

March 26, 2024

Via electronic correspondence

David Knutson, Sr. Director – Strategic Outreach, S&P Global Ratings

S&P Global

Re: Invitation to discuss consultations on significant changes to benchmark indexes

Dear David:

I write on behalf of the Council of Institutional Investors (CII), which as you know, is a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately \$5 trillion. Our associate members include non-U.S. asset owners with about \$5 trillion in assets; a range of asset managers with more than \$55 trillion in assets under management; and numerous research providers including S&P Global.¹ Many CII members are index provider clients.

As you know, significant changes to benchmark index methodologies impact both index provider clients and market participants broadly. Earlier this month, following an inquiry that began in July 2023, CII's U.S. Asset Owner Members voted to adopt the *Statement on Index Provider Consultation Processes* (Statement),² which calls on index providers to conduct robust public consultation processes when contemplating significant changes to methodologies they use to determine major benchmark indexes. We are reaching out to several major index providers regarding this matter.

The Statement recommends “at least” the following practices, highlighted below in bold. We contrast these recommendations with our understanding of current S&P Global Standard Index practices.³

- **Notice of the consultation should be broadly disseminated, such as through a press release.**
 - Current Standard Index practice: “S&P DJI communicates and consults with stakeholders through various channels using press releases, index

¹ For more information about the Council of Institutional Investors (CII), including its board and members, please visit CII's website at <http://www.cii.org>.

² *Statement on Index Provider Consultation Processes*, adopted March 6, 2024, available at https://www.cii.org/policies_other_issues#IPCP.

³ CII's understanding is based upon *S&P Dow Jones Indices' Index Governance Policies: Methodology*, available at <https://www.spglobal.com/spdji/en/documents/index-policies/sp-index-governance-policies.pdf>

announcements, e-mails, and the distribution of data files. The specific announcement method depends on the type of index event [...]

Press releases are distributed to major news services and posted on the S&P DJI website [here](#).”

- **The consultation period should be in line with the 30-to-90-day comment period provided for federal regulations.**
 - Current Standard Index practice: “Generally, the open period for feedback is a minimum of one month following the consultation announcement. However, the Index Committee may decide to reduce the consultation period for time-sensitive changes.”
- **Each response letter should be posted in a timely manner, such as within one week of receipt, excepting responses with reasonable requests for confidentiality.**
 - Current Standard Index practice: S&P Global does not appear to make any response letters transparent to the public, whether during a consultation or after its conclusion.
- **Confidential submissions should be discouraged, and exceptions to the public posting of comments should be narrowly interpreted.**
 - Current Standard Index practice: S&P Global enables market participants to influence market-moving changes to benchmark methodologies without any public (or even client) awareness of that input.

My colleagues and I would welcome the opportunity to meet virtually with you or whoever else you recommend at S&P Global for a 30-minute off-the-record discussion of the gaps between S&P Global’s benchmark consultation processes and the Statement’s recommended practices. At your convenience, please provide Allie Martin (allie@cii.org) with your availability, and she will be glad to arrange logistics.

Sincerely,



Amy Borrus
Executive Director