

S&P/TSX Indices Consultation

TORONTO, DECEMBER 5, 2018: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on potential changes to the S&P/TSX Indices. The proposed changes are summarized below:

Proposed Change	Description
<p>Minimum Float-Adjusted Market Capitalization</p>	<p>The S&P/TSX Composite Index currently requires that a security’s float-adjusted market capitalization (“FMC”) must represent a minimum weight of 0.05% of the index, after including the Quoted Market Value (“QMV”) of that security in the total FMC of the index, in order to qualify for addition to the index. At the June 2018 rebalancing, 0.05% of the index represented approximately C\$ 1.1 billion. S&P DJI is proposing to lower the minimum FMC threshold for inclusion in the S&P/TSX Composite Index. Three thresholds are under consideration:</p> <ol style="list-style-type: none"> 1. 0.04% of the index (approximately C\$ 900 million) 2. 0.03% of the index (approximately C\$ 700 million) 3. 0.02% of the index (approximately C\$ 450 million) <p>The buffer size for deletion from the index would be half of the minimum size required for addition.</p> <p><i>Note: This proposal also affects any index that uses the S&P/TSX Composite Index as its universe or related indices such as equal weight indices.</i></p>
<p>Special Dividends</p>	<p>The S&P/TSX Indices currently have a minimum 4% of price threshold to recognize a dividend as special. In order to align the S&P/TSX Indices with S&P DJI’s standard policies and practices, S&P DJI is proposing to define special dividends as dividends that are outside of the normal payment pattern established historically by the corporation. Under this proposal, S&P DJI would generally consider the third consecutive instance of a non-ordinary dividend (in terms of timing, not amount) to be ordinary for index purposes as this third consecutive payment would generally be considered to be part of the normal payment pattern established by the company. Please refer to the Equity Indices Policies & Practices Methodology available here for more details.</p>

IMPACT ANALYSIS

Please refer to the appendix for hypothetical characteristics of the S&P/TSX Composite Index, under the various minimum size scenarios, had the proposed float-adjusted market capitalization change been implemented in March 2015.

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 lower the minimum FMC threshold required for addition to the S&P/TSX Composite Index?**
 - a. **No. Keep the threshold for addition at 0.05% of the index**
 - b. **Yes. Lower the threshold for addition to 0.04% of the index**
 - c. **Yes. Lower the threshold for addition to 0.03% of the index**
 - d. **Yes. Lower the threshold for addition to 0.02% of the index**
2. **Do you prefer using a fixed dollar amount (e.g. C\$ 1 billion) instead of a minimum FMC relative weight threshold (e.g. 0.05% of the index) for purposes of index eligibility?**
3. **Do you agree with the proposal to change the definition of special dividends for the S&P/TSX Indices?**
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. S&P DJI will make responses to consultations freely available upon request.¹ If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **January 18, 2019**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

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 index_services@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 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.

¹ Individual and company names as well as contact details will be redacted.

APPENDIX

Tables 1–9 show the pro-forma characteristics of the S&P/TSX Composite Index, under various minimum size thresholds, had the proposed float-adjusted market capitalization change been implemented in March 2015. The scenarios are:

Scenario	Threshold for Addition	Index Weight	Deletion Buffer
Current	0.05%		0.025%
Scenario 1	0.04%		0.02%
Scenario 2	0.03%		0.015%
Scenario 3	0.02%		0.01%

Table 1

Date	Number of Total Constituents			
	Current	Scenario 1	Scenario 2	Scenario 3
Mar-15	248	254	268	301
Jun-15	249	259	277	318
Sep-15	242	253	276	316
Dec-15	240	253	278	312
Mar-16	235	254	278	310
Jun-16	240	252	275	300
Sep-16	246	257	279	301
Dec-16	250	260	282	306
Mar-17	251	263	286	313
Jun-17	248	262	287	324
Sep-17	251	263	285	319
Dec-17	251	264	286	323
Mar-18	250	261	288	325
Jun-18	246	260	282	311
Sep-18	248	257	275	306

