

S&P Dow Jones Indices Consultation on Treatment of MegaCap Companies

NEW YORK, APRIL 30, 2026: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the [S&P U.S. Indices Methodology](#) and [Dow Jones U.S. Total Stock Market Indices Methodology](#) (collectively, the “Relevant Index Families”) related to MegaCap companies.

1. Background:

S&P DJI has been actively monitoring the anticipated initial public offerings (“IPOs”) by companies with unprecedented market capitalizations often referred to as “MegaCaps”. S&P DJI defines a “MegaCap” company as one with a total company level market capitalization equal to or greater than the 100th largest company in the S&P Total Market Index (TMI). In 2026, some U.S. MegaCap companies may conduct IPOs. Additionally, certain U.S. public companies have reached or may reach MegaCap status without positive net income from continuing operations.

These MegaCap companies may pose unique challenges for index methodologies within the Relevant Index Families, which were originally designed for more conventional listing profiles. MegaCap IPOs have the potential to achieve immediate and material investor ownership, trading liquidity, and market relevance, yet adherence to the existing index eligibility rules could prevent such IPOs’ timely index inclusion and impact the overall index’s effectiveness as a benchmark.

Through this consultation, S&P DJI is seeking feedback regarding whether the proposed, narrowly-defined rule exceptions for MegaCap companies and adjustment to the IPO seasoning period would enhance the continued ability of the subject indices to reflect the investable market universe while maintaining the core principles of transparency, consistency, and replicability that underpin S&P DJI index construction.

S&P DJI welcomes market feedback on how the impacted indices can best reflect the markets the indices are intended to measure and best function for the markets the indices are intended to serve.

Responses to this consultation will help inform S&P DJI’s Index Committee with respect to any potential changes for the Relevant Index Families.

2. Proposals Summary:

A. S&P 500, S&P MidCap 400, and S&P SmallCap 600 Indices:

- **Proposed Modified Seasoning Period:** IPOs should be traded on an eligible exchange for at least six months before being considered for addition to an index (reduced from 12 months).
- **Proposed Exception to Minimum IWF Requirement:** Companies that meet the MegaCap definition are not required to meet the minimum 0.10 IWF eligibility requirement.

- **Proposed Exception to Financial Viability Criteria:** Companies that meet the MegaCap definition are not required to meet the Financial Viability Criteria to be eligible for index addition.

B. S&P Total Market Index (TMI), S&P Completion Index (CI), and Dow Jones U.S. Total Stock Market Index (TSM) Indices:

- **Proposed Exception to Minimum IWF Requirement:** Companies that meet the MegaCap definition are not required to meet the minimum 0.10 IWF eligibility requirement.
- **Proposed Exception for Fast Track Entry:** IPOs that meet the MegaCap definition with an IWF of less than 0.10 of total market cap are eligible for fast-track entry.

3. Considerations Relevant to the Proposals:

- This consultation creates an opportunity for the public to provide feedback on proposed exceptions and changes to the existing methodologies for the Relevant Index Families. The consultation may or may not result in changes to the index methodologies within S&P DJI's Index Committee discretion.
- S&P DJI believes the size, significance, and relevance of MegaCap companies to the investable market may warrant certain exceptions to support the continued ability of indices within and derived from the Relevant Index Families to measure the applicable investable market.
- **The proposed criteria exceptions and changes to the S&P 500, S&P MidCap 400 and S&P SmallCap 600 apply only to eligibility determination.** Therefore, if any of the proposed changes are adopted, such changes would not result in a MegaCap company's automatic inclusion within those indices. New constituent selection for those indices remains at the discretion of the Index Committee, subject to the relevant index methodology.
- IPO lock-up periods for U.S. securities are most commonly 180 days (six months). The consultation proposes aligning S&P 500, S&P MidCap 400, and S&P SmallCap 600 eligibility more closely with typical IPO market dynamics (including common lock-up structures) while still providing time for trading history and price discovery.
- Financial viability is an important factor for S&P Composite 1500 eligibility. Yet, it is important to note that the existing U.S. Indices methodology already contains limited, defined exceptions to financial viability requirements (e.g., migrations from one S&P Composite 1500 index to another, spin-offs from existing index constituents, and acquisitions of an existing constituent). These existing exceptions help S&P DJI manage the indices effectively to achieve their index objectives.

