

S&P Dow Jones Indices' Consultation Regarding the Treatment of Australian Stocks

SYDNEY, JULY 10, 2018: S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with members of the investment community on potential changes to certain treatments for Australian stocks. In order to align the treatment of Australian stocks with S&P DJI's standard treatments for global equities, S&P DJI is considering the changes described in the table below.

Proposed Change	Current Methodology	Proposed Methodology
Treatment of Renounceable Rights Offers	Adjust the stock price on the ex-date. Add the rights class to the index with a share count based on the offer ratio at the Theoretical Ex-Rights Price (TERP) minus the Subscription Price. When the rights class converts to fully paid ordinary shares, drop the rights class and increase the shares of the stock at the last traded price.	Align with the standard global treatment of a simultaneous price adjustment and share change applying the rights ratio and terms effective on the ex-date of the offer.
Treatment of Quarterly Share Updates	Updates to the number of issued shares are considered if the change is at least 5% of the float-adjusted shares or A\$ 100 million in value. Share updates for foreign-domiciled securities take place annually at the March rebalancing. Updates to the number of index shares only take place when the six-month average of CHES Depositary Interests (CDIs) or the Total Securities held in the Australian branch of the issuer-sponsored register (where supplied) and in CHES, as of the March rebalancing, differs from the current index shares by either 5% or a market-cap dollar amount greater than A\$ 100 million.	The update to the number of issued shares is considered if the change is at least 5% of the shares outstanding. Share updates for foreign-domiciled securities take place annually at the March rebalancing. Updates to the number of shares outstanding only take place when the six-month average of CDIs or the Total Securities held in the Australian branch of the issuer-sponsored register (where supplied) and in CHES, as of the March rebalancing, differs by least 5% from the current shares outstanding.
Treatment of Intra-quarter Share Changes	Intra-quarter share changes are made when there are changes in a company's float-adjusted shares of at least 5% due to market-wide share issuances as well as for Dividend Reinvestment Plan share issuances of more than A\$100 million in value.	Intra-quarter share changes are made when there are changes in a company's shares outstanding of at least 5% due to market-wide share issuances.

Proposed Change	Current Methodology	Proposed Methodology
Treatment of Special Dividends	If a company announces that a dividend being paid is a special dividend, it is treated as a special dividend with a price adjustment.	S&P DJI generally considers the third consecutive instance of a non-ordinary dividend (in terms of timing, not amount) to be ordinary for index purposes as this third consecutive payment generally is considered to be part of the normal payment pattern established by the company.

QUESTIONS

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

1. Do you agree with the proposed change to the treatment of renounceable rights offers?
2. Do you agree with the proposed change to the treatment of quarterly share updates?
3. Do you agree with the proposed change to the treatment of intra-quarter share changes?
4. Do you agree with the proposed change to the treatment of special dividends?
5. 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 **August 8, 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.

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

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:

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