

S&P Select Industry Indices Consultation on Membership Classification

NEW YORK, NOVEMBER 9, 2022: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on potential changes to the [S&P Select Industry Indices](#).

Membership Classification

In order to align the indices with the previously [announced](#) Global Industry Classification Standard (GICS®) structure updates, S&P DJI is proposing changes to the Membership Classification eligibility criteria of five S&P Select Industry Indices and their respective Float-Adjusted Market Capitalization Weighted versions. The proposed changes are described below and on the following pages.

S&P Banks Select Industry Index

Proposed Change	Membership Classification: GICS Sub-Industries	
Current Methodology	<ul style="list-style-type: none"> Asset Management & Custody Banks (40203010)¹ Diversified Banks (40101010) Regional Banks (40101015) 	<ul style="list-style-type: none"> Other Diversified Financial Services (40201020) Thriffs & Mortgage Finance (40102010)
Proposed Methodology	<ul style="list-style-type: none"> Asset Management & Custody Banks (40203010)¹ Diversified Banks (40101010) Regional Banks (40101015) 	<ul style="list-style-type: none"> Diversified Financial Services (40201020) Commercial & Residential Mortgage Finance (40201050)
Notes	<p>S&P DJI notes the change from Other Diversified Financial Services (40201020) to Diversified Financial Services (40201020) is immaterial.</p> <p>Thriffs & Mortgage Finance (40102010) is being discontinued. S&P DJI is proposing to recapture the desired universe by adding the new Commercial & Residential Mortgage Finance (40201050) sub-industry. The aim of this proposal is to ensure there is no turnover and that the universe remains the same.</p>	

S&P Internet Select Industry Index

Proposed Change	Membership Classification: GICS Sub-Industries	
Current Methodology	<ul style="list-style-type: none"> Internet & Direct Marketing Retail (25502020) Internet Services & Infrastructure (45102030) 	<ul style="list-style-type: none"> Interactive Media & Services (50203010)
Proposed Methodology	<ul style="list-style-type: none"> Internet Services & Infrastructure (45102030) 	<ul style="list-style-type: none"> Interactive Media & Services (50203010)
Notes	<p>Internet & Direct Marketing Retail (25502020) is being discontinued. S&P DJI does not see a way to recapture the lost constituents without the inclusion of companies far outside of the intended parameters of the index. Therefore, no replacement sub-industry is being proposed at this time.</p>	

¹ Must also meet the North American Industry Classification (NAICS) of Depository Credit Intermediation (5221).

S&P Retail Select Industry Index

Proposed Change	Membership Classification: GICS Sub-Industries	
Current Methodology	<ul style="list-style-type: none"> Apparel Retail (25504010) Automotive Retail (25504050) Computer & Electronic Retail (25504020) Department Stores (25503010) Drug Retail (30101010) 	<ul style="list-style-type: none"> Food Retailers (30101030) General Merchandise Stores (25503020) Hypermarkets & Super Centers (30101040) Internet & Direct Marketing Retail (25502020) Specialty Stores (25504040)
Proposed Methodology	<ul style="list-style-type: none"> Apparel Retail (25504010) Automotive Retail (25504050) Computer & Electronic Retail (25504020) Drug Retail (30101010) 	<ul style="list-style-type: none"> Food Retailers (30101030) Broadline Retail (25503030) Consumer Staples Merchandise Retail (30101040) Other Specialty Retail (25504040)
Notes	<p>Department Stores (25503010), General Merchandise Stores (25503020), and Internet & Direct Marketing Retail (25502020) are being discontinued. The vast majority of companies classified in these sub-industries will be captured in the new Broadline Retail (25503030) sub-industry. Therefore, S&P DJI is proposing to add this new sub-industry in order to minimize turnover and maintain coverage of the intended universe to the greatest extent possible.</p> <p>S&P DJI notes the changes from Hypermarkets & Super Centers (30101040) and Specialty Stores (25504040) to Consumer Staples Merchandise Retail (30101040) and Other Specialty Retail (25504040) are immaterial.</p>	

S&P Software & Services Select Industry Index

Proposed Change	Membership Classification: GICS Sub-Industries	
Current Methodology	<ul style="list-style-type: none"> Application Software (45103010) Data Processing & Outsourced Services (45102020) Interactive Home Entertainment (50202020) 	<ul style="list-style-type: none"> IT Consulting & Other Services (45102010) Systems Software (45103020)
Proposed Methodology	<ul style="list-style-type: none"> Application Software (45103010) Data Processing & Outsourced Services (20202030) Internet Services & Infrastructure (45102030) Interactive Home Entertainment (50202020) 	<ul style="list-style-type: none"> IT Consulting & Other Services (45102010) Systems Software (45103020) Transaction & Payment Processing Services (40201060)
Notes	<p>Data Processing & Outsourced Services (45102020) is being reorganized. In order to capture the same universe, S&P DJI is proposing to use the reorganized Data Processing & Outsourced Services (20202030) along with the new Transaction & Payment Processing Services (40201060) sub-industry.</p> <p>In addition, S&P DJI is proposing to include the Internet Services & Infrastructure (45102030) sub-industry as the companies classified within this sub-industry fit the intended universe coverage of the index.</p>	

S&P Transportation Select Industry Index

Proposed Change	Membership Classification: GICS Sub-Industries	
Current Methodology	<ul style="list-style-type: none"> Air Freight & Logistics (20301010) Airlines (20302010) Airport Services (20305010) Highways & Rail tracks (20305020) 	<ul style="list-style-type: none"> Marine (20303010) Marine Ports & Services (20305030) Railroads (20304010) Trucking (20304020)
Proposed Methodology	<ul style="list-style-type: none"> Air Freight & Logistics (20301010) Passenger Airlines (20302010) Airport Services (20305010) Highways & Rail tracks (20305020) Marine Transportation (20303010) 	<ul style="list-style-type: none"> Marine Ports & Services (20305030) Rail Transportation (20304010) Cargo Ground Transportation (20304030) Passenger Ground Transportation (20304040)
Notes	<p>S&P DJI notes the change from Airlines (20302010) to Passenger Airlines (20302010) is immaterial.</p> <p>Trucking (20304020) is being discontinued and split into two new sub-industries: Cargo Ground Transportation (20304030) and Passenger Ground Transportation (20304040). S&P DJI is proposing to use these two new sub-industries in order to maintain the index universe going forward.</p>	

IMPACT ANALYSIS

Hypothetical baskets for the five potentially impacted indices using data from the latest rebalance period (Effective September 19, 2022) and utilizing the proposed GICS sub-industry changes are available [here](#).

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the proposed changes, if adopted, in conjunction with the quarter-end rebalance prior to the market open on **Monday, March 20, 2023**. If adopted, these changes will first be visible to clients in pro-forma files beginning on **Friday, March 10, 2023**.

QUESTIONS

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

1. **Do you agree with the proposed changes to the Membership Classification eligibility criteria?**
2. **Do you have any specific feedback on the GICS sub-industry additions?**
3. **If any of the proposed changes are adopted, do you agree with the proposed implementation date?**
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 9, 2022**. 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 SPDJI_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 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.spglobal.com/spdji.

CONSULTATION

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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