

S&P Merval Index Consultation on Selection Universe and Constituent Selection Criteria – Results

MEXICO CITY, FEBRUARY 13, 2023: S&P Dow Jones Indices (“S&P DJI”) has conducted a [consultation](#) with market participants on potential changes to the S&P Merval Index.

In order to align the index methodology with current market conditions, S&P DJI will modify the current float-adjusted market capitalization (“FMC”) and liquidity rules. The table below summarizes the changes.

Changes	Methodology	
	Previous	Updated
6-month Median Volume Traded Ratio	<p>A minimum annualized six-month median value traded ratio (MVTR) of at least 10% (7% for current constituents).</p> <p>The ratio is calculated by taking the ARS MDVT amount for each of the 6 months preceding the rebalancing reference date, multiplying the monthly amount by the number of days that the stock traded during that month, and then dividing by its end-of-month FMC, also calculated in ARS. The sum of the six-monthly values, multiplied by two, is the MVTR for that stock.</p>	No rule.
Float-Adjusted Market Capitalization	Stocks must have a float-adjusted market capitalization (FMC) of at least 2.5 billion Argentine Pesos (ARS) (ARS 2 billion for current constituents).	The stocks in the index universe are ranked in descending order based on FMC. Current constituents must be within the top 97%, and non-constituents within the top 95%, of the cumulative FMC of the index universe.
Liquidity	Stocks must have the following: 1. A minimum six-month median daily value traded (MDVT) greater than ARS 2.5 million (ARS 2 million for current constituents)	The stocks in the index universe are ranked in descending order based on six-month median daily value traded (MDVT). Current constituents must be within the top 97%, and non-constituents within the top 95%, of the cumulative six-month MDVT of the index universe.
Constituent Selection	<p>At each rebalancing, all companies that meet the eligibility criteria are selected, with a minimum target count of 20 stocks.</p> <p>If for a given rebalancing, there are fewer than 20 stocks that meet the eligibility criteria, the market capitalization requirement will be relaxed to ARS 1.5 billion. If after this the minimum target of 20 eligible stocks is not met, then the next most liquid stock, based on six-month MDVT, will be selected until the minimum count of 20 stocks is reached.</p>	<p>At each rebalancing, all companies that meet the eligibility criteria are selected, with a minimum target count of 20 stocks.</p> <p>If for a given rebalancing there are fewer than 20 stocks that meet the eligibility criteria, then the stocks in the Selection Universe not complying with the liquidity requirement are ranked in descending order, based on six-month MDVT, and the next most liquid stock will be selected until the minimum count of 20 stocks is reached.</p>

IMPLEMENTATION TIMING

S&P DJI will implement the methodology changes in conjunction with the semi-annual rebalancing, which take effect prior to the market open on **Monday, March 20, 2023**. The changes will first be visible to clients in pro-forma files beginning on **Friday, March 10, 2023**.

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