

## Bolsas y Mercados Argentinos Indices Maintenance Consultation Results

**BUENOS AIRES, SEPTEMBER 5, 2018:** In March 2018, Bolsas y Mercados Argentinos (“BYMA”) and S&P Dow Jones Indices (“S&P DJI”) signed an Index Operation and License Agreement. The partnership between BYMA and S&P DJI, the world’s leading provider of index-based concepts, data and research, includes the adoption of international index methodology standards and the integration of operational processes and business strategies and enhances the visibility, governance, and transparency of the existing indices. The agreement also enables the development, licensing, distribution and management of current and future indices which will be designed to serve as innovative and practical tools for local and global investors. The new and existing BYMA indices will be co-branded under the “S&P MERVAL” and “S&P/BYMA” names (the “Indices”) that can be used to underlie liquid financial products, expanding the breadth and depth of the Argentine capital market.

As part of this transition, S&P DJI and BYMA have conducted a consultation with members of the investment community on potential operational changes to the BYMA indices so that they conform to S&P DJI’s standard policies and practices.

### S&P DJI SUPPORTING DOCUMENTS

These consultation results are meant to be read in conjunction with supporting documents providing greater detail with respect to the S&P DJI policies, procedures and calculations described herein. References throughout these consultation results direct the reader to the relevant S&P DJI supporting document for further information on a specific topic. The list of the main S&P DJI supplemental documents for these consultation results and the hyperlinks to those documents is as follows:

Supporting Documents	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>

### METHODOLOGY CHANGES

The methodology changes, applicable to all BYMA indices except where noted, are summarized as follows:

Rebalancing Effective Dates	
Previous	Quarterly rebalancings take effect at the open on the first business day of January, April, July and October. The rebalancing reference dates are the last business day of March, June, September and December, respectively.
Updated	Quarterly rebalancings take effect at the open on the Monday following the third Friday of March, June, September and December. The rebalancing reference dates (date of the data used to determine the rebalancing changes) are the third Friday of February, May, August and November, respectively. Index shares are calculated using closing prices seven business days prior to the rebalancing effective date. The first quarterly rebalancing based on the new schedule will be effective at the open on Monday, December 24, 2018.

### INDEX ANNOUNCEMENT

<b>Rebalancing Announcement Schedule</b>	
Previous	Rebalancing announcements are sent after the market close one day prior to the rebalancing effective date.
Updated	Rebalancing changes are announced five business days prior to the rebalancing effective date. Constituent pro-forma files are provided each time the indices rebalance. The pro-forma files are provided daily, in advance of the rebalancing date, and contain all constituents and their corresponding weights and index shares effective for the upcoming rebalancing.

<b>Rebalancing Price Reference Date for Index Share Calculation</b>	
Previous	Index shares are calculated using closing prices from the day before the rebalancing effective date.
Updated	Index shares are calculated using closing prices from seven business days prior to the rebalancing effective date. Since index shares are assigned based on reference prices prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements. For more information, please refer to the Non-Market Capitalization Weighted Indices section of S&P DJI's Index Mathematics Methodology.

<b>Treatment of Spin-Offs</b>	
Previous	Spun-off entities are not added to the indices and are not reviewed for inclusion until the next rebalancing.
Updated	Spun-off entities are added to all indices of which the parent is a constituent. Spin-offs are re-evaluated for continued index eligibility at the next rebalancing. For more information on spin-offs, please refer to S&P DJI's Equity Indices Policies & Practices Methodology.

<b>Treatment of Suspended Stocks</b>	
Previous	Suspended stocks are removed after five days of consecutive suspension.
Updated	The date to review suspended stocks and determine a potential index deletion is the last business day of February, May, August, and November. Stocks that reach a suspension period of 60 days or more, as of the evaluation date, are subject to index deletion at the quarterly review effective at the open on the Monday following the third Friday in March, June, September, and December. Suspended stocks use the last available official closing price prior to the suspension for index calculation during the suspension period. Suspended stocks are removed from the indices at a zero price. For more information on suspensions, please refer to S&P DJI's Equity Indices Policies & Practices Methodology.

<b>Treatment of Mergers and Acquisitions</b>	
Previous	<p>If an index constituent is the target of an acquisition and 100% of the stock's listed shares are tendered, the stock is removed and is replaced by the acquirer if the acquirer is listed. If the acquirer is not listed, the target stock is removed from the index and not replaced.</p> <p>If an index constituent is the target of an acquisition and less than 100% of listed shares are tendered, the acquirer is included in the index and the number of shares is determined based on the percentage of total listed shares acquired.</p>
Updated	The target stock is removed from the index and not replaced until the subsequent rebalancing. For more information on mergers and acquisitions, please refer to S&P DJI's Equity Indices Policies & Practices Methodology.

