

PRESS RELEASE

## S&P BSE SENSEX Consultation on Derivative Market Linkage – Results

**MUMBAI, NOVEMBER 17, 2022:** Asia Index Private Limited (“AIPL”) has conducted a [consultation](#) with market participants on a potential change to the S&P BSE SENSEX.

In order to mitigate replication issues due to stocks not having derivative contracts, AIPL is increasing the derivative linkage factor to 100% so that all stocks will be required to have a derivative contract<sup>1</sup> in order to be eligible for the index selection.

The table below summarizes the change.

| Parameter         | Methodology   |  |
|-------------------|---|--|
|                   | Previous  | Updated  |
| Index Eligibility | The S&P BSE SENSEX derives its derivative linkage rule from the universe index, the S&P BSE 100, ensuring at least 90% derivative linkage   | All stocks must have a derivative contract.  |
| Fast-Tracked IPOs | To allow for the immediate inclusion or “fast track” of significantly sized IPOs in the BSE indices, the IPO must be among the top 10 companies, based on a respective index’s construction ranking criteria. In addition, IPO stocks that include DVR stocks must satisfy all other criteria mentioned under the “Eligibility and Index Construction” section of each index. In such cases, the minimum listing history required is one month. Companies meeting these criteria are added to the broad-based indices with five days’ notice to clients. If a fast-tracked IPO is added to an index, then the smallest company, by the respective construction ranking criteria, is removed. The data reference period is one month from the IPO listing date | To allow for the immediate inclusion or “fast track” of significantly sized IPOs in the BSE indices, the IPO must be among the top 10 companies, based on a respective index’s construction ranking criteria. In addition, IPO stocks that include DVR stocks must satisfy all other criteria mentioned under the “Eligibility and Index Construction” section of each index. In such cases, the minimum listing history required is one month and the stocks must have a derivative contract. Companies meeting these criteria are added to the broad-based indices with five days’ notice to clients. If a fast-tracked IPO is added to an index, then the smallest company, by the respective construction ranking criteria, is removed. The data reference period is one month from the IPO listing date |

AIPL will implement these methodology changes, in conjunction with the December 2022 reconstitution, which takes effect prior to the market open on **Monday, December 19, 2022**.

<sup>1</sup> For more details on list of stocks which have derivative contracts, please refer to <https://www.bseindia.com/markets/Derivatives/DeriReports/folist.aspx>

These changes will first be visible to clients in pro-forma files beginning on **Friday, December 02, 2022**.

For more information about S&P BSE Indices, please visit [www.asiaindex.co.in](http://www.asiaindex.co.in).

## ABOUT ASIA INDEX PRIVATE LIMITED

Asia Index Pvt. Ltd is a 50-50 partnership between S&P Dow Jones Indices LLC, the world's largest provider of financial market indices, and BSE Ltd, Asia's oldest stock exchange and home to the iconic SENSEX index – a leading indicator of Indian equity market performance. Asia Index Pvt. Ltd, which combines the benchmarks, market intelligence, and insights of both parent companies, each established more than 115 years ago, aims to provide a full array of indices enabling global and domestic investors to participate in South Asia's vibrant economies. The Company is best known for calculating, publishing, and maintaining a diverse family of Asian indices under the umbrella brand, S&P BSE Indices.

## ABOUT BSE Ltd

BSE (formerly Bombay Stock Exchange) established in 1875, is Asia's first & now the world's fastest Stock Exchange with a speed of 6 microseconds. BSE is India's leading exchange group and has played a prominent role in developing the Indian capital market. BSE is a corporatized and demutualized entity, with a broad shareholder. BSE provides an efficient and transparent market for trading in equity, debt instruments, equity derivatives, currency derivatives, commodity derivatives, interest rate derivatives, mutual funds and stock lending and borrowing.

BSE also has a dedicated platform for trading in equities of small and medium enterprises (SMEs) that has been highly successful. BSE also has a dedicated MF distribution platform BSE StAR MF which is India Largest Mutual Funds Distribution Infrastructure. On October 1, 2018, BSE launched commodity derivatives trading in Gold, Silver, Copper, Oman Crude Oil Guar Gum, Guar Seeds, Almond & Turmeric.

BSE provides a host of other services to capital market participants including risk management, clearing, settlement, market data services and education. It has a global reach with customers around the world and a nation-wide presence. BSE's systems and processes are designed to safeguard market integrity, drive the growth of the Indian capital market and stimulate innovation and competition across all market segments.

Indian Clearing Corporation Limited ("ICCL") was incorporated in 2007 as a wholly owned subsidiary of BSE Ltd. ("BSE"). ICCL carries out the functions of clearing, settlement, collateral management and risk management for various segments of BSE such as equity cash market (including BSE SME, offer for sale, securities lending & borrowing, corporate bonds and government securities), equity derivatives segment (stock & index futures and options), currency derivatives (currency (including cross-currency) futures and options, interest rate futures and options), commodity derivatives and debt products, including tri-party repo products. Post the introduction of interoperability, in 2019, ICCL also provides clearing and settlement services for trades executed in the interoperable segments (viz., equity cash market, equity derivatives segment and currency derivatives segment) of BSE as well as other exchanges.

BSE has set up an Investor Protection Fund (IPF) on July 10, 1986 to meet the claims of investors against defaulter Members, in accordance with the framework issued by the Ministry of Finance, Government of India and SEBI. BSE Investor Protection Fund is responsible for creating Capital markets related awareness among the investor community in India.

India International Exchange (IFSC) Limited (India INX) is India's first international exchange in International Financial Services Centre (IFSC) located at the Gujarat International Finance - Tec City (GIFT City). India INX is a subsidiary of BSE Limited. The Exchange was inaugurated by Hon'ble Prime Minister of India, Shri Narendra Modi, on Jan 09, 2017, and commenced its operations from Jan 16, 2017.

## 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 been innovating and developing indices across the spectrum of asset classes helping to 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.spglobal.com/spdji](http://www.spglobal.com/spdji).

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