

S&P Dow Jones Indices Float Adjusted Liquidity Ratio Clarification for Certain U.S. Indices

NEW YORK, Dec. 9, 2024 [/PRNewswire/](#) -- S&P Dow Jones Indices ("S&P DJI") is clarifying the float-adjusted liquidity ratio (FALR) eligibility criteria used in the S&P U.S. Indices and Dow Jones U.S. Total Stock Market Indices Methodologies. No constituent changes for any U.S. companies currently in the S&P Composite 1500 indices or Dow Jones U.S. Total Stock Market indices will occur, as this simply clarifies and provides more transparency to the existing FALR rule.

Current	Updated
A float-adjusted liquidity ratio (FALR), defined as the annual dollar value traded divided by the float-adjusted market capitalization (FMC), is used to measure liquidity. Using composite pricing and U.S. consolidated volume (excluding dark pools), annual dollar value traded is defined as the average closing price multiplied by the historical volume over the 365 calendar days prior to the evaluation date.	A float-adjusted liquidity ratio (FALR), defined as the annual dollar value traded divided by the float-adjusted market capitalization (FMC), is used to measure liquidity. Using composite pricing and all publicly reported U.S. consolidated volume (excluding dark pools), annual dollar value traded is defined as the average closing price multiplied by the historical volume over the 365 calendar days prior to the evaluation date.

The below excerpt is the full U.S. Liquidity criteria language, including the clarification:

Liquidity. A float-adjusted liquidity ratio (FALR), defined as the annual dollar value traded divided by the float-adjusted market capitalization (FMC), is used to measure liquidity. Using composite pricing and all publicly reported U.S. consolidated volume, annual dollar value traded is defined as the average closing price multiplied by the historical volume over the 365 calendar days prior to the evaluation date. This is reduced to the available trading period for IPOs, spin-offs or public companies considered to be U.S. domiciled for index purposes that do not have 365 calendar days of trading history on a U.S. exchange. In these cases, the dollar value traded available as of the evaluation date is annualized. Eligibility differs depending on the index:

- S&P Total Market Index
 - Liquidity requirements are reviewed during the quarterly rebalancings.
 - The price (corporate action adjusted) as of the evaluation date, and the shares outstanding and Investable Weight Factor as of the rebalancing effective date are used to calculate the FMC.
 - The evaluation date is five weeks prior to the rebalancing effective date.
 - FALR must be greater than or equal to 0.1.
 - Current constituents have no minimum requirement.

IMPACTED INDICES

Index Name	Index Codes
S&P Composite 1500 Index	1500
S&P 500	500
S&P 400	400
S&P 600	600
Dow Jones U.S. Total Stock Market Index	DWCF

IMPLEMENTATION TIMING

The clarification is effective today, **Monday, December 9, 2024.**

Please note that the S&P U.S. Indices Methodology and Dow Jones U.S. Total Stock Market Indices Methodology on S&P DJI's website are updated with the clarified language.

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

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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