Table 2

Date	Total Size of All Constituents			
	Current	Scenario 1	Scenario 2	Scenario 3
Mar-15	1,875,870,412,920	1,879,182,154,336	1,887,133,262,908	1,902,081,775,106
Jun-15	1,847,464,503,753	1,853,437,284,179	1,863,653,776,240	1,881,686,811,383
Sep-15	1,708,316,103,787	1,713,799,113,359	1,725,282,489,949	1,740,523,592,390
Dec-15	1,637,665,090,008	1,644,482,139,417	1,656,338,083,836	1,668,048,390,157
Mar-16	1,703,375,415,575	1,715,033,024,986	1,727,053,833,485	1,738,519,167,149
Jun-16	1,780,656,496,065	1,790,602,193,618	1,803,442,772,159	1,813,056,104,532
Sep-16	1,882,680,868,582	1,890,799,784,573	1,902,926,638,685	1,911,796,750,944
Dec-16	2,006,754,287,231	2,013,564,699,826	2,025,419,040,108	2,034,955,844,883
Mar-17	2,084,100,170,303	2,095,291,623,882	2,109,108,252,362	2,120,963,527,689
Jun-17	2,057,223,584,310	2,067,023,773,134	2,080,562,204,994	2,097,806,664,225
Sep-17	2,083,010,016,499	2,092,169,617,314	2,104,675,635,900	2,119,925,396,860
Dec-17	2,213,605,346,678	2,222,494,706,941	2,235,628,971,987	2,252,431,165,579
Mar-18	2,176,727,551,345	2,184,903,725,765	2,200,858,685,884	2,217,378,511,473
Jun-18	2,256,293,454,167	2,267,782,402,716	2,280,993,321,932	2,294,550,795,568
Sep-18	2,267,455,237,114	2,274,787,488,853	2,284,909,793,775	2,299,543,873,448

Table 3

Date	Number of Additions and Deletions							
	Current	Additions			Deletions			
		Scenario 1	Scenario 2	Scenario 3	Current	Scenario 1	Scenario 2	Scenario 3
Mar-15	4	6	18	51	6	2	1	0
Jun-15	5	7	11	18	4	2	1	1
Sep-15	4	5	9	11	9	9	8	10
Dec-15	2	5	7	7	4	5	5	10
Mar-16	3	7	8	8	6	5	7	8
Jun-16	7	9	10	13	2	9	12	19
Sep-16	8	7	7	6	2	2	2	4
Dec-16	3	3	4	9	0	1	2	5
Mar-17	3	4	7	13	0	0	2	5
Jun-17	3	4	6	20	4	2	0	3
Sep-17	3	2	4	8	0	1	6	12
Dec-17	5	4	7	15	3	1	2	6
Mar-18	2	3	8	10	2	5	5	7
Jun-18	0	6	4	3	1	2	4	11
Sep-18	4	2	3	9	1	3	6	9

CONSULTATION

Table 4

Date	Average Size of Additions							
	Weight				Market Capitalization			
	Current	Scenario 1	Scenario 2	Scenario 3	Current	Scenario 1	Scenario 2	Scenario 3
Mar-15	0.0633%	0.0572%	0.0413%	0.0297%	1,186,587,858	1,074,104,841	779,540,818	565,368,322
Jun-15	0.0714%	0.0627%	0.0497%	0.0373%	1,319,591,894	1,161,737,441	927,131,713	702,698,718
Sep-15	0.0728%	0.0591%	0.0467%	0.0355%	1,243,066,125	1,012,530,356	804,902,732	617,641,610
Dec-15	0.0580%	0.0466%	0.0351%	0.0259%	949,328,092	766,417,602	580,787,454	432,102,446
Mar-16	0.0637%	0.0488%	0.0360%	0.0325%	1,084,444,704	836,943,047	621,272,333	565,258,032
Jun-16	0.0918%	0.0777%	0.0658%	0.0491%	1,634,905,008	1,392,049,065	1,187,236,899	890,326,383
Sep-16	0.0543%	0.0479%	0.0386%	0.0340%	1,021,986,650	906,590,089	734,196,149	650,195,676
Dec-16	0.0515%	0.0430%	0.0379%	0.0287%	1,033,566,201	866,239,357	768,411,056	584,173,117
Mar-17	0.0579%	0.0487%	0.0407%	0.0309%	1,206,854,239	1,019,888,023	859,045,074	655,359,008
Jun-17	0.1916%	0.1507%	0.1083%	0.0484%	3,941,261,194	3,115,099,278	2,252,244,020	1,015,136,697
Sep-17	0.2706%	0.3656%	0.1985%	0.1063%	5,635,744,945	7,649,514,498	4,177,300,451	2,254,190,745
Dec-17	0.0646%	0.0654%	0.0512%	0.0323%	1,429,617,723	1,453,060,074	1,144,537,609	727,776,470
Mar-18	0.1544%	0.1141%	0.0627%	0.0512%	3,361,404,336	2,493,856,598	1,380,302,467	1,136,394,952
Jun-18	0.0000%	0.0444%	0.0345%	0.0244%	--	1,006,361,510	787,338,242	558,840,506
Sep-18	0.0574%	0.0566%	0.0447%	0.0302%	1,302,442,304	1,287,890,410	1,022,138,478	694,649,073

