

**S&P Dow Jones  
Indices**

A Division of **S&P Global**

# **S&P U.S. IPO and Spin-Off Index *Methodology***

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# Introduction

## Index Objectives and Highlights

The S&P U.S. IPO and Spin-Off index is designed to measure the performance of U.S. companies that have had initial public offerings (IPOs) or have been spun-off from a parent company within the last five years. IPOs and spin-offs eligible for the U.S. BMI that have a float-adjusted market capitalization (FMC) of at least US \$1 billion are added to and remain in the index for up to five years. Single stock weights are capped at 7.5% of the total index weight.

*For information on the S&P U.S. BMI methodology, please refer to the S&P Global BMI, S&P/IFCI Methodology available at [www.spdji.com](http://www.spdji.com).*

*For more information of market capitalization indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

## Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices' Float Adjustment Methodology	<a href="#">Float Adjustment Methodology</a>

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

# Eligibility Criteria

## Index Eligibility

Stocks must satisfy the following criteria to be eligible for index inclusion:

- **Spin-offs.** Spin-offs added to the S&P U.S. BMI must, as of the rebalancing reference date, have an FMC of at least US\$ 1 billion.
- **IPOs.** IPOs eligible for, but not yet included in, the S&P U.S. BMI must, as of the close of their first day of trading, have an FMC of at least US\$ 1 billion.

# Index Construction

## Constituent Selection

All stocks that satisfy the requirements in *Eligibility Criteria* are selected for index inclusion, and may remain for up to five years.

## Constituent Weightings

Constituents are FMC weighted, subject, subject to a cap of 7.5% on the weight of any single stock in the index. At each monthly rebalancing, if a company's weight in the index exceeds 7.5%, its weight is reduced to 7.5% and the weights of the remaining stocks are increased proportionally to their FMC weightings. This process proceeds iteratively until no stock breaches the 7.5% cap.

Companies with multiple share class lines in the index have all share class weights combined and analyzed together as one entity. If the combined weight exceeds 7.5%, the weight of each share class line is reduced proportionally so that the combined weight is reduced to 7.5%.

If, due to intra-rebalancing period deletions, the constituent count is less than 14 at a monthly rebalancing, the 7.5% stock weight cap cannot be satisfied. In such cases, all stocks will be equally weighted at the monthly rebalancing.

*For more information on market capitalization weighted Indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

## Multiple Classes of Stock

All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of the S&P Dow Jones Indices' Equity Indices Policies & Practices document. Index Calculations.

## Index Calculations

The index is calculated using the divisor methodology used in S&P Dow Jones Indices' equity indices.

*For more information on index level calculations please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

## Rebalancing

The index is rebalanced monthly, effective after the close of the third Friday of each month. The rebalancing reference date is seven business days prior to the rebalancing effective date, with the reference price the closing prices as of the Wednesday prior to the second Friday of each month.

Index shares are calculated and assigned to each stock to arrive at the weights determined on the reference date. Since index shares are assigned based on prices seven business days prior to rebalancing, the actual weight of each stock at the rebalancing will differ from these weights due to market movements.

**Additions.** Except for spin-offs, no additions are made between monthly rebalancings.

**Deletions.** Constituents are included in the index for a maximum of 60 months. If a constituent has been in the index for 60 months, it is removed at the subsequent monthly rebalancing. In addition, any constituents removed from the S&P U.S. BMI are removed from the index simultaneously. Similarly, if an IPO is added to the index but fails the eligibility criteria for inclusion to the S&P U.S. BMI at that index's subsequent quarterly rebalancing, it is dropped from the index at that time.

If the deletion of a constituent at the monthly rebalancing would result in a constituent count of less than 15, the deletion will be delayed until the next rebalancing period in which the resulting constituent count would be at least 15.

**Spin-Offs.** The spun-off company is added to the index at a zero price and will be dropped from the index after the first day of regular way trading provided the drop event has been announced at least two days prior to the drop date.

## Currency, Currency Hedged, and Risk Control Indices

The index is calculated in U.S. dollars.

Additional currency, currency hedged, and risk control versions of the indices may be available. For a list of available currency, currency hedged, and risk control indices, please contact Client Services at [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

*For more information on currency, currency hedged, and risk control indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

## Index Adjustments

Index adjustments and corporate action treatments follow the S&P U.S. BMI.

*For information on index adjustments and corporate action treatment for the the S&P U.S. BMI, please refer to the S&P Global BMI, S&P/IFCI Methodology available at [www.spdji.com](http://www.spdji.com).*

*For general information on corporate actions, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.*

### Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it may be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

### Base Date and History Availability

Index history availability, base date and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P U.S. IPO and Spin-Off Index	07/01/2015	12/29/2006	12/29/2006	100



# Index Data

## Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“.SDL”).

*For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.*

*For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.*

# Index Governance

## **Index Committee**

The index is maintained by the Global Benchmarks Index Committee. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

*For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.*

# Index Policy

## **Announcements**

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced via the Index Corporate Events report (.SDE), delivered daily via ftp to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

*For more information, please refer to the Announcements section of S&P Dow Jones Indices' Equity Indices Policies & Practices document.*

## **Pro-forma Files**

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing.

*Please visit [www.spdji.com](http://www.spdji.com) for a complete schedule of rebalancing timelines and pro-forma delivery times.*

## **Holiday Schedule**

The index is calculated on all business days of the year when the U.S. equity market is open.

*A complete holiday schedule for the year is available at [www.spdji.com](http://www.spdji.com).*

## **Rebalancing**

The index committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

## **Unscheduled Exchange Closures**

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

## **Recalculation Policy**

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.

*For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices document.*

## **Contact Information**

For any questions regarding an index, please contact: [index\\_services@spglobal.com](mailto:index_services@spglobal.com).

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spdji.com](http://www.spdji.com), major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

## Tickers

The table below lists headline indices covered by this document. All currency, currency hedged, risk control, and return type versions of the below indices that may exist are also covered by this document. Please contact [index\\_services@spglobal.com](mailto:index_services@spglobal.com) for a complete list of indices covered by this document.

Index	Return Type	Bloomberg
S&P U.S. IPO and Spin-Off Index	Price Return Total Return Net Total Return	SPUSISUP SPUSISUT SPUSISUN

## FTP

Daily constituent and index level data are available via FTP subscription.

*For product information, please contact S&P Dow Jones Indices, [www.spdji.com/contact-us](http://www.spdji.com/contact-us).*

## Web site

*For further information, please refer to S&P Dow Jones Indices' Web site at [www.spdji.com](http://www.spdji.com).*

## Appendix – Methodology Changes

Methodology changes as of January 1, 2015 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Price reference date	05/18/2018	Stocks are assigned index shares using closing prices as of the second Friday of each month.	Stocks are assigned index shares using closing prices as of the Wednesday prior to the second Friday of each month.
Additional Deletion Rule	07/21/2015	--	If the deletion of a constituent at the monthly rebalancing would result in a constituent count of less than 15, the deletion will be delayed until the next rebalancing period in which the resulting constituent count would be at least 15.
Additional Constituent Weightings Rule	07/21/2015	--	If, due to intra-rebalancing period deletions, the constituent count is less than 14 at a monthly rebalancing, the 7.5% stock weight cap cannot be satisfied. In such cases, all stocks will be equally weighted at the monthly rebalancing.

# Disclaimer

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