

Standard & Poor's Announces Important Changes to S&P/Citigroup Equity Indices, S&P Emerging Market and S&P Frontier Indices

III. Changes affecting the S&P Emerging Market Indices

The last few years have seen major changes in global stock markets. Investor allocations increasingly include emerging and frontier markets as these become more liquid and accessible. Recognizing this trend, S&P will significantly enhance its emerging market indices in order to accommodate investors and clients alike. The enhancements include:

- With South Korea on the cusp of emerging and developed status, S&P has decided at this time to retain South Korea status as it is, according to its index membership. This way all clients can continue to benchmark to the index combinations they currently use in their investment portfolios without interruption or breaks in the data.
 - Effective November 1, 2008, the S&P Emerging BMI Index will become the continuation of the original S&P/Citigroup BMI Emerging and exclude South Korea, which will remain in the S&P Developed BMI. At the same time, there will be the S&P Emerging BMI Plus which will mirror the S&P Emerging BMI index with the added inclusion of South Korea.
- The S&P/IFCG Composite and its country and regional indices will be discontinued as the data sets will be folded into the new S&P Global BMI series.
- The new emerging market benchmark series, S&P Emerging BMI, will include the following 21 countries: Argentina, Brazil, Chile, China, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey.
- The S&P Emerging BMI Plus will mirror the S&P Emerging BMI index with its 21 countries, and the added inclusion of South Korea for a total of 22 countries.
- The following countries will move to the S&P Frontier BMI from the S&P Emerging BMI: Colombia, Jordan, Nigeria, Pakistan and Slovenia.
- The index methodology for the S&P Emerging BMI Plus Index will include:
 - The divisor methodology currently used in most Standard & Poor's Indices.
 - A company's share class must have at least US\$ 100 million in available float adjusted market capitalization. Additionally, each issue must have a dollar value traded of at least US\$ 50 million

during the preceding 12 months. Companies that meet these criteria at the annual reconstitution will be eligible for inclusion.

- A buffer zone will continue to minimize turnover by keeping in the index companies that fall below the \$100 million inclusion criteria so long as the available float is above \$75 million.
- During the annual reconstitution, index constituents must show a minimum of US\$ 75 million float market cap to remain in the index. A stock that does not fall below the US\$ 75 million float market cap but trades less than US\$ 35 million during the preceding 12-months will be dropped from the series.
- The annual rebalancing date will continue to be November 1st for emerging markets. The reference date, of end-of-September, will remain unchanged.

Note: See **Appendix I** for a complete country breakdown of the S&P Emerging BMI Plus.

Appendix I – S&P Emerging BMI: Country Weight Breakdown

The tables below show the breakdown of the current S&P/Citigroup BMI Emerging index versus the new S&P Emerging BMI index.

Note that China in the new series contains an additional 458 companies. These are mostly the “A” share issues, which will be added with zero weight to the benchmark.

Current S&P/Citigroup BMI Emerging	Float Adj Market Cap, USD, in millions	Weight	# of Issues
Argentina	21,197	0.6%	14
Brazil	552,742	15.3%	185
Chile	74,935	2.1%	52
China	536,270	14.8%	317
Colombia	20,496	0.6%	16
Czech Republic	23,890	0.7%	8
Egypt	37,392	1.0%	36
Hungary	24,447	0.7%	10
India	305,990	8.4%	224
Indonesia	61,056	1.7%	51
Israel	88,627	2.4%	87
Jordan	13,816	0.4%	20
Malaysia	96,486	2.7%	122
Mexico	203,275	5.6%	58
Morocco	31,018	0.9%	24
Nigeria	58,483	1.6%	35
Pakistan	14,866	0.4%	34
Peru	30,639	0.8%	24
Philippines	22,239	0.6%	34
Poland	76,679	2.1%	86
Russia	439,463	12.1%	75
Slovenia	10,214	0.3%	9
South Africa	226,293	6.2%	139
Taiwan	547,030	15.1%	574
Thailand	55,531	1.5%	75
Turkey	49,298	1.4%	76
Grand Total	3,622,375	100.0%	2385

New S&P Emerging BMI	Float Adj Market Cap, USD, in millions	Weight	# of Issues
Argentina	22,049	0.6%	16
Brazil	553,776	15.7%	194
Chile	77,638	2.2%	59
China	557,124	15.8%	761
Czech Republic	23,890	0.7%	8
Egypt	38,615	1.1%	39
Hungary	24,447	0.7%	10
India	305,897	8.7%	221
Indonesia	60,987	1.7%	50
Israel	88,367	2.5%	83
Malaysia	96,645	2.7%	122
Mexico	203,535	5.8%	58
Morocco	31,172	0.9%	25
Peru	30,866	0.9%	28
Philippines	23,260	0.7%	40
Poland	76,782	2.2%	87
Russia	439,566	12.4%	76
South Africa	226,117	6.4%	136
Taiwan	547,451	15.5%	574
Thailand	55,890	1.6%	78
Turkey	49,334	1.4%	72
Grand Total	3,533,407	100.0%	2737

Data as of March 31, 2008

Countries in grey will be moved to the S&P Frontier BMI index

*For the complete document on Standard & Poor’s methodology changes, [click here](#).
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