<b>Treatment of Bankruptcies</b>	
Previous	If a company enters into bankruptcy protection, its stock is not removed from the index until it has been delisted or suspended for more than five consecutive days.
Updated	Bankrupt securities are ineligible for index inclusion. The removal of a bankrupt security occurs simultaneously using the same closing price for all S&P- and Dow Jones-branded indices. If the security is trading on its primary exchange at the close of the day it is removed, that price is used. If the security is halted on or delisted from its primary exchange, a price of zero is used. For more information on the announcement process and the timing of index actions for bankrupt securities, please refer to the Bankruptcies section of S&P DJI's Equity Indices Policies & Practices Methodology.

## **INDEX ANNOUNCEMENT**

**Corporate Actions – Merval, Merval 25 and M.AR Indices**

Previous

As a general policy, there are six corporate action types that modify the index shares of the constituents:

- Payment of cash dividends
- Payment of stock dividends
- Special cash payment
- Stock revaluations
- Stock subscriptions (follow-on)
- Stock splits

These actions imply a technical price drop at the opening of the trading session 48 business hours prior to the effective date of the event. Therefore, the index level is adjusted to make it comparable with its previous closing value.

Updated

The indices follow S&P DJI's standard corporate actions policies and practices for Non-Market Capitalization Weighted Indices since the indices are weighted based on liquidity:

Index Action	Adjustment Made to Index	Divisor Adjustment?
Spin-off	If the parent company is an index constituent, the spun-off company is added to the index on the ex-date at a price of zero. Spin-offs are then re-evaluated for continued index eligibility at the next rebalancing.	No
Rights offering	The price is adjusted to the Price of the Parent Company minus (the Price of the Rights Offering/Rights Ratio). Index shares change so that the company's weight remains the same as its weight before the rights offering.	No
Stock split	Index shares are multiplied by and the price is divided by the split factor.	No
Change in shares	None. The adjustment factor is changed to keep the same index weights.	No
Ordinary dividend	When a company pays an ordinary cash dividend, the index does not make any adjustments to the price or shares of the stock. Ordinary dividends are only accounted for in the Total Return index level.	No
Special dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes
Constituent change	Except for spin-offs, there are no intra-rebalancing additions. Deletions due to delisting, acquisition or any other corporate event resulting in the deletion of the stock from the index will cause the weights of the rest of the stocks in the index to proportionately change.	Yes

For more information, please refer to the Non-Market Capitalization Weighted Indices section in S&P DJI's Equity Indices Policies & Practices Methodology.

**Corporate Actions – BURCAP and IGB Indices**

Previous	<p>As a general policy, there are six corporate action types that modify the index shares of the constituents:</p> <ul style="list-style-type: none"> <li>• Payment of cash dividends</li> <li>• Payment of stock dividends</li> <li>• Special cash payment</li> <li>• Stock revaluations</li> <li>• Stock subscriptions (follow-on)</li> <li>• Stock splits</li> </ul> <p>These actions imply a technical price drop at the opening of the trading session 48 business hours prior to the effective date of the event. Therefore, the index level is adjusted to make it comparable with its previous closing value.</p>																								
Updated	<p>The indices follow S&amp;P DJI’s standard corporate actions policies and practices for Capitalization Weighted Indices since the indices are weighted based on market capitalization:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Index Action</th> <th style="text-align: center;">Adjustment Made to Index</th> <th style="text-align: center;">Divisor Adjustment?</th> </tr> </thead> <tbody> <tr> <td>Spin-off</td> <td>If the parent company is an index constituent, the spun-off company is added to the index on the ex-date at a price of zero. Spin-offs are then re-evaluated for continued index eligibility at the next rebalancing.</td> <td style="text-align: center;">No</td> </tr> <tr> <td>Rights offering</td> <td>Each shareholder receives the right to buy a proportional number of additional shares at a set price. The calculation assumes that the offering is fully subscribed. The divisor adjustment reflects the increase in market cap measured as the shares issued multiplied by the price paid.</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td>Stock split</td> <td>The share count is revised to reflect the additional shares. A divisor adjustment is not required since the share count and price changes are offsetting.</td> <td style="text-align: center;">No</td> </tr> <tr> <td>Change in shares</td> <td>Any combination of secondary issuance, share repurchase or buy back – share counts are revised to reflect the change.</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td>Ordinary dividend</td> <td>When a company pays an ordinary cash dividend, the index does not make any adjustments to the price or shares of the stock. Ordinary dividends are only accounted for in the Total Return index level.</td> <td style="text-align: center;">No</td> </tr> <tr> <td>Special dividends</td> <td>Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.</td> <td style="text-align: center;">Yes</td> </tr> <tr> <td>Constituent change</td> <td>Except for spin-offs, there are no intra-rebalancing additions. Deletions due to delisting, acquisition or any other corporate event resulting in the deletion of the stock from the index will cause the weights of the rest of the stocks in the index to proportionately change.</td> <td style="text-align: center;">Yes</td> </tr> </tbody> </table> <p>For more information, please refer to the Market Capitalization Weighted Indices section in S&amp;P DJI’s Equity Indices Policies &amp; Practices Methodology.</p>	Index Action	Adjustment Made to Index	Divisor Adjustment?	Spin-off	If the parent company is an index constituent, the spun-off company is added to the index on the ex-date at a price of zero. Spin-offs are then re-evaluated for continued index eligibility at the next rebalancing.	No	Rights offering	Each shareholder receives the right to buy a proportional number of additional shares at a set price. The calculation assumes that the offering is fully subscribed. The divisor adjustment reflects the increase in market cap measured as the shares issued multiplied by the price paid.	Yes	Stock split	The share count is revised to reflect the additional shares. A divisor adjustment is not required since the share count and price changes are offsetting.	No	Change in shares	Any combination of secondary issuance, share repurchase or buy back – share counts are revised to reflect the change.	Yes	Ordinary dividend	When a company pays an ordinary cash dividend, the index does not make any adjustments to the price or shares of the stock. Ordinary dividends are only accounted for in the Total Return index level.	No	Special dividends	Price of the stock making the special dividend payment is reduced by the per share special dividend amount after the close of trading on the day before the dividend ex-date.	Yes	Constituent change	Except for spin-offs, there are no intra-rebalancing additions. Deletions due to delisting, acquisition or any other corporate event resulting in the deletion of the stock from the index will cause the weights of the rest of the stocks in the index to proportionately change.	Yes
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**Shares Outstanding – BURCAP and IGB Indices**

