

Dow Jones Commodity Index Consultation on Eligibility Criteria

NEW YORK, JULY 18, 2018: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on potential changes to the Dow Jones Commodity Index (“DJCI”).

Currently, the eligibility criteria for the DJCI are directly linked to the S&P GSCI index. S&P DJI is considering changes to the DJCI’s liquidity, country, and minimum weight criteria so that the index would be completely independent from the S&P GSCI. The proposed changes under consideration are as follows:

LIQUIDITY CRITERIA

Under the current methodology, similar commodities are grouped into “components” (e.g. Petroleum). Each component must have a Total Dollar Value Traded (TDVT) of at least \$30 billion in order to be eligible for index inclusion. Additionally, commodity components must have a Total Quantity Traded of at least 25% of the total component for index inclusion. In order to allow a greater number of commodities to be eligible for index inclusion, S&P DJI is proposing to eliminate the component concept for index inclusion purposes. Under this proposal, each commodity (e.g. WTI Crude Oil) would instead be required to have a TDVT of at least \$15 billion (\$5 billion for current index commodities) in order to be eligible for index inclusion. Capped component indices could still be created, but the component inclusion concept would no longer apply, as the liquidity of the specific commodity is the most important factor. The below table outlines the changes:

Definition	DJCI TDVT Thresholds	
	Current	Proposed
Commodity Currently in Index	5	5
Commodity Currently in Index; Multiple Commodity	10	N/A
Commodity Currently not in Index; Multiple Commodity	30	N/A
Commodity Currently not in Index	15	15

COUNTRY CRITERIA

Under the current methodology, country eligibility is based on OECD membership. In order to allow a greater number of countries to be represented in the index, S&P DJI is proposing to base country eligibility on the S&P Developed BMI index. Country classification changes are implemented in the S&P Developed BMI during that index’s September rebalancing. Under this proposal, country classification changes to the S&P Developed BMI would be implemented in the DJCI three months later during the index’s annual rebalancing in January.

For information on the S&P Developed BMI, please refer to the index’s methodology available [here](#).

MINIMUM WEIGHT CRITERIA

Under the current methodology, the percentage weight requirement for a commodity to be eligible for index inclusion is 1% (0.1% for current index commodities). In order to allow a greater number of commodities to be eligible for index inclusion, S&P DJI is proposing to reduce the percentage weight requirement for new commodity additions to 0.1%.

IMPACT ANALYSIS

The following table outlines the current actual membership as well as the hypothetical membership had the proposed changes been implemented at the January 2018 annual rebalancing:

Commodity Weights			
Commodity	Current Methodology	Proposed Methodology	Difference ¹
Aluminum	4.454%	4.081%	-37
Brent Crude Oil	8.705%	8.894%	19
Chicago Wheat	3.191%	2.672%	-52
Cocoa	0.858%	0.718%	-14
Coffee	1.732%	1.450%	-28
LME Copper	9.833%	9.009%	-82
Corn	6.654%	5.572%	-108
Cotton	0.968%	0.810%	-16
WTI Crude Oil	10.131%	10.351%	22
Feeder Cattle	0.778%	0.652%	-13
Gold	10.595%	9.708%	-89
Heating Oil	2.141%	2.187%	5
Kansas Wheat	0.870%	0.729%	-14
Lead	1.034%	0.947%	-9
Lean Hogs	1.357%	1.136%	-22
Live Cattle	2.869%	2.402%	-47
Natural Gas	7.447%	6.885%	-56
Nickel	2.272%	2.082%	-19
RBOB Gasoline	2.240%	2.288%	5
Silver	2.550%	2.337%	-21
Soybeans	11.730%	9.823%	-191
Sugar	2.328%	1.949%	-38
Zinc	2.595%	2.377%	-22
Gas Oil	2.670%	2.728%	6
Soybean Oil		1.990%	
Soybean Meal		2.780%	
Minneapolis Wheat		0.217%	
COMEX Copper		1.953%	
Platinum		0.330%	
Palladium		0.160%	
Tin		0.260%	
Robusta Coffee		0.255%	
White Sugar		0.178%	
SGX Iron Ore 62%		0.090%	
Total Percentage Weights		100.000%	
Total Weight Difference (New Contracts)			8.214%

¹ Weight Difference is displayed in basis points.

CONSULTATION

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the changes described above, if adopted, effective with the January 2019 annual rebalancing.

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 eliminate the component concept for index inclusion purposes and instead make eligible for index inclusion each commodity with a TDVT of at least \$15 billion (\$5 billion for current index commodities)?**
2. **Do you agree with the proposed change to base country eligibility on the S&P Developed BMI index instead of OECD membership?**
3. **Do you agree with the proposed change to reduce the percentage weight requirement for new commodity additions from 1% to 0.1%?**
4. **If the proposed changes described above are adopted, when would be the most appropriate time to implement them?**
 - **At the January 2019 annual rebalancing**
 - **At another time (please specify)**
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.² 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 20, 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.

² 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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