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FOR IMMEDIATE RELEASE
Aug.1, 2017

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CII Welcomes S&P Dow Jones' Decision to Ban New Multi-Class Companies from Key Stock Indexes

Washington, D.C., Aug.1, 2017 — The Council of Institutional Investors (CII) welcomes S&P Dow Jones' decision to ban new multi-class companies from its key U.S. stock indexes. The move means that Snap Inc. and other new companies with share classes that have differential or no voting rights will be barred from inclusion in the S&P 500, S&P MidCap 400 and S&P SmallCap 600.

"This is a huge win for investors and a blow to companies that deny shareholders any say in how the company is run," said Ken Bertsch, CII's executive director.

"Multi-class structures, especially those with non-voting shares, rob shareholders of the power to press for change when something goes wrong, which happens sooner or later at most if not all companies," Bertsch explained. "Shareholders at such companies have no say in electing the directors who are supposed to oversee management."

S&P's move is more far-reaching than FTSE Russell's July 26 preliminary decision to bar Snap and companies with virtually zero voting rights in the hands of public shareholders from inclusion in the Russell 3000 and other FTSE Russell indexes.

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