

S&P 500 Equal Weight Utilities & Telecommunications Index Consultation

NEW YORK, JULY 11, 2018: 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 500 Equal Weight Utilities & Telecommunications Index.

The S&P 500 Equal Weight Utilities & Telecommunications Index is currently made up of companies in the S&P 500 that are classified as part of the Global Industry Classification Standard (GICS®) Utilities (GICS Code 55) and Telecommunications (GICS Code 50) sectors.

As previously announced, GICS will undergo a structural change in September 2018. As part of this restructuring, the Telecommunication Services sector will be renamed to Communication Services and will contain two Industry Groups: Telecommunication Services and Media & Entertainment.

In line with the September 2018 GICS structural change, S&P DJI is proposing to exclude companies in the restructured Communication Services sector (GICS Code 50) from the index. In order to ensure enough index components, S&P DJI is also proposing to implement a minimum company count of 22 and supplement the index with companies from the S&P MidCap 400 in cases where there are fewer than 22 eligible companies from the S&P 500.

If the above proposals are adopted, the index will be constructed as follows:

1. At each quarterly rebalancing, all companies in the S&P 500 within the eligible GICS sector are selected for index inclusion.
2. If fewer than 22 companies are selected in step 1, the index is supplemented with the largest companies based on float-adjusted market capitalization (FMC) in the S&P MidCap 400 within the eligible GICS sector until the minimum company count of 22 is reached. If intra-quarter additions to the S&P 500 in the eligible GICS sector result in the index reaching the required minimum count, the supplementary companies remain in the index until the next quarterly rebalancing at which point they are reviewed for continued inclusion.
3. If supplementary companies are required and at least one supplementary company is a current constituent, a buffer is applied at the quarterly rebalancing such that a supplementary company being added must have an FMC greater than 1.2 times (or 20% higher than) the supplementary company it is replacing. This buffer is evaluated on each supplementary company addition relative to the current supplementary company it is replacing. For example, the largest non-index supplementary company by FMC is evaluated against the smallest supplementary index constituent, the second largest non-index supplementary company is evaluated against the second smallest supplementary index constituent, etc. This process is repeated until no supplementary additions exceed the buffer.

Pending the result of this consultation, the S&P 500 Equal Weight Utilities & Telecommunications Index may be subject to a name change.

For more information on the GICS structure changes, please refer to the Revisions to the Global Industry Classification Standard (GICS®) Structure in 2018 announcement available [here](#).

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 exclude companies in the restructured Communications Services sector (GICS Code 50) from the S&P 500 Equal Weight Utilities & Telecommunications Index?**
2. **Do you agree with the proposal to establish a minimum constituent count of 22 companies?**
3. **If the index were to fall below the minimum count, do you agree with the proposal to supplement the index with the largest eligible companies in the S&P MidCap 400?**
4. **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 **July 25, 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.

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