

S&P Low Volatility Indices Liquidity Buffer Consultation

NEW YORK, MAY 14, 2018: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on potential changes to certain S&P Low Volatility Indices.

In order to enhance index tradability while reducing turnover, S&P DJI is proposing to introduce a liquidity buffer for current constituents. Under this proposal, S&P DJI would establish a buffer so that current index constituents with a three-month average daily value traded that meets or exceeds the buffer listed below would continue to satisfy the liquidity criterion.

The estimated change in one-way turnover that would have resulted if the proposed methodology changes had been applied at the most recent index rebalancings are detailed below.

| Index | Liquidity Threshold | Proposed Buffer | Actual Turnover | Change in Turnover if Buffer Applied |
|---|---------------------|------------------|-----------------|--------------------------------------|
| S&P Emerging Markets Low Volatility Select Index | US\$ 7 Million | US\$ 6 Million | 27.80% | -3.48% |
| S&P Nordic Low Volatility Index | US\$ 1.5 Million | US\$ 1.2 Million | 9.16% | 0.00% |
| S&P Southern Europe Low Volatility Index | EUR 5 Million | EUR 4 Million | 17.76% | 0.00% |
| S&P South Africa Low Volatility Index | ZAR 10 Million | ZAR 8 Million | 23.92% | 0.00% |
| S&P Europe 350 Carbon Efficient Select Low Volatility Index | EUR 7 Million | EUR 5.6 Million | 20.49% | 0.00% |

QUESTIONS

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

1. **Do you agree with the proposal to add a buffer for current constituents?**
2. **If you agreed with the proposal in question 1 above, which option do you prefer?**
 - **The proposed buffers shown in the above table**
 - **A different buffer (please specify)**
3. **Do you have any other comments or feedback regarding the proposed changes 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. S&P DJI will make responses to consultations freely available upon request.¹ If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **June 14, 2018**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee’s final review, S&P DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

¹ Individual and company names as well as contact details will be redacted.

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.

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.

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 become home to over 1,000,000 indices across the spectrum of asset classes that have helped define the way investors measure and trade the markets.

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