

S&P Dow Jones Indices Consultation Results on Changes to the Implementation Timing of Certain Non-Mandatory Corporate Actions

NEW YORK, MARCH 2, 2020: S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with members of the investment community on potential changes to the implementation timing of certain non-mandatory corporate actions.

In order to standardize S&P DJI’s global policies and practices, allow all float-adjusted market capitalization index clients the opportunity to participate in additional liquidity events, and reduce turnover by only implementing material changes on an accelerated basis, S&P DJI will make the following changes regarding the treatment of non-mandatory corporate actions:

Accelerated Implementation. The following non-mandatory corporate action types will be eligible for accelerated implementation:

- Public offerings of new shares issued by the company and/or existing shares offered by selling shareholders, including block sales and spot secondaries are subject to a materiality threshold of 5% of total shares and US\$ 150 million with certain conditions and exceptions.
- For public offerings with a size of at least US\$ 1 billion, the 5% threshold will not apply. This exception ensures that very large public offerings are recognized in a timely manner.
- Split-off exchange offers, Dutch auctions and self-tender offer buybacks will be eligible for accelerated implementation treatment regardless of size once their results are publicly announced.

Quarterly Implementation. All non-mandatory events not covered by the accelerated implementation rule will be implemented quarterly coinciding with the third Friday of the third month in each calendar quarter. As a result, S&P DJI is eliminating the 5% weekly share updates.

Announcement Policy. For accelerated implementation, S&P DJI will provide two (2) business days’ notice for all non-U.S. domiciled stocks, and one (1) business days’ notice for all U.S. domiciled stocks.

The table on the following page summarizes the changes.

Change	Methodology	
	Previous	Updated
Timing of Certain Non-mandatory Corporate Actions	<p>Confirmed share changes that are at least 5% of the total shares outstanding are implemented weekly. Total shares outstanding (not float-adjusted shares) are used to determine whether the share change meets this 5% threshold. The 5% rule applies to share changes only. IWF changes are only considered if a share change meets the 5% threshold.</p> <p>Share changes are applied weekly and are announced after the market close on Fridays for implementation after the close of trading the following Friday (i.e. one week later).</p>	<p>Share/IWF changes of at least 5% and US\$ 150 million resulting from certain non-mandatory actions follow the accelerated implementation rule with sufficient advance notification, and share/IWF changes deemed non-material are implemented quarterly.</p> <p>The accelerated implementation rule is suspended during the freeze period. All changes that would otherwise qualify for accelerated implementation treatment, but are scheduled to be effective during the share freeze period, will instead be announced on the third Friday of the rebalancing month and implemented five business days after the quarterly rebalancing effective date.</p>

Please refer to Appendix I for a more detailed description of the changes.

These changes will become effective prior to the market open on **Monday, March 30, 2020**.

For clarity, any non-mandatory corporate action subject to the accelerated implementation rule announced by S&P DJI from **Monday, March 30, 2020** onwards will be implemented as per the updated methodology. The weekly share change announcement on **Friday, March 27, 2020** will be the final weekly share announcement.

Please note that the S&P DJI Equity Indices Policies & Practices, S&P DJI Float Adjustment, and S&P U.S. Indices methodologies on S&P DJI's website will be updated to reflect these changes prior to the effective date.

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

APPENDIX I – Summary of Changes to the Implementation Timing of Certain Non-Mandatory Corporate Actions

Certain mandatory actions, such as M&A driven share/IWF changes, stock splits, and mandatory distributions, are not subject to a minimum threshold for implementation. Material share/IWF changes resulting from non-mandatory actions follow the accelerated implementation rule defined below with sufficient advance notification. Non-material share/IWF changes are implemented quarterly. The accelerated implementation rule is intended to reduce turnover intra-quarter while also enhancing opportunities for index trackers to take advantage of non-mandatory material liquidity events. In certain instances, local market practices may relax these rules, so please refer to the respective individual index methodology for any deviations from this policy.

Accelerated Implementation Rule

1. **Public offerings.** Public offerings of new company-issued shares and/or existing shares offered by selling shareholders, including block sales and spot secondaries, will be eligible for accelerated implementation treatment if the size of the event meets the materiality threshold criteria:
 - a. At least US\$ 150 million¹, and
 - b. At least 5%² of the pre-event total shares.

In addition to the materiality threshold, public offerings must satisfy the following conditions:

- Be underwritten.
- Have a publicly available prospectus, offering document, or prospectus summary filed with the relevant authorities.
- Have a publicly available confirmation from an official source that the offering has been completed.

For public offerings that involve a concurrent combination of new company shares and existing shares offered by selling shareholders, both events are implemented if either of the public offerings represent at least 5% of total shares and US\$ 150 million. Any concurrent share repurchase by the affected company will also be included in the implementation.

