S&P Dow Jones Indices Announces Change in Treatment of Spin-Offs in U.S. Indices

NEW YORK, Sept. 14, 2015 /PRNewswire/ -- S&P Dow Jones Indices (S&P DJI) today announces a change in treatment of spin-off transactions in the S&P U.S. Indices:

After reviewing feedback from a client consultation conducted earlier this year, S&P DJI will standardize its spin-off policy to utilize a zero price spin-off treatment for all indices, including indices tracking markets where a market determined price is commonly available, such as the S&P 1500 and other headline U.S. indices. This zero price spin-off treatment is already the standard treatment used by S&P DJI in most other regions but has not typically been used in U.S. markets. The standard zero price spin-off treatment will be used for U.S. indices spin-offs that go ex distribution on or after October 1, 2015.

Determination of a spin-off company's market capitalization will continue to be made based on when-issued trading, if available. The zero price spin-off policy may result in the temporary addition of seemingly non- qualified stocks to an index. However, after the spun company trades regular way, it will be dropped from the index if it does not meet index criteria. At its discretion, S&P DJI reserves the right to use when-issued trading prices for spin-offs in those instances where the governing S&P DJI committee believes it is in the best interest of the index to do so. In such cases, S&P DJI will announce with 1-5 business days' notice that the standard zero price spin-off treatment is not being used.

If a spin-off company is determined to be ineligible for an index, it will be removed on the first day of regular way trading using its closing price on the primary exchange. If there is a delay between the ex-date and the date the spin-off company begins to trade, the spin-off company is carried at a zero price in the index until trading begins. If the spin-off company has no market price and is not going to be listed in the short-term, or has an indeterminate value, S&P DJI may choose, at its discretion, not to recognize the event or make any index adjustments. Please refer to the S&P Dow Jones Indices: Equity Indices Policies & Practices Methodology at www.spdji.com for additional details on spin-off treatments.

A summary of the methodology change can be found in the following table:

Change	Current Methodology	New Methodology
S&P DJI will standardize its spin-off treatment to utilize a zero price spin-off treatment for all U.S. indices effective for spin-offs whose ex-distribution date is on or after October 1, 2015.	S&P Dow Jones Indices' current practice is to evaluate spin-offs using a market determined price, if available. These are typically instances where the spin-off is already trading regular-way or when-issued and is most commonly seen in U.S. markets. The spin-off company is either added to or dropped from the index using regular-way or when-issued pricing at the market close on the trading day prior to the ex-date.	The standard treatment for spin-off transactions in US Indices will utilize a zero price spin-off treatment even if a market determined price is available, unless stated otherwise by S&P DJI through an announcement. Spin-off companies will be added to the indices at a zero price after the close of the trading on the day before the ex-date. If a spin-off company is determined to be ineligible for the index, it will be removed on the first day of regular way trading using its closing price on the primary exchange.

The S&P U.S. Indices methodology document has been 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.

S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("S&P"), 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/2015-09-14-S-P-Dow-Jones-Indices-Announces-Change-in-Treatment-of-Spin-Offs-in-U-S-Indices