXJIUP</b>	EMIX Smaller Asia Pacific ex Japan and India Sub Continent (EMICS)
<b>ESAXISCUP</b>	EMIX Smaller Asia ex India Sub Continent (EMICS)
<b>ESJPUP</b>	EMIX Smaller Japan (EMICS)
<b>ESPUP</b>	EMIX Smaller Pacific (EMICS)
<b>ESSEAUP</b>	EMIX Smaller South East Asia (EMICS)
<b>EWSUP</b>	EMIX World Smaller Companies (EMICS)
<b>EWUP</b>	EMIX World (EMICS)
<b>XAAPBAAUP</b>	EMIX All APAC Broad
<b>XAAPLAAUP</b>	EMIX All APAC Large
<b>XAAPMAAUP</b>	EMIX All APAC Mid
<b>XAAPNAAUP</b>	EMIX All APAC
<b>XAAPSAUP</b>	EMIX All APAC Small
<b>XAAPTAAUP</b>	EMIX All APAC Mid Small
<b>XAJPBAAUP</b>	EMIX Japan Broad
<b>XAJPLAAUP</b>	EMIX Japan Large
<b>XAJPMAAUP</b>	EMIX Japan Mid
<b>XAJPNAAUP</b>	EMIX Japan
<b>XAJPSAAUP</b>	EMIX Japan Small
<b>XAJPTAAUP</b>	EMIX Japan Mid Small
<b>XAKRBAAUP</b>	EMIX South Korea Broad
<b>XAKRLAAUP</b>	EMIX South Korea Large
<b>XAKRMAAUP</b>	EMIX South Korea Mid
<b>XAKRNAAUP</b>	EMIX South Korea
<b>XAKRSAUP</b>	EMIX South Korea Small
<b>XAKRTAAUP</b>	EMIX South Korea Mid Small
<b>XAWOBAAUP</b>	EMIX All World Broad
<b>XAWOLAAUP</b>	EMIX All World Large
<b>XAWOMAAUP</b>	EMIX All World Mid
<b>XAWONAAUP</b>	EMIX All World
<b>XAWOSAAUP</b>	EMIX All World Small
<b>XAWOTAAUP</b>	EMIX All World Mid Small

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<b>Index Code</b>	<b>Index Name</b>
<b>XDAPBAAUP</b>	EMIX Developed APAC Broad
<b>XDAPLAAUP</b>	EMIX Developed APAC Large
<b>XDAPMAAUP</b>	EMIX Developed APAC Mid
<b>XDAPNAAUP</b>	EMIX Developed APAC
<b>XDAPSAUP</b>	EMIX Developed APAC Small
<b>XDAPTAUP</b>	EMIX Developed APAC Mid Small
<b>XDWOBAAUP</b>	EMIX Developed World Broad
<b>XDWOLAAUP</b>	EMIX Developed World Large
<b>XDWOMAAUP</b>	EMIX Developed World Mid
<b>XDWONAAUP</b>	EMIX Developed World
<b>XDWOSAAUP</b>	EMIX Developed World Small
<b>XDWOTAAUP</b>	EMIX Developed World Mid Small
<b>XGAPBAAUP</b>	EMIX Extended Emerging APAC Broad
<b>XGAPLAAUP</b>	EMIX Extended Emerging APAC Large
<b>XGAPMAAUP</b>	EMIX Extended Emerging APAC Mid
<b>XGAPNAAUP</b>	EMIX Extended Emerging APAC
<b>XGAPSAUP</b>	EMIX Extended Emerging APAC Small
<b>XGAPTAUP</b>	EMIX Extended Emerging APAC Mid Small
<b>XGWOBAAUP</b>	EMIX Extended Emerging World Broad
<b>XGWOLAAUP</b>	EMIX Extended Emerging World Large
<b>XGWOMAAUP</b>	EMIX Extended Emerging World Mid
<b>XGWONAAUP</b>	EMIX Extended Emerging World
<b>XGWOSAAUP</b>	EMIX Extended Emerging World Small
<b>XGWOTAAUP</b>	EMIX Extended Emerging World Mid Small

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