

# Constituent Weighting Methodology Update for Certain S&P Municipal Bond Indices

**NEW YORK, DECEMBER 18, 2024:** S&P Dow Jones Indices (“S&P DJI”) announces changes to the S&P Municipal Bond Indices listed below.

To enhance index replicability, S&P DJI is implementing changes to the constituent concentration requirements to provide a buffer to the relevant diversification requirements. The table below summarizes the changes.

Change	Methodology	
	Previous	Updated
Constituent Weighting: S&P Broad AMT-Free Municipal Bond Indices	At each rebalancing, market-value weight the index, subject to the following: <ul style="list-style-type: none"> <li>No single obligor can exceed 25% of the weight of the index.</li> <li>Obligors that represent at least 5% of the weight of the index cannot in aggregate account for more than 50% of the total weight of the index.</li> </ul>	At each rebalancing, market-value weight the index, subject to the following: <ul style="list-style-type: none"> <li>No single obligor can exceed <b>23%</b> of the weight of the index.</li> <li>Obligors that represent at least <b>4.8%</b> of the weight of the index cannot in aggregate account for more than <b>45%</b> of the total weight of the index.</li> </ul>
Constituent Weighting: S&P National AMT-Free Municipal Bond Index	At each rebalancing, market-value weight the index, subject to the following: <ul style="list-style-type: none"> <li>No single obligor can exceed 25% of the weight of the index.</li> <li>Obligors that represent at least 5% of the weight of the index cannot in aggregate account for more than 50% of the total weight of the index.</li> </ul>	At each rebalancing, market-value weight the index, subject to the following: <ul style="list-style-type: none"> <li>No single obligor can exceed <b>23%</b> of the weight of the index.</li> <li>Obligors that represent at least <b>4.8%</b> of the weight of the index cannot in aggregate account for more than <b>45%</b> of the total weight of the index.</li> </ul>
Constituent Weighting: S&P Taxable Municipal Bond Index	At each rebalancing, apply the following constraints: <ul style="list-style-type: none"> <li>No single obligor can exceed 25% of the weight of the index.</li> <li>Obligors that represent at least 5% of the weight of the index cannot in aggregate account for more than 50% of the total weight of the index.</li> </ul>	At each rebalancing, apply the following constraints: <ul style="list-style-type: none"> <li>No single obligor can exceed <b>23%</b> of the weight of the index.</li> <li>Obligors that represent at least <b>4.8%</b> of the weight of the index cannot in aggregate account for more than <b>45%</b> of the total weight of the index.</li> </ul>
Constituent Weighting: S&P Municipal Yield Index	At each rebalancing, apply the following constraints: <ul style="list-style-type: none"> <li>No single obligor can exceed 25% of the weight of the index.</li> <li>Obligors that represent at least 5% of the weight of the index cannot in aggregate account for more than 50% of the total weight of the index.</li> </ul>	At each rebalancing, apply the following constraints: <ul style="list-style-type: none"> <li>No single obligor can exceed <b>23%</b> of the weight of the index.</li> <li>Obligors that represent at least <b>4.8%</b> of the weight of the index cannot in aggregate account for more than <b>45%</b> of the total weight of the index.</li> </ul>
Constituent Weighting: S&P Municipal Bond High Yield Diversified Index	At each rebalancing, constituent weights must conform to the following constraints: <ul style="list-style-type: none"> <li>No single obligor can exceed 25% of the weight of the index.</li> <li>Obligors that represent at least 5% of the weight of the index cannot in aggregate</li> </ul>	At each rebalancing, constituent weights must conform to the following constraints: <ul style="list-style-type: none"> <li>No single obligor can exceed <b>23%</b> of the weight of the index.</li> <li>Obligors that represent at least <b>4.8%</b> of the weight of the index cannot in aggregate</li> </ul>

Change	Methodology	
	Previous	Updated
	account for more than 50% of the total weight of the index.	account for more than <b>45%</b> of the total weight of the index.
Constituent Weighting: S&P Short Duration Municipal Yield Index	At each rebalancing, the index constituents are market-value-weighted, subject to the following ratings bucket and constituent concentration constraints. <ul style="list-style-type: none"> <li>No single obligor can exceed 25% of the weight of the index.</li> <li>The aggregate weight of obligors weighing at least 5% cannot exceed 50% of the total index weight.</li> </ul>	At each rebalancing, the index constituents are market-value-weighted, subject to the following ratings bucket and constituent concentration constraints. <ul style="list-style-type: none"> <li>No single obligor can exceed <b>23%</b> of the weight of the index.</li> <li>The aggregate weight of obligors weighing at least <b>4.8%</b> cannot exceed <b>45%</b> of the total index weight.</li> </ul>
Constituent Weighting: S&P Intermediate Duration Municipal Yield Index	At each rebalancing, the index constituents are market-value-weighted, subject to the following ratings bucket and constituent concentration constraints. <ul style="list-style-type: none"> <li>No single obligor can exceed 25% of the weight of the index.</li> <li>The aggregate weight of obligors weighing at least 5% cannot exceed 50% of the total index weight.</li> </ul>	At each rebalancing, the index constituents are market-value-weighted, subject to the following ratings bucket and constituent concentration constraints. <ul style="list-style-type: none"> <li>No single obligor can exceed <b>23%</b> of the weight of the index.</li> <li>The aggregate weight of obligors weighing at least <b>4.8%</b> cannot exceed <b>45%</b> of the total index weight.</li> </ul>

