

Russell US Index Reconstitution 2017

03 March 2017

The reconstitution of the **Russell US Indexes** will take place after the market close on **June 23, 2017**. Performed annually, reconstitution ensures that the Russell US indexes continue to accurately reflect the current state of the US equity market and its market segments, including market capitalization (e.g., large and small cap), sector breakdowns, and style structure.

All indexes based on the Russell US indexes are impacted by the membership changes of their respective parent indexes. This includes the following:

- Russell US Custom Indexes
- Index Series limited to US equity coverage: Russell US Stability, Russell Equal Weight, Russell Dividend Growth, Russell High Efficiency Defensive, and Russell Pure Styles
- US equity components of the Russell Global, Russell Global Stability, and Russell-IdealRatings Islamic Index Series
- Russell RAFI™ Index Series

Addition and deletion lists are not generated for each index series; however, membership changes are published in advance of the effective date within the daily change files and predictive (indicative) holdings files. A detailed schedule of reconstitution-related index deliverables can be found in the Reconstitution Calendar available in the "Reference Documents" section on the [Data Delivery Service \(DDS\)](#) and the "Reference Materials" section on the [FTSE Russell Product Portal](#).

A separate statement is provided for the Russell Global Index reconstitution.

The 2017 reconstitution schedule for the Russell US indexes is provided below along with a list of methodology enhancements effective as of June 23, 2017.

2017 Russell US Index reconstitution schedule

| | |
|---|----------------|
| Rank day for Russell US indexes | May 12 |
| Preliminary Russell US membership lists (including adds and deletes) | June 9 |
| Reconstitution analysis reports for Russell US indexes | June 9 |
| Reconstitution, IPO, and share and float changes are reflected in daily change files (including Russell Global indexes) | June 12 |
| Updates to Russell US membership lists (including adds and deletes) | June 16 and 23 |
| Reconstitution is final after the market close | June 23 |

What's new for reconstitution 2017?

Rank date

To promote an accurate, seamless reconstitution process, and to facilitate the scheduled June alignment

of shares outstanding and free float across the Russell and FTSE indexes, the rank date used for Russell US Index membership eligibility will be **Friday, May 12, 2017**. Fundamental characteristic data used for index builds (e.g., style and stability attributes) will continue to be based on data as of May month-end.

Reconstitution date

This year the Russell US indexes will be reconstituted on **June 23, 2017**.

Russell Global ex-US reconstitution timing: For your information, the ex-US constituents of the Russell Global Index Series (RGI) will not be reconstituted in June 2017 as detailed in the Russell Global Index Reconstitution 2017 announcement. Reconstitution for the ex-US constituents of RGI will be implemented in September, aligning with the FTSE Global Equity Index Series rebalance timeline. Additional details regarding the September 2017 reconstitution of the Russell Global Index (ex-US) constituents will be announced on or before May 31, 2017.

Russell RAFI™ Index Series reconstitution timing: All Russell RAFI indexes will be reconstituted on **June 23, 2017**, including both US and ex-US components. The US component will reflect the reconstituted Russell US Index constituents at this time, while the Global ex-US component(s) will reflect the existing Russell Global Index (ex-US) constituents as of rank day May 12. To be clear, a company moving from the Russell 3000 to the Russell Global Index (ex-US) in June will continue to be evaluated for inclusion within the Russell RAFI indexes. The nature of the fundamental scoring review requires all members to be ranked at a single point in time and relative to the entire universe. As a result of the historical valuation data required for fundamental ranking, the number of new entrants to the fundamental series has minimal impact making a full June implementation appropriate.

Russell Geographic Exposure Index Series reconstitution timing: For your information, the Russell Geographic Exposure Index Series (GeoExposure) will not be reconstituted in June 2017. Reconstitution for the GeoExposure indexes will be implemented in September, aligning with the FTSE Global Equity Index Series rebalance timeline. The nature of the GeoExposure index is that a full global review should be applied at one point in time. As a result, the GeoExposure index will apply the rebalance screening fully in September when all global constituents have been rebalanced.

The only reconstitution changes that will be applied on June 23 are member deletions as a result of reconstitution movements. For example, for the Russell Geographic Exposure Developed Large Cap Index, a nationality change from developed to emerging would result in a deletion or a move from large cap to small cap would also result in a deletion. Additional details regarding the September 2017 reconstitution of the GeoExposure constituents will be announced on or before May 31, 2017.

Announce dates

Preliminary additions and deletions to the Russell US Indexes (including Style and Stability indexes) will be announced on June 9 with the query period running between June 9 and June 15. After June 15, no changes will be implemented unless a material error is found.

For merger and spin-off transactions that are effective between May 12 and June 16, the market capitalizations of the impacted securities will be recalculated and reconstitution index memberships will be evaluated as of the effective date of the corporate action. For mergers and spin-off transactions that occur after June 16, they will continue to be implemented, but reconstitution index memberships will not be reevaluated.

