

S&P/TSX Indices Consultation Results

TORONTO, FEBRUARY 13, 2019: S&P Dow Jones Indices (“S&P DJI”) has conducted a consultation with members of the investment community on potential changes to the S&P/TSX Indices.

S&P DJI will amend the definition of special dividends for the S&P/TSX Indices in order to align it with S&P DJI’s standard policies and practices. In addition, S&P DJI will lower the minimum float-adjusted market capitalization (“FMC”) threshold for inclusion in the S&P/TSX Composite Index in order to enlarge the universe of eligible securities while minimizing turnover. The following tables summarize the changes.

Special Dividends for all S&P/TSX Indices

Methodology	Description
Current	<p>S&P/TSX Canadian Indices have a minimum 4% of price threshold to recognize a dividend as special; For example, if the dividend is over 4% of the price of the stock, it is deemed to be a return of capital and the price of the underlying security is reduced by the dividend amount prior to the ex-date.</p> <p>In Canadian markets, income trusts sometimes pay special dividends. The mandate in their charter is to distribute all excess cash to unit holders. Periodically, they distribute this extra cash via a small special dividend, often with the same payment schedule (ex-date, record date, pay date) as an ordinary dividend. S&P Dow Jones Indices’ treatment is to add them together and treat it as an ordinary dividend.</p>
Updated	<p>Special dividends are defined as those dividends that are outside of the normal payment pattern established historically by the corporation. Whether a dividend is funded from operating earnings or from other sources of cash does not affect the determination of whether it is a special dividend. Special dividends are typically larger than ordinary dividends and are quoted in terms of the payment amount each share receives (dividends per share). Generally speaking, there are no patterns for these events and they may simply be one-time payments. Special dividends are treated as corporate actions with price and divisor adjustments. For index calculation purposes, a special dividend results in a stock’s price being adjusted (reduced) by the payment amount at the opening of the effective date.</p> <p>S&P Dow Jones Indices will generally consider 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 will generally be considered to be part of the normal payment pattern established by the company.</p> <p>Special dividends usually have the following characteristics: The company describes it as a “special,” “extra,” “irregular,” “return of capital” “distribution from reserves”, or some other similar term in the dividend announcement. Dividend payments not subject to a withholding tax are usually an indication that the dividend should be treated as special; however, large and out-of- pattern payments are still considered as “special” even if they are subject to a withholding tax.</p> <p>When an ordinary dividend is increased or decreased, it is still ordinary, not special.</p> <p>When a return of capital is declared in lieu of an ordinary cash dividend and fits the historical pattern of an ordinary dividend in amount and frequency, it is treated as an ordinary cash dividend. For example, many Swiss companies distribute a return of capital in lieu of ordinary dividends.</p> <p>When a dividend is paid the first time, it is ordinary unless the company’s release specifically states otherwise.</p>

Minimum FMC for the S&P/TSX Composite Index¹

Methodology	Description
Current	To be eligible for the S&P/TSX Composite Index, a security's FMC must represent a minimum weight of 0.05% of the index, after including the Quoted Market Value ("QMV") of that security in the total FMC of the index. Current constituents that represent a minimum weight of 0.025% of the index, after including the QMV of that security in the total FMC of the index, remain eligible.
Updated	To be eligible for the S&P/TSX Composite Index, a security's FMC must represent a minimum weight of 0.04% of the index, after including the QMV of that security in the total FMC of the index. Current constituents that represent a minimum weight of 0.025% of the index, after including the QMV of that security in the total FMC of the index, remain eligible.

These changes will become effective prior to the market open on Monday, March 18, 2019, in conjunction with the quarterly rebalancing.

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 been innovating and developing indices across the spectrum of asset classes helping to 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 The change will also impact any index that uses the S&P/TSX Composite Index as its universe or related indices such as equal weight indices.