## IMPACT ANALYSIS

The changes will impact the current weighting of the following indices:

- S&P New York AMT-Free Municipal Bond Index
- S&P Intermediate Term New York AMT-Free Municipal Bond Index
- S&P California AMT-Free Municipal Bond Index
- S&P Intermediate Term California AMT-Free Municipal Bond Index
- S&P Short Term California AMT-Free Municipal Bond Index

The changes will not impact the remaining indices as the current composition is not breaching any of the relevant issuer/obligor weight thresholds before or after the changes.

Below is the impact on the top 10 largest obligors by weight for the five indices impacted by the changes using data from the November 2024 end of month rebalancing. For a full impact analysis of the changes, please refer to the file available [here](#).

S&P California AMT-Free Municipal Bond Index			
Obligor	Uncapped Index Weight	Previous Capped Index Weight	Updated Capped Index Weight
CALIFORNIA ST	30.4256%	25.0000%	23.0000%
UNIVERSITY OF CALIFORNIA	7.7978%	8.4059%	8.6301%
LOS ANGELES CALIF UNI SCH DIST	6.0231%	6.4928%	6.6659%
LOS ANGELES CALIF DEPT WTR & PWR PWR SYS	5.2678%	5.6786%	5.8300%
SAN DIEGO CALIF UNI SCH DIST	2.6361%	2.8417%	2.9175%
CALIFORNIA ST UNIV	2.2557%	2.4316%	2.4964%
LOS ANGELES CALIF DEPT WTR & PWR WTR SYS	2.1821%	2.3523%	2.4150%
BAY AREA TOLL AUTH CALIF	1.8791%	2.0256%	2.0796%
LOS ANGELES CNTY CALIF MET TRANSN AUTH-MEASURE R FD	1.4788%	1.5942%	1.6367%
LOS ANGELES CALIF CMNTY COLLEGE DIST	1.3219%	1.4249%	1.4629%

## INDEX ANNOUNCEMENT

<b>S&amp;P Intermediate Term California AMT-Free Municipal Bond Index</b>			
<b>Obligor</b>	<b>Uncapped Index Weight</b>	<b>Previous Capped Index Weight</b>	<b>Updated Capped Index Weight</b>
CALIFORNIA ST	35.0319%	25.0000%	23.0000%
UNIVERSITY OF CALIFORNIA	8.2839%	9.5630%	8.9210%
LOS ANGELES CALIF UNI SCH DIST	7.3746%	8.5134%	7.9418%
LOS ANGELES CALIF DEPT WTR & PWR PWR SYS	4.7704%	5.5070%	5.1373%
LOS ANGELES CALIF DEPT WTR & PWR WTR SYS	2.1895%	2.5276%	2.5950%
CALIFORNIA ST UNIV	1.9744%	2.2793%	2.3401%
LOS ANGELES CNTY CALIF MET TRANSN AUTH-MEASURE R FD	1.9661%	2.2697%	2.3302%
BAY AREA TOLL AUTH CALIF	1.9543%	2.2560%	2.3162%
LOS ANGELES CALIF CMNTY COLLEGE DIST	1.7574%	2.0288%	2.0829%
SAN DIEGO CALIF UNI SCH DIST	1.5276%	1.7635%	1.8105%

<b>S&amp;P Short Term California AMT-Free Municipal Bond Index</b>			
<b>Obligor</b>	<b>Uncapped Index Weight</b>	<b>Previous Capped Index Weight</b>	<b>Updated Capped Index Weight</b>
CALIFORNIA ST	37.7258%	25.0000%	23.0000%
LOS ANGELES CALIF UNI SCH DIST	7.2768%	8.7638%	8.9975%
UNIVERSITY OF CALIFORNIA	5.8354%	7.0278%	7.2152%
LOS ANGELES CALIF DEPT WTR & PWR PWR SYS	3.0279%	3.6467%	3.7440%
LOS ANGELES CALIF CMNTY COLLEGE DIST	2.8776%	3.4656%	3.5580%
BAY AREA TOLL AUTH CALIF	2.7423%	3.3027%	3.3908%
SAN DIEGO CALIF UNI SCH DIST	1.7352%	2.0898%	2.1455%
LOS ANGELES CNTY CALIF MET TRANSN AUTH-MEASURE R FD	1.7060%	2.0546%	2.1094%
METROPOLITAN WTR DIST SOUTHN CALIF WTR	1.6127%	1.9422%	1.9940%
CALIFORNIA ST UNIV	1.4230%	1.7138%	1.7595%