4. S&P 500, S&P MidCap 400, and S&P SmallCap 600

S&P DJI is not proposing an IPO fast track entry for S&P Composite 1500 candidates. However, this consultation includes a proposal to shorten the seasoning period for entry eligibility for the S&P Composite 1500 candidates from 12 months to six months.

As mentioned above, the proposed changes outlined below relate solely to eligibility criteria for the above-named indices and would not automatically result in a MegaCap company's entry into the S&P 500 Index.

New constituent selection remains at the discretion of the Index Committee and is subject to meeting all eligibility criteria outlined in the [S&P U.S. Indices Methodology](#). As per the methodology, sector balance and index turnover are also considered as part of constituent selection.

CONSULTATION

Proposed Changes	Current	Methodology Proposed
IPO Seasoning Period to be reduced to six months from 12 months	<p>Initial public offerings should be traded on an eligible exchange for at least 12 months before being considered for addition to an index.</p> <p>Spin-offs or in-specie distributions from existing constituents are not required to have 12 months of trading prior to their inclusion in the S&P Composite 1500.</p> <p>Companies that migrate from an ineligible exchange, emerge from bankruptcy, are newly designated to be domiciled in the U.S. for index purposes by S&P Dow Jones Indices, or convert from an ineligible share or organizational type to an eligible type do not need to trade on an eligible U.S. exchange for 12 months before being considered for addition.</p>	<p>Initial public offerings should be traded on an eligible exchange for at least six months before being considered for addition to an index.</p> <p>Spin-offs or in-specie distributions from existing constituents are not required to have six months of trading prior to their inclusion in the S&P Composite 1500.</p> <p>Companies that migrate from an ineligible exchange, emerge from bankruptcy, are newly designated to be domiciled in the U.S. for index purposes by S&P Dow Jones Indices, or convert from an ineligible share or organizational type to an eligible type do not need to trade on an eligible U.S. exchange for six months before being considered for addition.</p>
Investable Weight Factor (IWF) minimum is waived for MegaCap companies	<p>To be eligible for addition, a stock must have an IWF of at least 0.10.</p> <p>Companies passing the total company level market capitalization criteria are also required to have a security level float-adjusted market capitalization (FMC) that is at least 50% of the respective index's total company level minimum market capitalization threshold.</p>	<p>To be eligible for addition, a stock must have an IWF of at least 0.10.</p> <p><u>MegaCap Company Exception. The minimum 0.10 IWF does not apply to a MegaCap company.</u></p> <p>Companies passing the total company level market capitalization criteria are also required to have a security level float-adjusted market capitalization (FMC) that is at least 50% of the respective index's total company level minimum market capitalization threshold.</p>
Financial Viability exception for MegaCap companies	<p>S&P Composite 1500. Generally Accepted Accounting Principles (GAAP) net income from continuing operations must be positive for:</p> <ul style="list-style-type: none"> o the most recent quarter, and o the sum of the most recent four consecutive quarters <p>Rule Exceptions. Exceptions to the above criteria include:</p> <ul style="list-style-type: none"> • Migrations from one S&P Composite 1500 index to another do not need to meet the financial viability, liquidity, or 50% of the respective index's total company level minimum market capitalization threshold criteria. • Companies that are spun-off from current S&P Composite 1500 constituents do not need to meet the outside addition criteria • Non-S&P Composite 1500 companies that acquire S&P Composite 1500 index constituents, but do not fully meet all of the eligibility criteria, may still be added to an S&P Composite 1500 index at the discretion of the Index Committee if the merger consideration includes the acquiring company issuing stock to target company shareholders, and the Committee determines that the addition could mitigate turnover and enhance the representativeness of the index as a market benchmark. 	<p>S&P Composite 1500. Generally Accepted Accounting Principles (GAAP) net income from continuing operations must be positive for:</p> <ul style="list-style-type: none"> o the most recent quarter, and o the sum of the most recent four consecutive quarters <p>Rule Exceptions. Exceptions to the above criteria include:</p> <ul style="list-style-type: none"> • Migrations from one S&P Composite 1500 index to another do not need to meet the financial viability, liquidity, or 50% of the respective index's total company level minimum market capitalization threshold criteria. • <u>A company that is determined to be a MegaCap company as of the evaluation date is not required to pass the Financial Viability Criteria to be eligible.</u> • Companies that are spun-off from current S&P Composite 1500 constituents do not need to meet the outside addition criteria • Non-S&P Composite 1500 companies that acquire S&P Composite 1500 index constituents, but do not fully meet all of the eligibility criteria, may still be added to an S&P Composite 1500 index at the discretion of the Index Committee if the merger consideration includes the acquiring company issuing stock to target company shareholders, and the Committee determines that the addition could mitigate turnover and enhance the

