

# S&P Pan Arab Composite LargeMidCap Dividend Focused 10/40 Capped Index (Custom) and S&P Pan Arab Composite LargeMidCap Dividend Focused 10/40 Capped Shariah Index (Custom) Consultation on Constituent Selection

**MUMBAI, OCTOBER 24, 2023:** S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with market participants on potential changes to the constituent selection criteria of the S&P Pan Arab Composite LargeMidCap Dividend Focused 10/40 Capped Index (Custom) and S&P Pan Arab Composite LargeMidCap Dividend Focused 10/40 Capped Shariah Index (Custom).

Due to the low number of constituents in the S&P Pan Arab Composite LargeMidCap Dividend Focused 10/40 Capped Shariah Index (Custom), the current constituent weighting constraint of the 5/10/40 capping scheme cannot always be achieved. Hence, S&P DJI is proposing to change the constituent selection criteria for both indices. The tables below summarize the proposed change.

Methodology	Constituent Selection
Current	Have increasing or stable cash dividend payments in each of the two previous 12-month periods ending on the rebalancing reference date
Proposed	Have increasing or stable cash dividend payments in the previous 12-month period ending on the rebalancing reference date

## IMPACT ANALYSIS

Using the data from the December 2022 rebalancing, the following table shows each index's actual turnover using the current methodology, as well as the theoretical results that would have occurred had the proposed methodology change been applied at the December 2022 rebalancing. The expected incremental turnover from implementing the methodology changes is expected to be a one-time event.

For a theoretical constituent level impact analysis, please refer to the file available [here](#).

Index Name	Turnover		Incremental Turnover	Actual		Theoretical	
	Actual	Theoretical		Adds	Drops	Adds	Drops
S&P Pan Arab Composite LargeMidCap Dividend Focused 10/40 Capped Index (Custom)	48.59%	76.27%	27.68%	14	6	48	6
S&P Pan Arab Composite LargeMidCap Dividend Focused 10/40 Capped Shariah Index (Custom)	40.27%	70.51%	30.24%	6	5	29	5

You may find additional data and analysis in our Client Resource Center [www.spglobal.com/spdji/en/client-services/](http://www.spglobal.com/spdji/en/client-services/) which may be updated from time to time throughout the consultation. Additional data and analysis may also be made available upon request.

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology change, if adopted, in conjunction with the upcoming rebalancing, which is effective after the close on **Monday, December 18, 2023**.

## 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 selection criteria for both the S&P Pan Arab Composite LargeMidCap Dividend Focused 10/40 Capped Index (Custom) and the S&P Pan Arab Composite LargeMidCap Dividend Focused 10/40 Capped Shariah Index (Custom)?**
2. **If the proposed change is 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. Please respond to this survey by **Friday, November 10, 2023**. 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](#).

*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 nor 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).

## 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.

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