<b>S&amp;P New York AMT-Free Municipal Bond Index</b>			
<b>Obligor</b>	<b>Uncapped Index Weight</b>	<b>Previous Capped Index Weight</b>	<b>Updated Capped Index Weight</b>
NEW YORK N Y CITY TRANSITIONAL FIN AUTH-PERS INCOME TAX	15.9132%	14.6023%	11.4871%
NEW YORK ST-PERS INCOME TAX	13.3712%	12.2697%	9.6521%
NEW YORK N Y	11.2963%	10.3657%	8.1543%
NEW YORK N Y CITY WTR & SWR SYS	8.4592%	7.7623%	6.1064%
METROPOLITAN TRANSN AUTH N Y	5.4141%	5.0000%	4.8000%
NEW YORK ST-SALES TAX	4.8595%	4.9990%	4.8000%
METROPOLITAN TRANSN AUTH N Y-MOBILITY TAX	4.1439%	4.5833%	4.7990%
PORT AUTH N Y & N J	3.8806%	4.2922%	4.7990%
LONG ISLAND PWR AUTH N Y ELEC SYS	3.2573%	3.6027%	4.5278%
TRIBOROUGH BRDG & TUNL AUTH NY	2.9157%	3.2248%	4.0529%

<b>S&amp;P Intermediate Term New York AMT-Free Municipal Bond Index</b>			
<b>Obligor</b>	<b>Uncapped Index Weight</b>	<b>Previous Capped Index Weight</b>	<b>Updated Capped Index Weight</b>
NEW YORK N Y CITY TRANSITIONAL FIN AUTH-PERS INCOME TAX	17.2857%	17.2857%	15.8071%
NEW YORK ST-PERS INCOME TAX	12.8794%	12.8794%	11.7777%
NEW YORK N Y	12.7075%	12.7075%	11.6205%
NEW YORK N Y CITY WTR & SWR SYS	6.3367%	6.3367%	5.7946%
NEW YORK ST-SALES TAX	4.7200%	4.7200%	4.7999%
METROPOLITAN TRANSN AUTH N Y	4.6685%	4.6685%	4.7999%
LONG ISLAND PWR AUTH N Y ELEC SYS	4.0536%	4.0536%	4.4450%
PORT AUTH N Y & N J	3.9358%	3.9358%	4.3159%
METROPOLITAN TRANSN AUTH N Y-MOBILITY TAX	3.7626%	3.7626%	4.1260%
NEW YORK N Y CITY TRANSITIONAL FIN AUTH-BLDG AID	3.6224%	3.6224%	3.9722%

**INDEX ANNOUNCEMENT**

## IMPACTED INDICES

Index Name	Index Code
S&P 12-22 Year National AMT-Free Municipal Bond Index	SPMU12R
S&P 13+ Year National AMT-Free Municipal Bond Index	SPMUN13
S&P 15+ Year National AMT-Free Municipal Bond Index	SPMU15R
S&P 5-15 Year National AMT-Free Municipal Bond Index	SPMU515
S&P 7-12 Year National AMT-Free Municipal Bond Index	SPMU7YR
S&P Broad AMT-Free Municipal Bond 0-7 Year Index	SPMUBN07
S&P Broad AMT-Free Municipal Bond Index	SPMUBNA
S&P California AMT-Free Municipal Bond Index	SPMUNCA
S&P Intermediate Term National AMT-Free Municipal Bond Index	SPMUNIM
S&P Intermediate Term New York AMT-Free Municipal Bond Index	SPMUNIN
S&P Long Term National AMT-Free Municipal Bond Index	SPMU22R
S&P National AMT-Free Municipal Bond Index	SPMUNUS
S&P New York AMT-Free Municipal Bond Index	SPMUNNY
S&P Short Term National AMT-Free Municipal Bond Index	SPMU5YR
S&P Short Term New York AMT-Free Municipal Bond Index	SPMU5NR
S&P Taxable Municipal Bond Index	SPMUT
S&P Municipal Yield Index	SPMUHT
S&P Intermediate Term California AMT-Free Municipal Bond Index	SPMUNIC
S&P Short Term California AMT-Free Municipal Bond Index	SPMU5CR
S&P Municipal Bond High Yield Diversified Index	SPMUHYD

## IMPLEMENTATION TIMING

S&P DJI will implement the changes in conjunction with the March 2025 rebalancing, which takes effect prior to the market open on **Monday, March 3, 2025**. These changes will first be visible to clients in pro-forma files beginning on **Tuesday, February 25, 2025**.

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

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