

S&P Euro and UK High Yield Dividend Aristocrats Index Consultation on Dividend Cuts

LONDON, MAY 29, 2017: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on potential changes to the S&P Euro and UK High Yield Dividend Aristocrats Indices.

The S&P Euro and UK High Yield Dividend Aristocrats Indices currently do not drop stocks that cut their dividend until the following annual reconstitution. S&P DJI is proposing to review stocks on a monthly basis for dividend cuts and drop any stock that lowers its dividend to take the stock’s yield below the lowest yielding current constituent. The below table summarizes the proposed methodology change.

Proposed Change	Current	Methodology	Proposed
Monthly Dividend Review	<p>S&P DJI reviews index constituents for dividend omissions on a monthly basis. If a constituent stock publicly announces a suspension or cancellation of its dividend program, it is removed from the index effective prior to the open of the first business day of the following month.</p> <p>Replacement stocks are added to the index at the same time, effective prior to the open of the first business day of the following month and will enter the index at the same weight as the dropped stock. The replacement stock is the highest ranked eligible non-constituent using data as of the reference date of the latest annual reconstitution.</p>	<p>S&P DJI reviews index constituents for dividend omissions on a monthly basis. If a constituent stock publicly announces a suspension or cancellation of its dividend program, it is removed from the index effective prior to the open of the first business day of the following month.</p> <p>In addition, constituent stocks are reviewed on a monthly basis for dividend cuts. Constituent stocks may, at the discretion of the Index Committee, be removed effective prior to the open of the first business day of the following month if the constituent company lowers but does not eliminate its dividend, and its new yield is significantly lower than the lowest yielding constituent.</p> <p>Replacement stocks are added to the index at the same time, effective prior to the open of the first business day of the following month and will enter the index at the same weight as the dropped stock. The replacement stock is the highest ranked eligible non-constituent using data as of the reference date of the latest annual reconstitution.</p>	

IMPACT ANALYSIS

The proposed change would not have had any impact on the previous annual June 2017 rebalancing. In addition, no stocks since June 2017 have cut their dividend to reduce their yield below the lowest yielding current constituent in either index.

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 introduce a monthly review for dividend cuts?**
2. **Do you have any other comments or feedback regarding the proposed change 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 29, 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.

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.

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.

FOR MORE INFORMATION:

S&P Dow Jones Indices
index_services@spglobal.com

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

CONSULTATION