

S&P Kensho New Economy Indices Consultation

NEW YORK, MARCH 11, 2019: 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 Kensho New Economy Indices.

In order to enhance index liquidity, S&P DJI is proposing to modify the size and liquidity screens used in the construction of the indices. Under these proposals, S&P DJI would modify the size screen so that it used a float-adjusted market capitalization (“FMC”) threshold instead of the current total market capitalization threshold. The threshold numbers used in the size screen would remain the same and are listed in *Appendix I*. In addition, S&P DJI would modify the liquidity screen so that it used a closing price component instead of a volume weighted average price (“VWAP”) component. The table below summarizes the changes.

Change	Current Methodology	Proposed Methodology
Size	Stocks must have a minimum total market capitalization, as of the rebalancing reference date. ¹	Stocks must have a minimum float-adjusted market capitalization, as of the rebalancing reference date. ¹
Liquidity	The 3M ADVT is calculated as the average of the number of shares traded each day multiplied by that day’s volume-weighted average price (“VWAP”) over the 63 trading days prior to the relevant rebalancing reference date.	The 3M ADVT is calculated as the average of the number of shares traded each day multiplied by that day’s closing price over the three months prior to the relevant rebalancing reference date.

IMPACT ANALYSIS

Using data from the November 2018 rebalancing, the table below shows each index’s actual turnover as well as the hypothetical turnover that would have occurred had the proposed changes been applied to that rebalancing.

Index	Actual Turnover	Hypothetical Turnover
S&P Kensho Distributed Ledger Index	13.24%	9.78%
S&P Kensho Alternative Finance Index	12.17%	12.57%
S&P Kensho Future Payments Index	9.49%	8.48%
S&P Kensho Electric Vehicles Index	12.92%	13.01%
S&P Kensho Digital Communities Index	14.70%	15.01%
S&P Kensho Advanced Transport Systems Index	10.72%	7.79%
S&P Kensho Wearables Index	11.46%	10.74%
S&P Kensho Robotics Index	9.63%	10.34%
S&P Kensho Autonomous Vehicles Index	10.14%	9.80%
S&P Kensho Cleantech Index	16.50%	16.00%
S&P Kensho Cyber Security Index	10.86%	10.91%
S&P Kensho Cyber Security Mid-Large Cap Index	9.16%	13.32%
S&P Kensho 3D Printing Index	10.56%	10.88%
S&P Kensho Smart Borders Index	8.28%	9.89%
S&P Kensho Genetic Engineering Index	18.47%	18.96%
S&P Kensho Drones Index	11.42%	10.52%
S&P Kensho Global Drones Index	12.06%	10.54%
S&P Kensho Clean Energy Index	6.78%	6.24%
S&P Kensho Smart Grids Index	11.27%	11.78%

¹ See *Appendix I* for current and proposed size thresholds.

Index	Actual Turnover	Hypothetical Turnover
S&P Kensho Smart Buildings Index	10.40%	9.35%
S&P Kensho Space Index	8.26%	7.62%
S&P Kensho Global Space Index	7.96%	7.67%
S&P Kensho Nanotechnology Index	11.51%	11.28%
S&P Kensho Virtual Reality Index	14.52%	14.73%
S&P Kensho Enterprise Collaboration Index	10.90%	13.93%
S&P Kensho Human Evolution Index	13.55%	18.13%
S&P Kensho Democratized Banking Index	9.15%	10.21%
S&P Kensho Final Frontiers Index	9.36%	10.40%
S&P Kensho Intelligent Infrastructure Index	11.39%	10.99%
S&P Kensho Smart Transportation Index	10.47%	10.20%
S&P Kensho Clean Power Index	10.80%	10.87%
S&P Kensho Future Security Index	9.22%	9.07%
S&P Kensho Future Communication Index	13.62%	14.62%

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, prior to the market open on Wednesday, May 15, 2019, in conjunction with the annual reconstitution of the indices.

QUESTIONS

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

1. Do you agree with the proposed size screen change?
2. Do you agree with the proposed liquidity screen change?
3. 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 **April 9, 2019**. 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.

APPENDIX I

The following table shows the current and proposed size thresholds for the S&P Kensho New Economy Indices.

Index	Minimum Market Capitalization	
	Current (Total)	Proposed (FMC)
S&P Kensho Distributed Ledger Index	\$100 Million	\$100 Million
S&P Kensho Alternative Finance Index	\$100 Million	\$100 Million
S&P Kensho Future Payments Index	\$100 Million	\$100 Million
S&P Kensho Electric Vehicles Index	\$100 Million	\$100 Million
S&P Kensho Digital Communities Index	\$100 Million	\$100 Million
S&P Kensho Advanced Transport Systems Index	\$100 Million	\$100 Million
S&P Kensho Wearables Index	\$100 Million	\$100 Million
S&P Kensho Robotics Index	\$100 Million	\$100 Million
S&P Kensho Autonomous Vehicles Index	\$100 Million	\$100 Million
S&P Kensho Cleantech Index	\$100 Million	\$100 Million
S&P Kensho Cyber Security Index	\$300 Million	\$300 Million
S&P Kensho Cyber Security Mid-Large Cap Index	\$2 Billion	\$2 Billion
S&P Kensho 3D Printing Index	\$100 Million	\$100 Million
S&P Kensho Smart Borders Index	\$100 Million	\$100 Million
S&P Kensho Genetic Engineering Index	\$300 Million	\$300 Million
S&P Kensho Drones Index	\$100 Million	\$100 Million
S&P Kensho Global Drones Index	\$100 Million	\$100 Million
S&P Kensho Clean Energy Index	\$100 Million	\$100 Million
S&P Kensho Smart Grids Index	\$100 Million	\$100 Million
S&P Kensho Smart Buildings Index	\$100 Million	\$100 Million
S&P Kensho Space Index	\$300 Million	\$300 Million
S&P Kensho Global Space Index	\$300 Million	\$300 Million
S&P Kensho Nanotechnology Index	\$100 Million	\$100 Million
S&P Kensho Virtual Reality Index	\$100 Million	\$100 Million
S&P Kensho Enterprise Collaboration Index	\$100 Million	\$100 Million
S&P Kensho Human Evolution Index	\$100 Million	\$100 Million
S&P Kensho Democratized Banking	\$100 Million	\$100 Million
S&P Kensho Final Frontiers Index	\$100 Million	\$100 Million
S&P Kensho Intelligent Infrastructure Index	\$100 Million	\$100 Million
S&P Kensho Smart Transportation Index	\$100 Million	\$100 Million
S&P Kensho Clean Power Index	\$100 Million	\$100 Million
S&P Kensho Future Security Index	\$100 Million	\$100 Million
S&P Kensho Future Communication Index	\$100 Million	\$100 Million

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:

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