

## S&P Dow Jones Indices Consultation on the Implementation of Tesla's Addition to the S&P 500

**NEW YORK, NOVEMBER 16, 2020:** S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with members of the investment community on the implementation of Tesla Inc.'s (NASDAQ:TSLA) addition to the S&P 500.

On November 16, 2020, S&P DJI announced that TSLA will be added to the S&P 500 effective prior to the open of trading on Monday, December 21 to coincide with the December quarterly rebalancing effective date. Due to the large size of the addition, S&P DJI is seeking feedback on whether to add the stock at:

- 1) The full float-adjusted market capitalization (FMC) weight all at once, effective prior to the open of trading on Monday, December 21, or
- 2) In two tranches, with the first tranche added one week earlier (effective prior to the open on Monday, December 14), and the second tranche added effective on the rebalancing effective date.

### IMPACT ANALYSIS

The table below shows the projected weight of TSLA in the S&P 500. Based on recent market capitalization figures, TSLA will be one of the largest weight additions to the S&P 500 in the last decade, and consequently will generate one of the largest funding trades in S&P 500 history. However, TSLA itself is very liquid, and adding the stock at the upcoming December quarterly rebalancing coincides with the expiration of stock options, stock futures, stock-index options, and stock-index futures, which may help facilitate the funding trade.

Stock	Approximate Pro-Forma Weight in S&P 500	Estimated Funding Trade*
TSLA	~ 1.01%	~\$51 billion

\*The estimated funding trade is calculated using an estimate of % of assets indexed to the S&P 500 derived from S&P DJI's [Annual Survey of Assets As of December 31, 2019](#) multiplied by the approximate pro-forma weight of TSLA in the S&P 500 as of 11/13/2020.

### QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. **How should TSLA be added to the S&P 500?**
  - A. All at once on the December rebalancing effective date.
  - B. In two tranches with the first tranche consisting of 25% of TSLA's FMC added one week earlier (December 14) and the second tranche consisting of 75% of TSLA's FMC added on the December rebalancing effective date.

- C. In two tranches with the first tranche consisting of 33% of TSLA's FMC added one week earlier, and the second tranche, consisting of 67% of TSLA's FMC, added on the December rebalancing effective date.
  - D. In two tranches with the first tranche consisting of 50% of TSLA's FMC added one week earlier, and the second tranche, consisting of 50% of TSLA's FMC, added on the December rebalancing effective date.
2. Pro-forma files are normally released after the market close on the second Friday, one week prior to the rebalancing effective date in December. With consideration to the single day implementation proposal in question #1 (option A above), is S&P DJI's standard one-week December pro-forma announcement schedule an adequate amount of time?
- A. Yes
  - B. No
3. Please provide any additional feedback relevant to pro-forma timing.
4. Do you have any other comments or feedback regarding the implementation of TSLA's addition to the S&P 500?

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 **November 20, 2020**. 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. S&P DJI intends to announce the consultation results on **November 30**.

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

For further information about this consultation, please contact S&P Dow Jones Indices at [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

*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 or 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.spdji.com](http://www.spdji.com).

## 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.spdji.com](http://www.spdji.com).

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