Proposed Changes	Current	Methodology	Proposed
			representativeness of the index as a market benchmark.

As a reminder, as per the current [S&P U.S. Indices Methodology](#), additions to an index are required to meet the eligibility criteria, but a constituent is not necessarily required to continue to meet such criteria for continued membership within the index. As a result, an index constituent that appears to fail certain criteria for addition to an index may not necessarily be removed unless ongoing conditions warrant an index change within the Index Committee’s discretion. Furthermore, constituent changes occur on an as-needed basis. The measurement date for determining whether eligibility criteria are met is the open of trading two business days prior to the announcement date of any such change.

5. S&P Total Market Index (TMI), S&P Completion Index (CI)*, and Dow Jones U.S. Total Stock Market Index (TSM)

For awareness, the index methodologies for the above-named indices currently include rules for IPO-Fast Track Entry.

Proposed Changes	Current	Methodology	Proposed
MegaCap Classification	--		“MegaCap” company means a company with a total company-level market capitalization greater than or equal to that of the 100 th largest company in the S&P Total Market Index (TMI) as of the reference date. Total company level market capitalization considers both listed and unlisted common share class lines.
Investable Weight Factor (IWF) minimum is waived for MegaCap companies	To be eligible for addition, a stock must have an IWF of at least 0.10. Current constituents have no minimum requirement.		To be eligible for addition, a stock must have an IWF of at least 0.10. Current constituents have no minimum requirement. <u>MegaCap Company Exception. The minimum 0.10 IWF does not apply to a MegaCap company.</u>

If the above proposals are implemented, a MegaCap company with an IWF of less than 0.10 that meets all additional fast-track criteria would be added to these indices with fast-track entry rules. Fast-track assessment is made using the closing price on the first day of trading on an eligible exchange. Once S&P Dow Jones Indices announces that an IPO is eligible for fast-track addition, it is added to the index with five business days’ lead time. For more information on IPO fast track entry, see the relevant index methodology.

The S&P Completion Index consists of all constituents of the S&P Total Market Index excluding constituents of the S&P 500 and is weighted by float-adjusted market capitalization.

6. Float Release after the end of MegaCap IPO Lock-Up Period

As per [S&P Float Adjustment Methodology](#), for traditional IPOs, the IWF is generally calculated using the total shares offered (excluding over allotment shares) for that share class, divided by the total shares outstanding for the same share class post-IPO. Share lock-ups are generally reviewed in conjunction with the annual reconstitution, unless a corporate event triggers a review prior to the annual reconstitution.

The Accelerated Implementation Rule for Material Share/IWF Changes provides that follow-on public offerings can be eligible for accelerated implementation treatment if the size of the event meets the

materiality threshold criteria. Accelerated implementation for events less than US \$1 billion includes an adjustment to the company's IWF only to the extent that such an IWF change helps the new float share total mimic the shares available. For accelerated implementation of at least US \$1 billion, S&P DJI applies the share change, and any resulting IWF change, using the latest share and ownership information publicly available upon confirmation of the event, even if the offering size is below the 5% threshold. For accelerated implementation, S&P DJI provides at least one (1) business day's notice for all non-DR U.S. listed stocks.

After a MegaCap IPO lock-up ends, any subsequent accelerated implementation may cause a significant change in a MegaCap company's IWF. To reduce market impact and ensure replicability, the Index Committee can choose to implement MegaCap IPO float increases gradually or in tranches, depending on specific company circumstances. For example, accelerated implementation may be limited solely to the incremental shares associated with an offering, rather than triggering a full IWF reassessment using the latest publicly available share and ownership information. S&P DJI may also conduct quarterly reviews of MegaCap IPO IWFs for a period, reflecting float changes sooner than the annual review. This process manages the transition from IPO float to post lock-up float until the next annual IWF update, balancing representation with orderly implementation.

