

## S&P U.S. Style Indices Consultation on Constituent Weightings Calculations – Results

**NEW YORK, MAY 10, 2024:** S&P Dow Jones Indices (“S&P DJI”) has conducted a [consultation](#) with market participants on potential changes to the S&P U.S. Style Indices’ constituent weightings rules.

In order to address concentration considerations while maintaining index thresholds that are aligned with regulation diversification rules applicable to investment products tracking these indices, S&P DJI is changing the constituent weightings criteria.

The table below summarizes the changes:

| Change                      | Previous                       | Methodology Updated  |
|-----------------------------|--------------------------------|--|
| Constituent Weightings      | Market capitalization-weighted | <p>Each index is capped market capitalization weighted. For capping purposes, the indices rebalance quarterly after the close of business on the third Friday of March, June, September, and December using the following procedures:</p> <ol style="list-style-type: none"> <li>1. The rebalancing reference date is the Wednesday prior to the first Friday of March, June, September, and December.</li> <li>2. With prices reflected on the rebalancing reference date, adjusted for any applicable corporate actions, and membership, shares outstanding, IWFs and Growth/Value Factor as of the rebalancing effective date, weight each company by style adjusted FMC. Modifications are made as defined below.</li> <li>3. If any company has a weight greater than 24%, cap the company’s weight at 23%, which allows for a 2% buffer. This buffer is meant to mitigate against any company exceeding 25% as of the quarter-end diversification requirement date.</li> <li>4. Redistribute all excess weight proportionally to all uncapped companies within the relevant index.</li> <li>5. After this redistribution, if the weight of any other company breaches 23%, repeat the process iteratively until no company breaches the 23% weight cap.</li> <li>6. The sum of the companies with weights greater than 4.8% cannot exceed 50% of the total index weight. These caps are set to allow for a buffer below the 5% limit.</li> <li>7. If the rule in step 6 is breached, rank all companies in descending order by weight and reduce the weight of the smallest company whose weight is greater than 4.8% that causes the step 6 breach to 4.5%. Continue this process iteratively until step 6 is satisfied.</li> <li>8. Assign index share amounts to each constituent to arrive at the weights calculated above. Since index shares are assigned based on prices on the Wednesday prior to the first Friday of the rebalance month, the actual weight of each constituent at the rebalancing differs somewhat from these weights due to market movements.</li> </ol> <p><i>For more information on the index calculation methodology, please refer to the Capped Market Capitalization Weighted Indices section of <a href="#">S&amp;P Dow Jones Indices’ Index Mathematics Methodology</a>.</i></p> <p>At times, companies may be represented in the S&amp;P U.S. Style Indices by multiple share class lines. Maximum weight capping is based on style adjusted company FMC, with the weight of multiple class companies allocated proportionally to each share class line based on its FMC as of the rebalancing reference date. If no capping is required, both share classes remain in the index at their natural style adjusted FMC.</p> <p><i>For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of <a href="#">S&amp;P Dow Jones Indices’ Equity Indices Policies &amp; Practices Methodology</a>.</i></p> |
| Secondary Reweighting Check | --                             | <p>If, on the third to last business day of March, June, September, or December a company has an index weight greater than 24% or the sum of the companies with weights greater than 4.8% exceeds 50%, a secondary reweighting is triggered with the rebalancing effective date after the close of the last business day of the month with any applicable reweighting changes appearing in daily proforma and corporate action files starting on the second to last business day of the month. This secondary reweighting uses the closing prices as of the third to last business day of March, June, September, or December, and membership, shares outstanding, IWFs and Growth/Value Factor as of the rebalancing effective date.</p>  |

## **IMPLEMENTATION TIMING**

S&P DJI is implementing the previously described methodology changes prior to the market open on **Monday, June 24, 2024**. These changes will first be visible to clients in proforma files beginning on **Friday, June 7, 2024**.

*For more information about S&P Dow Jones Indices, please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji).*

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