

S&P Composite 1500 Consultation on IWF Addition Criteria

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 Composite 1500.

Under the current methodology, an investable weight factor (“IWF”) of at least 0.50 is required for new additions to the S&P Composite 1500. In order to allow an expanded universe of potential candidates for index addition, yet ensure that an addition to the S&P Composite 1500 meets a certain level of materiality relative to the index it is joining, S&P DJI is considering replacing this rule with additional market capitalization size criteria such that eligible candidates must satisfy the following:

1. Have a full company level market capitalization that satisfies the threshold set for each S&P Composite 1500 index.
2. Have a security level float-adjusted market capitalization (“FMC”) that is at least 50% of the respective index’s full company level market capitalization threshold.

For clarity, the table below summarizes the proposed changes.

Index	Market Capitalization and IWF Addition Criteria	
	Current	Proposed
S&P 500	<ul style="list-style-type: none"> • At least US\$ 8.2 billion unadjusted (full) company level market cap • 0.50 IWF 	<ul style="list-style-type: none"> • At least US\$ 8.2 billion unadjusted (full) company level market cap • At least US\$ 4.1 billion adjusted (FMC) security level market cap
S&P MidCap 400	<ul style="list-style-type: none"> • US\$ 2.4 billion to US\$ 8.2 billion unadjusted (full) company level market cap • 0.50 IWF 	<ul style="list-style-type: none"> • US\$ 2.4 billion to US\$ 8.2 billion unadjusted (full) company level market cap • At least US\$ 1.2 billion adjusted (FMC) security level market cap
S&P SmallCap 600	<ul style="list-style-type: none"> • US\$ 600 million to US\$ 2.4 billion unadjusted (full) company level market cap • 0.50 IWF 	<ul style="list-style-type: none"> • US\$ 600 million to US\$ 2.4 billion unadjusted (full) company level market cap • At least US\$ 300 million adjusted (FMC) security level market cap

Example Using Proposed Criteria. If company B, an outside candidate for addition, has a full company level market capitalization of US\$ 10 billion and a security level FMC of US\$ 4.2 billion, it would meet the proposed market cap eligibility criteria for the S&P 500.

The Index Committee reviews the market capitalization guidelines from time to time to ensure consistency with market conditions.

QUESTIONS

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

1. **Do you agree with the proposed elimination of the minimum 50% IWF requirement for S&P Composite 1500 addition candidates?**
 - Yes
 - No
2. **Should S&P DJI eliminate the minimum 50% IWF requirement for S&P Composite 1500 addition candidates, do you agree with replacing it with the proposed rule whereby a candidate for addition must have a security level FMC that is at least 50% of the respective index's full company level market capitalization threshold?**
 - Yes
 - No
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.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 **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.

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 been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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