7. IMPACTED INDICES

Index Name	Index Code
S&P 500	500
S&P MidCap 400	400
S&P SmallCap 600	600
S&P Composite 1500	1500
S&P Total Market Index (TMI)	SPTMI
S&P Completion Index (CI)	SPCMI
Dow Jones U.S. Total Stock Market Index	DWCF

Please note that if a company is included within the above indices, such company may become eligible for derived indices that use the above index as a starting universe. For example, the derived indices include, but are not limited to, size, sector, style, factor, and sustainability indices derived from the impacted indices. Please refer to the individual index methodologies for more information on eligibility and timing.

8. HYPOTHETICAL IMPACT ANALYSIS

MegaCap Total Market Cap Cutoffs and S&P 500 Inclusion

This table shows the "MegaCap" size threshold – as measured by the total company-level market capitalization, in USD billions, of the 100th and 50th largest S&P Total Market Index (TMI) company – at the end of each year between 2004 and 2025. The table also shows the number of S&P TMI companies that were not components of the S&P 500 and had a company level market capitalization above the MegaCap threshold.

Year	SPTMI Rank 100 TMC Threshold (USD Billions)	SPTMI Above Rank 100 Threshold (Not S&P 500 Component)	SPTMI Rank 50 TMC Threshold (USD Billions)	SPTMI Above Rank 50 Threshold (Not S&P 500 Component)
2025	112	0	205	0
2024	93	2	176	0
2023	92	0	155	0
2022	76	0	147	0
2021	91	1	178	0
2020	73	2	151	0

Year	SPTMI Rank 100 TMC Threshold (USD Billions)	SPTMI Above Rank 100 Threshold (Not S&P 500 Component)	SPTMI Rank 50 TMC Threshold (USD Billions)	SPTMI Above Rank 50 Threshold (Not S&P 500 Component)
2019	63	1	126	0
2018	51	2	94	0
2017	55	0	99	0
2016	49	0	90	0
2015	45	0	88	0
2014	47	0	90	0
2013	40	2	77	0
2012	31	4	59	0
2011	27	3	51	0
2010	27	5	48	0
2009	24	2	41	0
2008	18	3	35	2
2007	31	3	56	1
2006	30	3	60	1
2005	26	4	56	2
2004	25	6	52	3

Source: S&P Dow Jones Indices LLC. Annual data as of December 31. Table is provided for illustrative purposes.

Estimated Weight at Different Company Level Float-Adjusted Market Capitalizations

This table shows the hypothetical index weights for different company-level float-adjusted market capitalizations (FMC), based on data as of March 31, 2026. For example, a company or combination of companies with \$100 billion FMC was estimated to have a 0.179% weighting in the S&P 500.

Index Market Cap (\$B)	S&P 500	S&P Composite 1500	S&P Total Market Index (TMI)	S&P Completion Index (CI)	Dow Jones U.S. Total Stock Market Index
\$20B	0.036%	0.033%	0.032%	0.274%	0.032%
\$50B	0.089%	0.082%	0.079%	0.682%	0.079%
\$100B	0.179%	0.165%	0.158%	1.355%	0.158%
\$150B	0.268%	0.247%	0.237%	2.018%	0.237%
\$200B	0.357%	0.329%	0.316%	2.673%	0.316%
\$250B	0.445%	0.411%	0.394%	3.319%	0.394%
\$300B	0.534%	0.492%	0.473%	3.957%	0.473%
\$400B	0.710%	0.656%	0.629%	5.207%	0.629%
\$500B	0.887%	0.818%	0.785%	6.425%	0.785%
\$750B	1.324%	1.222%	1.173%	9.337%	1.173%
\$1,000B	1.757%	1.623%	1.558%	12.074%	1.558%
\$1,250B	2.187%	2.020%	1.940%	14.650%	1.940%
\$1,500B	2.613%	2.415%	2.319%	17.080%	2.319%
\$1,750B	3.036%	2.806%	2.695%	19.375%	2.695%
\$2,000B	3.454%	3.194%	3.068%	21.547%	3.068%

Source: S&P Dow Jones Indices LLC. Data as of adjusted close March 31, 2026. Table is provided for illustrative purposes.

