

## S&P/BMV Dividend Index Consultation on Dividend Payments & Quarterly Dividend Review

**MEXICO CITY, NOVEMBER 23, 2020:** As a follow-up to the consultation that closed on August 31, 2020<sup>1</sup> for the S&P/BMV Dividend Index, S&P Dow Jones Indices (“S&P DJI”) is considering a consultation on potential changes to the S&P/BMV Dividend Index’s dividend payments and quarterly dividend review process.

Due to the increased number of dividend payment cancellations over the course of this year, S&P DJI is considering relaxing the dividend payment criteria and modifying the quarterly dividend review in order to comply with the index’s target constituent count of 20 stocks and minimize index turnover.

Dividend Payments	
Current	For a given stock, dividends must have been paid for at least four years in the prior five-year period. Companies are excluded if they eliminate their latest scheduled dividend payment or cancel their subsequent scheduled dividend.
Proposed	For a given stock, dividends must have been paid for at least four years in the prior five-calendar year period. If less than 20 stocks are eligible as of the reference date, the rule is relaxed so that dividends must have been paid for at least three years in the prior five-calendar year period.

Quarterly Dividend Review	
Current	In addition to the annual rebalancing, constituent stocks are reviewed on a quarterly basis. At the discretion of S&P Dow Jones Indices, if a constituent stock publicly announces a suspension to or cancellation of its dividend program, <b>the stock may be removed effective prior to the open of the first business day of the following month and not replaced until the following reconstitution</b> . Any changes are announced five business days prior to month-end. The decision to remove an index constituent is based on information publicly announced by the company as of seven business days prior to month-end.
Proposed	In addition to the annual rebalancing, constituent stocks are reviewed on a quarterly basis. At the discretion of S&P Dow Jones Indices, if a constituent stock has eliminated or suspended its latest scheduled dividend payment or cancel their subsequent scheduled dividend, <b>the stock may be removed effective after the close of the third Friday of March, June, September and December</b> . Any changes are announced after the close of the second Friday of the rebalancing month. The decision to remove an index constituent is based on information publicly announced by the company as of the Wednesday prior to the second Friday of the rebalancing month.  In the case that the index has less than 20 stocks during the quarterly review, the highest ranked non-constituent stock as of the reference date is selected. The reference date for the Turnover, Marketability and Dividend Yield Factors is the last business day of the month prior to the rebalancing month.  If less than 20 stocks would remain in the index if the quarterly dividend review is performed, the dividend review for such quarter is waived in order to comply with the target index stock count.

For more information on the S&P/BMV Dividend Index, please refer to the S&P/BMV Indices Methodology available [here](#).

<sup>1</sup> To review the prior consultation, please go [here](#). The results for both the prior and current consultation will be released together following the conclusion of the current consultation.

## IMPACT ANALYSIS

The table below shows the eligible constituent count and one-way turnover that would have resulted from a hypothetical rebalancing in March 2020, the actual annual index rebalancing performed in June 2020, and the September 2020 reweighting, taking into account all the recently announced dividend payment cancellations.

<b>Current Methodology</b>	<b>Eligible Universe Count</b>	<b>Constituent Count</b>	<b>One-Way Turnover</b>
March 2020 (Hypothetical annual rebalancing)	32	20	13.21%
June 2020 (Annual rebalancing)	23	20	19.12%
September 2020 (Quarterly reweighting)	22	19	5.05%
<b>Proposed Methodology</b>	<b>Eligible Universe Count</b>	<b>Constituent Count</b>	<b>One-Way Turnover</b>
March 2020 (Hypothetical annual rebalancing)	32	20	13.21%
June 2020 (Annual rebalancing)	23	20	19.46%
September 2020 (Quarterly reweighting)	22	20	1.86%

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the upcoming December quarterly reweighting, effective on December 21, 2020.

## QUESTIONS

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

- 1. Do you agree with the proposal to modify the Dividend Payments Criteria?**
  - a. Yes, change as proposed by S&P DJI.**
  - b. No, keep the current methodology.**
- 2. Do you agree with the proposal to modify the Quarterly Dividend Review?**
  - a. Yes, change as proposed by S&P DJI.**
  - b. No, keep the current methodology.**
- 3. Should the proposed methodology changes be adopted, do you agree with the proposed implementation date?**
  - a. Yes.**
  - b. No.**
- 4. 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. Please respond to this survey by **December 4, 2020**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

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 [SPDJL\\_Index\\_Governance@spglobal.com](mailto:SPDJL_Index_Governance@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*

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*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](http://www.spdji.com).

## 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<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. 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.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit [www.spdji.com](http://www.spdji.com).

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