Nationality

Nationality changes that impact US index membership (e.g. a company moves from Russell US to Russell Global ex-US or vice versa) will be applied during the June 23 reconstitution, with all other nationality changes being applied in September 2017.

IPOs

Eligible IPOs will be added to the Russell US and Russell Global indexes on June 23, in line with the standard schedule for quarterly IPO additions.

September's IPO additions are expected to be added according to the following schedule: IPOs that initially trade between May 13 and August 16 will be considered for inclusion within the Russell Indexes in September. August 16 will serve as the rank date, and IPO additions will be announced on August 30.

Eligible IPOs will be added on September 15 (after the close) concurrent with the timing of quarterly share and free float updates. This schedule will be confirmed at a later date, and the long-term quarterly

review schedule (including IPO additions) will be subject to consultation which is expected to occur during Q2 2017.

Methodology enhancements

Eligibility of new market exchanges: As of reconstitution 2017, IEX and BATS market exchanges will be eligible for the Russell US indexes. Additional guidance is available within Section 3 of the Russell US Index methodology to describe the criteria considered when evaluating markets for eligibility.

Free float restrictions: FTSE Russell has clarified the treatment of shares held by investment funds or investment companies. Please refer to the recently updated [guidelines](#).

Dummy lines/Placeholders: As a reminder, the Russell Indexes will now utilize dummy lines and placeholders to facilitate replication of certain events. Full details and examples are available within the [corporate actions and events guide](#).

Updates to shares and free float: As a reminder, FTSE Russell will maintain shares outstanding and free float similarly amongst FTSE Russell indexes. This means changes to shares outstanding and free float will be implemented quarterly rather than on the current monthly cycle, with intra-quarter changes implemented for certain defined events. Due to the proximity of reconstitution, May month end share changes will not be implemented within the Russell US Indexes. For full details, please review the guidelines within Section 7 of the [Russell U.S. Equity Indexes Construction and Methodology](#).

A list of [FAQs](#) is also available.

As of September 2017, the timing of the quarterly adjustments to shares, free float changes and IPO additions will initially be implemented on the third Friday of the quarter (after the close), with the annual reconstitution of the Russell US Indexes currently expected to remain effective on the last Friday of June (unless the last Friday occurs on June 29 or June 30, in which case reconstitution will be scheduled for the previous Friday). Please note that the annual reconstitution and quarterly review schedules (including quarterly IPO additions) will be subject to consultation which is expected to occur during Q2 2017.

Other updates

Treatment of scheduled market closure

In the event of a scheduled market closure during a planned index event (e.g., quarterly share change, IPO addition or reconstitution), FTSE Russell will institute the index changes on the prior trading day open. For example, if a market is closed on a Friday during which an index event is scheduled, FTSE Russell will apply the scheduled index changes for that particular market effective the preceding Thursday. For additional information, please review the [Index Policy for Security Suspensions and Market Closures](#).

For additional details please consult the [Russell U.S. Equity Indexes Construction and Methodology](#).

Please contact your client service team at info@ftserussell.com with any questions.

File delivery calendar

| Index series | Preliminary addition and deletion lists | Preliminary membership lists | Reconstitution analysis reports | Daily provisional holdings and changes ¹ | Daily provisional changes (date changes added to daily file) | Final additions & deletions, and membership lists ² (open June 26) |
|-------------------------|---|------------------------------|---------------------------------|---|--|---|
| Russell US-Standard* | June 9, 16, 23 | June 9, 16, 23 | June 9 | NA | June 12 | June 23 |
| Russell US-Premier* | June 9, 16, 23 | June 9, 16, 23 | June 9 | June 9 | June 12 | June 23 |
| Russell Dividend Growth | NA | NA | NA | June 12 | June 12 | June 23 |

| | | | | | | |
|-----------------------------------|----|----|----|---------|---------|---------|
| Russell Equal Weight | NA | NA | NA | June 19 | June 19 | June 23 |
| Russell High Efficiency Defensive | NA | NA | NA | June 19 | June 19 | June 23 |
| Russell Pure Styles | NA | NA | NA | June 20 | June 20 | June 23 |
| Russell Global-Standard** | NA | NA | NA | NA | June 12 | June 23 |
| Russell Global-Premier** | NA | NA | NA | June 16 | June 12 | June 23 |
| Russell-IdealRatings Islamic | NA | NA | NA | June 16 | June 16 | June 23 |
| Russell RAFI*** | NA | NA | NA | June 14 | June 14 | June 23 |
| Russell Geographic Exposure | NA | NA | NA | June 21 | June 21 | June 23 |

¹Date of the first provisional holdings file or date of the first predictive/indicative holdings file.

²Final additions, deletions, and membership lists only available for Russell US indexes. Open holdings available for all indexes.

*Includes Russell US Stability and Russell Microcap

**Includes Russell Global Stability and Russell Frontier

***Includes Russell RAFI Select Real Estate

If you have queries on any of these points, please contact info@ftserussell.com

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