Table 5

Date	Total Size of Additions							
	Weight				Market Capitalization			
	Current	Scenario 1	Scenario 2	Scenario 3	Current	Scenario 1	Scenario 2	Scenario 3
Mar-15	0.2530%	0.3429%	0.7435%	1.5159%	4,746,351,433	6,444,629,047	14,031,734,721	28,833,784,413
Jun-15	0.3571%	0.4388%	0.5472%	0.6722%	6,597,959,472	8,132,162,085	10,198,448,842	12,648,576,924
Sep-15	0.2911%	0.2954%	0.4199%	0.3903%	4,972,264,498	5,062,651,782	7,244,124,588	6,794,057,711
Dec-15	0.1159%	0.2330%	0.2455%	0.1813%	1,898,656,184	3,832,088,009	4,065,512,179	3,024,717,123
Mar-16	0.1910%	0.3416%	0.2878%	0.2601%	3,253,334,112	5,858,601,328	4,970,178,665	4,522,064,257
Jun-16	0.6427%	0.6997%	0.6583%	0.6384%	11,444,335,058	12,528,441,581	11,872,368,991	11,574,242,978
Sep-16	0.4343%	0.3356%	0.2701%	0.2041%	8,175,893,199	6,346,130,622	5,139,373,045	3,901,174,056
Dec-16	0.1545%	0.1291%	0.1518%	0.2584%	3,100,698,603	2,598,718,070	3,073,644,224	5,257,558,055
Mar-17	0.1737%	0.1947%	0.2851%	0.4017%	3,620,562,718	4,079,552,091	6,013,315,517	8,519,667,105
Jun-17	0.5747%	0.6028%	0.6495%	0.9678%	11,823,783,581	12,460,397,114	13,513,464,121	20,302,733,936
Sep-17	0.8117%	0.7313%	0.7939%	0.8507%	16,907,234,834	15,299,028,997	16,709,201,806	18,033,525,957
Dec-17	0.3229%	0.2615%	0.3584%	0.4847%	7,148,088,614	5,812,240,296	8,011,763,262	10,916,647,043
Mar-18	0.3088%	0.3424%	0.5017%	0.5125%	6,722,808,671	7,481,569,793	11,042,419,737	11,363,949,522
Jun-18	0.0000%	0.2663%	0.1381%	0.0731%	-	6,038,169,060	3,149,352,967	1,676,521,517
Sep-18	0.2298%	0.1132%	0.1342%	0.2719%	5,209,769,215	2,575,780,821	3,066,415,434	6,251,841,655