Previous	Share changes are updated only at the quarterly rebalancings.
Updated	Confirmed share changes that are at least 5% of the total shares outstanding are implemented weekly. Total shares outstanding (not float-adjusted shares) are used to determine whether the share change meets this 5% threshold. For more information on share changes, please refer to the Share and Investable Weight Factor (IWF) Updates section of S&P DJI’s Equity Indices Policies & Practices Methodology.

<b>Foreign Exchange Rate used for Dividend Conversions</b>	
Previous	The Banco de la Nación Argentina's "Ask" Rate from the day before the ex-date is used for dividend conversions in the event that a constituent pays a dividend in an alternate currency or the issuer does not provide a conversion rate.
Updated	The rates used for conversions of dividend payments in an alternate currency are sourced from S&P DJI's standard FX rate provider and conform to global industry standards. The rates used are the same day WM/Reuters closing foreign exchange spot rates taken daily at 4:00 PM New York Time.

<b>Total Return Calculations</b>	
Previous	BYMA total return indices employ a total return ("TR") calculation where cash dividends are reinvested at the open of trading on the ex-date. The dividend amount is reinvested into the company paying it rather than across all of the index constituents.
Updated	The Total Return indices conform to S&P DJI's standard methodology used for all global total return indices. For more information on the TR calculation methodology, please refer to the Total Return Calculations section of S&P DJI's Index Mathematics Methodology.

<b>Shares Outstanding used in Index Calculations</b>	
Previous	Shares outstanding (listed shares), as determined by BYMA, are used for BYMA indices that are calculated based on shares outstanding and market capitalization.
Updated	Shares outstanding (listed shares), as determined by S&P DJI, are used for BYMA indices that are calculated based on shares outstanding and market capitalization. The BYMA indices will adopt S&P DJI's shares outstanding data effective with the December 2018 rebalancing.

<b>Real-time Index Values</b>	
Previous	Real-time values are calculated and published every 60 seconds.
Updated	Real-time values will be calculated and published every 15 seconds.

## **IMPLEMENTATION TIMING**

Per the Index Operation and License Agreement, S&P DJI will assume responsibility for the calculation, production, maintenance, licensing, and distribution of the Indices on Monday, December 3, 2018 (the "Transition Date"). BYMA will continue to license and distribute real-time index data. These methodology changes take effect on the Transition Date except where noted.

## ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average®. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has become home to over 1,000,000 indices across the spectrum of asset classes that have helped define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit [www.spdji.com](http://www.spdji.com).

## ABOUT BOLSAS Y MERCADOS ARGENTINOS

BYMA is the evolution of the Argentine capital market, combining liquidity, knowledge and professionalism, to face the challenges and demands of today's world, transforming investment in work and development for the country.

BYMA offers institutions, companies, and the general public secure and transparent access to the investment world. It integrates all the stages in the cycle of a security's transaction in Argentina, including listing, trading, clearing and settlement services, as well as custody through its controlled company, Caja de Valores. BYMA's equity indices have a long history and are undisputed benchmarks for market participants, providing an entry point for international investors. For more information, visit [www.byma.com.ar](http://www.byma.com.ar).

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