9. IMPLEMENTATION TIMING

If S&P DJI decides to adopt any of the methodology changes proposed above, S&P DJI will announce such changes via S&P DJI's public website. If any of the proposed changes are adopted, S&P DJI proposes to implement the changes effective prior to the market open on **Monday June, 8, 2026, unless otherwise announced.**

10. CONSULTATION QUESTIONS FOR RESPONSE

Please respond to the following questions and provide S&P DJI with the reasoning behind your answers via the survey link available [here](#):

MegaCap Company Definition

1. Do you agree with S&P DJI's definition of MegaCap company as any company whose total market capitalization is within the top 100 largest in the S&P TMI?

Or should the definition be any company whose total market capitalization is within the top 50 largest?

S&P 500, S&P MidCap 400, and S&P SmallCap 600

2. Do you agree with the proposal to shorten the IPO Seasoning requirement to six months from 12 months for the S&P 500, S&P MidCap 400, and S&P SmallCap 600?
3. Do you agree with the proposal to exempt MegaCap companies from the 0.10 minimum IWF eligibility requirement for the S&P 500?
4. Do you agree with the proposal that a company determined to be a MegaCap company as of the evaluation date does not need to pass the Financial Viability criteria to be eligible?

S&P Total Market Index (TMI), S&P Completion Index, and Dow Jones U.S. Total Stock Market Index (TSM)

5. Do you agree with the proposal to exempt MegaCap companies from the 0.10 minimum IWF eligibility requirement for S&P Total Market Index (TMI), S&P Completion Index (CI), and Dow Jones U.S. Total Stock Market Index (TSM)?
6. Do you agree with the proposal to allow fast-track addition of MegaCap IPOs that have an IWF less than 0.10 to S&P Total Market Index (TMI), S&P Completion Index (CI), and Dow Jones U.S. Total Stock Market Index (TSM)?

Float Release after end of MegaCap IPO Lock-Up Period

7. Do you have any feedback regarding S&P DJI's proposal to implement float increases after the end of the MegaCap IPO lock-up period gradually or in tranches depending on company-specific details?

Timing

8. If any of the proposed changes are adopted, do you agree with the proposed implementation date (i.e., tentatively June 8, 2026, unless otherwise announced)?

General

9. Do you have any other comments or feedback regarding the proposed changes outlined in this consultation?

11. INDEX GOVERNANCE

S&P Dow Jones Indices (S&P DJI) has established, implemented, and continues to uphold a comprehensive index governance framework, which includes the segregation of our commercial and analytical functions. This framework is designed to ensure effective oversight and systematic management of index administration, mitigate conflicts of interest, and adhere to all relevant regulatory standards and recognized industry practices. The framework is designed to ensure that methodology

CONSULTATION

changes and other aspects of index maintenance and administration are made through the lens of indices continuing to meet their stated objective. For more information on S&P DJI's Index Governance Policies Methodology, see [here](#).

Please respond to this survey by close of business **Thursday, May 28, 2026**, as S&P DJI will not accept responses post the survey closure date. Prior to the Index Committee's final review, S&P DJI may request clarifications from individual respondents.

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

Additional data and analysis to the information included herein may be made available in the Client Resource Center www.spglobal.com/spdji/en/client-services/, which may be updated from time to time throughout the consultation without notice. The information will be posted for the duration of the consultation and up to 30 days thereafter at S&P DJI's discretion. Additional data and analysis may also be made available upon request.

All responses will be treated as confidential. However, S&P DJI may publish certain anonymized summary information related to consultation. Please be advised that S&P DJI reviews and considers all feedback before a final decision is made. However, S&P DJI makes no guarantees and is under no obligation to make decisions in accordance with any of the submitted responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, the change(s) will be announced to clients and posted on the S&P DJI website with prior notice ahead of the effective date.

Thank you for taking the time to complete this survey. If you have any questions about this consultation, please contact CXT_Standard@spglobal.com.

For more information about S&P Dow Jones Indices, please visit 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.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit www.spglobal.com/spdji.

FOR MORE INFORMATION:

S&P Dow Jones Indices
index_services@spglobal.com

CONSULTATION