Table 6

Date	Average Size of Deletions							
	Weight				Market Capitalization			
	Current	Scenario 1	Scenario 2	Scenario 3	Current	Scenario 1	Scenario 2	Scenario 3
Mar-15	0.0190%	0.0136%	0.0097%	0.0000%	354,282,296	255,232,702	181,550,040	-
Jun-15	0.0205%	0.0171%	0.0260%	0.0257%	376,687,253	315,468,945	480,915,500	480,915,500
Sep-15	0.0199%	0.0190%	0.0426%	0.0215%	339,414,407	326,034,876	731,966,685	372,888,276
Dec-15	0.0155%	0.0156%	0.0167%	0.0173%	253,805,892	256,664,790	287,691,872	288,695,562
Mar-16	0.0249%	0.0265%	0.0187%	0.0205%	423,109,661	453,461,760	322,655,397	356,756,211
Jun-16	0.0297%	0.0293%	0.0282%	0.0228%	523,226,645	522,551,706	507,547,129	412,792,020
Sep-16	0.0157%	0.0391%	0.0463%	0.0281%	293,702,393	737,913,689	878,667,557	537,459,740
Dec-16	0.0000%	0.0055%	0.0129%	0.0129%	-	110,961,975	261,601,985	262,158,798
Mar-17	0.0000%	0.0000%	0.0109%	0.0162%	-	-	228,382,347	341,778,230
Jun-17	0.0184%	0.0156%	0.0000%	0.0134%	376,991,061	320,205,413	-	279,427,058
Sep-17	0.0000%	0.0124%	0.0218%	0.0228%	-	258,381,500	455,982,268	480,672,226
Dec-17	0.0216%	0.0404%	0.0342%	0.0207%	474,701,398	895,780,960	761,769,980	464,858,689
Mar-18	0.0137%	0.0152%	0.0170%	0.0165%	297,197,160	331,487,608	371,346,857	364,198,180
Jun-18	0.0199%	0.0187%	0.0134%	0.0144%	448,514,010	422,536,174	302,193,931	330,071,172
Sep-18	0.0225%	0.0175%	0.0244%	0.0204%	508,000,818	398,276,088	551,304,355	469,793,728

Table 7

Date	Total Size of Deletions							
	Weight				Market Capitalization			
	Current	Scenario 1	Scenario 2	Scenario 3	Current	Scenario 1	Scenario 2	Scenario 3
Mar-15	0.1138%	0.0273%	0.0097%	0.0000%	2,125,693,778	510,465,404	181,550,040	-
Jun-15	0.0820%	0.0342%	0.0260%	0.0257%	1,506,749,012	630,937,890	480,915,500	480,915,500
Sep-15	0.1791%	0.1714%	0.3404%	0.2146%	3,054,729,660	2,934,313,884	5,855,733,480	3,728,882,761
Dec-15	0.0621%	0.0782%	0.0836%	0.1731%	1,015,223,566	1,283,323,950	1,438,459,362	2,886,955,617
Mar-16	0.1494%	0.1325%	0.1312%	0.1644%	2,538,657,964	2,267,308,799	2,258,587,782	2,854,049,690
Jun-16	0.0593%	0.2639%	0.3390%	0.4335%	1,046,453,290	4,702,965,356	6,090,565,544	7,843,048,374
Sep-16	0.0315%	0.0783%	0.0926%	0.1126%	587,404,786	1,475,827,378	1,757,335,113	2,149,838,959
Dec-16	0.0000%	0.0055%	0.0259%	0.0646%	-	110,961,975	523,203,970	1,310,793,989
Mar-17	0.0000%	0.0000%	0.0218%	0.0810%	-	-	456,764,694	1,708,891,152
Jun-17	0.0737%	0.0312%	0.0000%	0.0403%	1,507,964,245	640,410,826	-	838,281,173
Sep-17	0.0000%	0.0124%	0.1309%	0.2509%	-	258,381,500	2,735,893,606	5,287,394,490
Dec-17	0.0647%	0.0404%	0.0684%	0.1243%	1,424,104,194	895,780,960	1,523,539,960	2,789,152,137
Mar-18	0.0274%	0.0761%	0.0848%	0.1155%	594,394,320	1,657,438,038	1,856,734,284	2,549,387,257
Jun-18	0.0199%	0.0373%	0.0535%	0.1582%	448,514,010	845,072,349	1,208,775,722	3,630,782,888
Sep-18	0.0225%	0.0526%	0.1463%	0.1840%	508,000,818	1,194,828,265	3,307,826,129	4,228,143,553

