

# Dow Jones U.S. Style Total Stock Market Indices Consultation on Constituent Weightings Calculations – Results

**NEW YORK, AUGUST 23, 2024:** S&P Dow Jones Indices (“S&P DJI”) has conducted a [consultation](#) with market participants on potential changes to the Dow Jones U.S. Style Total Stock Market Indices’ constituent weightings rules to apply a quarterly capping process that aligns constituent weights with the regulatory diversification rules applicable to investment products tracking these indices.<sup>1</sup>

In addition to changing the indices’ weighting process to apply a capped market capitalization scheme, S&P DJI will also add a secondary reweighting check.

The methodology changes have no impact on the indices’ annual September reconstitution process.

The tables below summarize the changes.

Change	Methodology	
	Previous	Updated
Constituent Weightings	At each rebalancing, the indices are FMC weighted.	<p>Each index is capped market capitalization weighted. For capping purposes, the indices rebalance quarterly after the close of business on the third Friday of March, June, September, and December using the following procedures:</p> <ol style="list-style-type: none"> <li>1. The rebalancing reference date is the Wednesday prior to the first Friday of March, June, September, and December.</li> <li>2. With prices reflected on the rebalancing reference date, adjusted for any applicable corporate actions, and membership, shares outstanding and IWFs as of the rebalancing effective date, weight each company by style adjusted FMC.</li> <li>3. If any company weighs more than <b>24%</b>, cap the company’s weight at <b>23%</b>, which allows for a <b>2%</b> buffer.</li> <li>4. Proportionally redistribute any excess weight to all uncapped companies within the relevant index while maintaining the original ranking order.</li> <li>5. After the redistribution, if the weight of any other company breaches <b>23%</b>, repeat the capping process iteratively until no company breaches the <b>23%</b> weight cap.</li> <li>6. The aggregate weight of companies with weights greater than 4.5% cannot exceed 48% of the total index weight.</li> <li>7. If the rule in step 6 is breached, rank all companies in descending order by weight. Cap the total weight of the group of companies with individual weights exceeding 4.5% at 46%, while preserving relative proportions. Proportionally redistribute the excess weight to all uncapped companies, ensuring that the uncapped companies maintain the original ranking order, with the weight of the largest uncapped company not exceeding 4.5%. Repeat iteratively until the Step 6 rule is satisfied.</li> <li>8. Assign index share amounts to each constituent to arrive at the weights calculated above. Since index shares are assigned based on prices on the Wednesday prior to the first Friday of the rebalancing month, the actual weight of each constituent at the rebalancing differs from these weights due to market movements.</li> </ol> <p><i>For more information on the index calculation methodology, please refer to the Capped Market Capitalization Weighted Indices section of <a href="#">S&amp;P Dow Jones Indices’ Index Mathematics Methodology</a>.</i></p> <p>At times, companies may be represented in the indices by multiple share class lines. Maximum weight capping is based on style adjusted company FMC, with the weight of</p>

<sup>1</sup> For more information on the United States Internal Revenue Code (the “Code”) and the Investment Company Act of 1940 (the “40 Act”), please refer to the Regulatory Capping Requirements section of the [S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology](#).

		Methodology
Change	Previous	Updated
		multiple class companies allocated proportionally to each share class line based on its FMC as of the rebalancing reference date. If no capping is required, both share classes remain in the index at the natural style adjusted FMC.  <i>For more information on the capping thresholds, please refer to the Regulatory Capping Requirements section of <a href="#">S&amp;P Dow Jones Indices' Equity Indices Policies &amp; Practices Methodology</a>.</i>

		Methodology
Change	Previous	Updated
Secondary Reweighting Check	--	On the third to last business day of each non-rebalancing month (January, February, April, May, July, August, October, and November) each index performs a secondary reweighting check to ensure the single and aggregate weight constraints are satisfied. If a company's weight does exceed <b>24%</b> , or the sum of the companies with weights greater than 4.5% does exceed 48%, the breach triggers an index reweighting with an effective date of after the close of the last business day of the month. If triggered, the secondary reweighting uses the closing prices as of the third to last business day of the respective non-rebalancing month, and membership, shares outstanding and IWFs as of the reweighting effective date.

## IMPACTED INDICES

Index Name	Index Code
Dow Jones U.S. Growth Total Stock Market Index	DWGRO
Dow Jones U.S. Value Total Stock Market Index	DWVAL
Dow Jones U.S. Large-Cap Growth Total Stock Market Index	DWLG
Dow Jones U.S. Large-Cap Value Total Stock Market Index	DWLV
Dow Jones U.S. Mid-Cap Growth Total Stock Market Index	DWVG
Dow Jones U.S. Mid-Cap Value Total Stock Market Index	DWVW
Dow Jones U.S. Small-Cap Growth Total Stock Market Index	DWSG
Dow Jones U.S. Small-Cap Value Total Stock Market Index	DWSV

## IMPLEMENTATION TIMING

S&P DJI is implementing the previously described methodology changes prior to the market open on **Monday, September 23, 2024**. These changes will first be visible to clients in proforma files beginning on **Friday, September 6, 2024**.

For more information about S&P Dow Jones Indices, please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

## ABOUT S&P DOW JONES INDICES

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