2. **Dutch auctions, Self-tender offer buybacks, and Split-off exchange offers.** These non-mandatory corporate action types will be eligible for accelerated implementation treatment regardless of size once their results are publicly announced by S&P DJI.

Exception to the Accelerated Implementation Rule

For public offerings with a size of at least US\$ 1 billion³, S&P DJI will apply the share change, and any resulting IWF change, using the latest share and ownership information publicly available at the time of the announcement, even if the offering size is below the 5% threshold. This exception ensures that very large public offerings are recognized in a timely manner using the latest available information.

¹ Calculated using the offering (subscription) price per share and the number of shares offered (excluding any overallotment). When the offering price is announced in a non-U.S. currency, it will be converted into US\$ using the WM/Reuters 4:00 PM spot rate on the day prior to the pricing date.

² Measured as the pre-event total share outstanding for that share class.

³ Calculated using the offering (subscription) price per share and the number of shares offered (excluding any overallotment). When the offering price is announced in a non-U.S. currency, it will be converted into US\$ using the WM/Reuters 4:00 PM spot rate on the day prior to the pricing date.

All non-mandatory events not covered by the accelerated implementation rule (including but not limited to private placements, acquisition of private companies, and conversion of non-index share lines) will be implemented quarterly coinciding with the third Friday of the third month in each calendar quarter. In addition, events that were not implemented under the accelerated implementation rule but were found to have been eligible, (e.g. due to lack of publicly available information at the time of the event) are implemented as part of a quarterly rebalancing.

Announcement Policy

For accelerated implementation, S&P DJI will provide two (2) business days' notice for all non-U.S. domiciled stocks, and one (1) business days' notice for all U.S. domiciled stocks.

IWF Updates

Accelerated implementation for events less than US\$ 1 billion events will include 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 in the offering. To minimize unnecessary turnover, these IWF changes do not need to meet any minimum threshold requirement for implementation. Any IWF change resulting in an IWF of 0.96 or greater is rounded up to 1.00 at the next annual IWF review.

IWF changes will only be made at the quarterly review if the change represents at least 5% of total current shares outstanding and is related to a single corporate action that did not qualify for the accelerated implementation rule.

Quarterly share change events resulting from the conversion of derivative securities, acquisitions of private companies, or acquisitions of non-index companies that do not trade on a major exchange are considered to be available to investors unless there is explicit information stating that the new owner is a strategic holder.

Other than the situations described above, please note that IWF changes are only made at the annual IWF review.

Share Updates

For some markets, when total shares outstanding increase by at least 5%, but the new share issuance is to a strategic or major shareholder, it implies that there is no change in float-adjusted shares. However, in such instances, S&P DJI will apply the share change and resulting IWF change regardless of whether the float change is greater than or equal to 5%.

For companies with multiple share class lines, the 5% share change threshold is based on each individual multiple share class line rather than total company shares.

Changes to share counts that total less than 5% of total shares are accumulated and made quarterly on the third Friday of March, June, September, and December.

Exceptions:

- **Subscription Receipts/ Forward Sales Agreements.** Any non- fully paid or non-fully settled offering such as subscription receipts in Canada and forward sales agreements in the U.S. are not eligible for accelerated implementation. Share updates resulting from completion of subscription receipts terms or the settlement of forward sale agreements are updated at a future quarterly share rebalance.

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- **Foreign Ownership Limit Adjustments.** In certain markets such as India and Thailand, foreign ownership limit adjustments that result in IWF changes are implemented with the quarterly rebalancing even if there is no change in shares outstanding.
- **India.** In India, non-mandatory events that otherwise qualify for accelerated implementation will not be implemented until the updated shareholder information is available, due to the tendency for such events to be made to strategic holders.

Rebalancing Guidelines – Share/IWF Freeze

A share/IWF freeze period is implemented during each quarterly rebalancing. The freeze period begins after the market close on the Tuesday prior to the second Friday of each rebalancing month (i.e. March, June, September, and December) and ends after the market close on the third Friday of the rebalancing month. Pro-forma files are normally released after the market close on the second Friday, one week prior to the rebalancing effective date. In September, preliminary share and float data is released on the first Friday of the month. However, the share freeze period for September follows the same schedule as the other three quarterly share freeze periods. For illustration purposes, if rebalancing pro-forma files are scheduled to be released on Friday, March 13, the share/IWF freeze period will begin after the close of trading on Tuesday, March 10 and will end after the close of trading the following Friday, March 20 (i.e. the third Friday of the rebalancing month).

During the share/IWF freeze period, shares and IWFs are not changed except for mandatory corporate action events (such as merger activity, stock splits, and rights offerings), and the accelerated implementation rule is suspended. All changes that qualify for accelerated implementation scheduled to be effective during the share/IWF freeze period will instead be announced on the third Friday of the rebalancing month, and implemented five business days after the quarterly rebalancing effective date.

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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