Table 8

Date	Size of Smallest Additions							
	Weight				Market Capitalization			
	Current	Scenario 1	Scenario 2	Scenario 3	Current	Scenario 1	Scenario 2	Scenario 3
Mar-15	0.0504%	0.0418%	0.0281%	0.0156%	945,973,170	785,587,630	530,416,900	295,810,080
Jun-15	0.0495%	0.0407%	0.0270%	0.0198%	914,020,600	753,140,133	504,012,110	371,858,406
Sep-15	0.0556%	0.0401%	0.0303%	0.0182%	950,268,020	686,545,623	522,360,168	317,368,333
Dec-15	0.0547%	0.0381%	0.0293%	0.0193%	896,159,304	625,741,917	485,558,410	321,541,093
Mar-16	0.0567%	0.0418%	0.0303%	0.0196%	966,538,200	716,112,588	522,864,886	340,789,920
Jun-16	0.0565%	0.0434%	0.0312%	0.0223%	1,006,948,176	777,690,971	563,174,440	405,187,728
Sep-16	0.0511%	0.0396%	0.0292%	0.0224%	961,726,480	749,263,566	555,414,137	429,075,077
Dec-16	0.0500%	0.0388%	0.0236%	0.0190%	1,003,507,648	781,420,410	478,788,829	387,234,826
Mar-17	0.0477%	0.0364%	0.0279%	0.0179%	995,061,392	761,651,800	589,176,640	387,234,826
Jun-17	0.0496%	0.0412%	0.0310%	0.0201%	1,019,589,960	851,617,457	645,518,160	422,395,992
Sep-17	0.0524%	0.0399%	0.0331%	0.0208%	1,091,936,234	833,886,997	696,161,709	441,122,341
Dec-17	0.0514%	0.0433%	0.0324%	0.0179%	1,137,943,000	961,534,152	725,262,500	402,081,170
Mar-18	0.0516%	0.0427%	0.0331%	0.0228%	1,122,978,890	933,322,260	728,701,958	506,329,684
Jun-18	0.0000%	0.0409%	0.0294%	0.0220%	-	928,488,825	669,916,991	503,584,989
Sep-18	0.0491%	0.0427%	0.0304%	0.0200%	1,114,157,160	971,573,150	693,629,285	460,251,425

Table 9

Date	Size of the Smallest Constituent							
	Weight				Market Capitalization			
	Current	Scenario 1	Scenario 2	Scenario 3	Current	Scenario 1	Scenario 2	Scenario 3
Mar-15	0.0150%	0.0149%	0.0149%	0.0095%	280,909,830	280,909,830	280,909,830	181,550,040
Jun-15	0.0216%	0.0205%	0.0153%	0.0109%	398,913,908	379,280,882	285,029,820	205,335,520
Sep-15	0.0209%	0.0208%	0.0157%	0.0105%	356,535,730	356,535,730	270,559,607	183,158,880
Dec-15	0.0190%	0.0130%	0.0113%	0.0081%	311,424,971	214,078,253	187,690,988	135,284,800
Mar-16	0.0115%	0.0114%	0.0113%	0.0067%	195,482,430	195,482,430	195,482,430	115,627,551
Jun-16	0.0261%	0.0381%	0.0168%	0.0098%	464,393,218	682,941,680	303,078,720	177,711,300
Sep-16	0.0280%	0.0144%	0.0143%	0.0100%	527,608,808	272,430,780	272,430,780	191,862,090
Dec-16	0.0263%	0.0207%	0.0164%	0.0086%	528,596,020	417,049,110	331,992,046	175,439,200
Mar-17	0.0270%	0.0228%	0.0177%	0.0101%	562,129,950	477,329,509	373,097,806	213,429,600
Jun-17	0.0258%	0.0175%	0.0119%	0.0118%	530,027,420	361,104,713	248,260,410	248,260,410
Sep-17	0.0274%	0.0221%	0.0179%	0.0120%	570,325,300	462,820,300	375,706,520	254,701,332
Dec-17	0.0213%	0.0191%	0.0155%	0.0112%	470,700,960	423,718,346	345,518,348	251,330,856
Mar-18	0.0277%	0.0233%	0.0146%	0.0100%	602,238,750	508,437,051	321,091,776	222,350,856
Jun-18	0.0268%	0.0199%	0.0140%	0.0103%	604,125,360	451,972,080	319,365,120	236,670,368
Sep-18	0.0233%	0.0226%	0.0164%	0.0108%	527,315,360	513,913,895	375,118,950	248,563,890

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