S&P U.S. Indices Methodology Update

NEW YORK, Feb. 24, 2014 /PRNewswire/ -- S&P Dow Jones Indices today announced that it has made several changes to the S&P U.S. Indices methodology effective after the close of trading on March 21 to coincide with the March rebalance. After consulting with clients concerned with certain reporting requirements, expenses, and investment restrictions relating to business development companies (BDCs), S&P Dow Jones has decided to remove all identified BDCs from its U.S. Indices. BDCs will remain eligible for certain other types of indices. In order to increase the number of eligible constituents without sacrificing the profitability criteria, S&P Dow Jones has decided to update the financial viability criteria as described below. A summary of these and other methodology changes can be found in the following table:

Change	Previous Methodology	New Methodology
Eligible Securities. Business development companies (BDCs) will no longer be eligible for inclusion in U.S. Indices	Business development companies were eligible for inclusion in U.S. Indices	Business development companies (BDCs) will no longer be eligible for inclusion in U.S. Indices
Financial Viability. Updated measurement of financial viability replaces requirement to have four consecutive quarters of positive earnings with the requirement that the sum of the previous four quarters of earnings should be positive as should the most recent quarter	Usually measured as four consecutive quarters of positive as- reported earnings. As-reported earnings are Generally Accepted Accounting Principles (GAAP) net income excluding discontinued operations and extraordinary items. For REITs, financial viability is based on as-reported earnings and/or Funds From Operations (FFO), if reported. FFO is a measure commonly used in REIT analysis.	The sum of the most recent four consecutive quarters' as-reported earnings should be positive as should the most recent quarter. As-reported earnings are Generally Accepted Accounting Principles (GAAP) net income excluding discontinued operations and extraordinary items. For equity REITs, financial viability is based on as-reported earnings and/or Funds From Operations (FFO), if reported. FFO is a measure commonly used in equity REIT analysis.
Removal of following footnote: [1] In conjunction with the updated domicile eligibility criteria effective June 2010, redomiciled stocks added to the S&P Total Market Index with a market capitalization greater than US$ 4.0 billion will be excluded from the S&P Completion Index. Mortgage REITs (GICS code 40402030) added to the S&P Total Market Index at the March 2013 rebalance with a market capitalization greater than US$ 4.0 billion will be excluded from the S&P Completion Index	To reduce turnover in the S&P Completion Index (CI), all large cap redomiciled stocks and mortgage REITs that were added to the S&P Total Stock Market Index (TMI) were excluded from the CI.	All stocks in the S&P TMI that are not in the S&P 500 will be included in the S&P CI effective with the quarterly rebalance on March 21.

The S&P U.S. Indices methodology document will be updated on www.spindices.com to reflect these changes.

About S&P Dow Jones Indices
S&P Dow Jones Indices LLC, a part of McGraw Hill Financial, is the world's largest, global resource for index-based concepts, data and research. Home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average™, S&P Dow Jones Indices LLC has over 115 years of experience constructing innovative and transparent solutions that fulfill the needs of investors. More assets are invested in products based upon our indices than any other provider in the world. With over 1,000,000 indices covering a wide range of asset classes across the globe, S&P Dow Jones Indices LLC defines the way investors measure and trade the markets. To learn more about our company, please visit www.spdji.com.

Standard & Poor's and S&P are registered trademarks of Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks have been licensed to S&P Dow Jones Indices LLC. It is not possible to invest directly in an index. S&P Dow Jones Indices LLC, Dow Jones, S&P and their respective affiliates (collectively "S&P Dow Jones Indices") do not sponsor, endorse, sell, or promote any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices does not have the necessary licenses. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties.

For more information:
David Blitzer
Managing Director and Chairman of the Index Committee
S&P Dow Jones Indices
(+) 212 438 3907
david.blitzer@spdji.com

David R. Guarino
Communications
S&P Dow Jones Indices
(+1) 212 438 1471
dave.guarino@spdji.com

SOURCE S&P Dow Jones Indices

---

https://press.spglobal.com/2014-02-24-S-P-U-S-Indices-Methodology-Update