S&P Dow Jones Indices Announces Changes to the S&P U.S. Indices Methodology and to the Pricing of Bankrupt U.S. Listed Securities

NEW YORK, July 31, 2017 /PRNewswire/ -- S&P Dow Jones Indices ("S&P DJI") today announces updates to the S&P U.S. Indices and S&P Dow Jones Indices' Equity Indices Policies & Practices Methodologies.

Effective immediately, S&P DJI will implement the following methodology changes:

1. **Eligibility of Companies with Multiple Share Class Structures.** Companies with multiple share class structures are no longer eligible for inclusion in the S&P Composite 1500 and its component indices. Existing S&P Composite 1500 constituents are grandfathered in and are not affected by this change. Companies with multiple share class structures will continue to be eligible for the S&P Total Market Index and other indices. For S&P Composite 1500 companies that issue another publicly traded share class to index share class holders, the newly issued share class line will be considered for inclusion if the event is mandatory and the market capitalization of the distributed class is not considered to be de minimis. Other S&P and Dow Jones branded indices are not affected by this change.

   Companies with multiple share class structures tend to have corporate governance structures that treat different shareholder classes unequally with respect to voting rights and other governance issues. Therefore, S&P DJI's U.S. Index Committee will no longer consider these company structure types as future replacement candidates for the S&P Composite 1500 and its component indices, including the S&P 500.

2. **Migrations among S&P Composite 1500 Component Indices.** S&P Composite 1500 constituents can be migrated from one S&P Composite 1500 component index (i.e. S&P 500, S&P MidCap 400, or S&P SmallCap 600) to another without meeting the financial viability, public float and/or liquidity eligibility criteria if the Index Committee decides that such a move will enhance the representativeness of the index as a market benchmark.

   Companies that are spun-off from current S&P Composite 1500 constituents do not need to meet the outside addition criteria, but they should have a total market cap representative of the index to which they are being added. Prior to their spin-off, these companies were part of the parent index and allowing them to remain in the S&P Composite 1500 helps the Index Committee meet the objective of minimizing turnover when possible.

3. **Waiting Period for Index Addition to the S&P Composite 1500 of Previously Deleted Companies.** Any company that is removed from an S&P Composite 1500 index (including discretionary and bankruptcy/exchange delistings) must wait a minimum of one year from its index removal date before being reconsidered as a replacement candidate.

4. **Elimination of the Corporate Governance Structure Criterion from the S&P Composite 1500 Domicile Criteria.** S&P DJI is eliminating the domicile requirement that a U.S. company must have a corporate governance structure consistent with U.S. practice. This criterion is superfluous since S&P DJI's criteria for eligible securities, including listing requirements and organizational structures, is used as a proxy for a governance structure consistent with U.S. practice.

5. **Primary Listing for S&P Composite 1500 Index Eligibility.** Eligible securities listed on the Investors Exchange ("IEX") are now considered for inclusion in the S&P Composite 1500 and its component indices.

   For purposes of the S&P Composite 1500, eligible securities include all U.S. common equities listed on NYSE, NYSE Arca, NYSE American, NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA, Bats EDGX, and IEX exchanges.

6. **Bankruptcies – Pricing for U.S. Listed Securities.** If a U.S. listed stock moves from its primary exchange to the OTC market prior to its index deletion date, OTC prices (including Special Opening Quotations if applicable) are used to price the stock for index purposes from the time of the exchange move until its index delisting date, regardless of the reason for the exchange move (including bankruptcies, voluntary delistings and non-compliance issues). If a stock moves to OTC, but does not trade on OTC prior to its index deletion date, the stock is removed at a zero price. Previously, a bankrupt

company was removed at a zero price if it did not trade on its primary exchange on the index deletion date.

A summary of the changes is shown in the table below:

	Methodology	
Change	**Previous**	**Updated**
Exclusion of companies with multiple share class structures from the S&P Composite 1500 and its component indices	Companies with multiple share class structures were eligible for inclusion in the S&P Composite 1500 and its component indices.	Companies with multiple share class structures are not eligible for inclusion in the S&P Composite 1500 and its component indices. Existing constituents with multiple share class structures are grandfathered in.
Migrations from one S&P Composite 1500 component index to another	--	Current S&P Composite 1500 constituents can be migrated from one S&P Composite 1500 component index (i.e. S&P 500, S&P MidCap 400, or S&P SmallCap 600) to another without meeting the financial viability, public float and/or liquidity eligibility criteria if the Index Committee decides that such a move will enhance the representativeness of the index as a market benchmark. Companies that are spun-off from current Composite 1500 constituents do not need to meet the outside addition criteria.
Waiting period for index addition to the S&P Composite 1500 of previously deleted companies	--	Any company that is removed from an S&P Composite 1500 index (including discretionary and bankruptcy/exchange delistings) must wait a minimum of one year from its index removal date before being reconsidered as a replacement candidate.
Elimination of the Corporate Governance Structure Criterion from the S&P Composite 1500 Domicile Criteria	For index purposes, a U.S. company must have a corporate governance structure consistent with U.S. practice.	--
Primary Listing for S&P Composite 1500 Index Eligibility	Eligible securities include all U.S. common equities listed on NYSE, NYSE Arca, NYSE American (formerly NYSE MKT), NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA, and Bats EDGX exchanges.	Eligible securities include all U.S. common equities listed on NYSE, NYSE Arca, NYSE American, NASDAQ Global Select Market, NASDAQ Select Market, NASDAQ Capital Market, Bats BZX, Bats BYX, Bats EDGA, Bats EDGX, and IEX exchanges.
Bankruptcies – Pricing for U.S. listed securities	If the security is trading on its primary exchange at the close of the day it is removed, that price is used. If the security is halted on or delisted from its primary exchange, a price of zero is used.	If a U.S. listed stock moves from its primary exchange to the OTC market prior to it index deletion date, OTC prices (including Special Opening Quotations if applicable) are used to price the stock for index purposes from the time of the exchange move until its index delisting date regardless of the reason for the exchange move (including bankruptcies, voluntary delistings and non-compliance issues). If a stock moves to OTC, but does not trade on OTC prior to its index deletion date, the stock is removed at a zero price.

Please refer to the S&P U.S. Indices and S&P DJI's Equity Indices Policies and Practices Methodologies for further details.

For more information about S&P Dow Jones Indices, please visit*www.spdji.com*.

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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 based on any other provider in the world. With over 1,000,000 indices and more than 120 years of experience constructing innovative and transparent solutions, S&P Dow Jones Indices defines the way investors measure and trade the markets.

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