

Russell US Indexes – Annual Reconstitution 2020

02 March 2020

In accordance with the announcement on [10th January 2020](#), the reconstitution of the **Russell US Indexes** will take place after the market close on **26 June 2020**. 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, Russell Microcap, Russell US Stability, Russell Equal Weight, Russell Dividend Growth, Russell High Efficiency Defensive, Russell Pure Styles and Russell Factor indexes

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](#).

The 2020 reconstitution schedule for the Russell US indexes is provided below along with a list of methodology enhancements effective as of the reconstitution effective date on 26 June 2020.

Timetable:

Friday 08 May 2020: Rank day. Russell US Index membership eligibility for the 2020 reconstitution is determined from published information and market capitalizations at market close.

Friday 22 May 2020: Preliminary shares and free float data is published for existing Russell 3000E constituents within a "Total and Float Shares" file (file name: RUSmtfs[ddmm].csv) which will be available on the DDS Product Portal. This file will be published daily until 05 June 2020 incorporating any changes and corrections, including any updates as a consequence of finalized corporate action activity effective up to, and including the reconstitution effective date. Any changes to the original iteration of the file will be highlighted within a "Last Modified Date" (LMD) column which will provide the date for the most recent update.

Friday 05 June 2020: Preliminary membership lists are published after market close.

Friday 22 May to Friday 12 June 2020: Query period. Users are welcome to query the published data; any corrections will be communicated after market close each day.

Merger and spin-off companies will be re-ranked when the transaction is effective between the rank day and the index lock-down. No further re-ranking will occur after Friday 12 June 2020.

Monday 15 June 2020: Lock-down. No further corrections will be implemented* and the Russell US index reconstitution can be considered final (with any further changes to shares and free float isolated to changes associated with corporate events).

*During the quarterly review / annual reconstitution lock-down period, FTSE Russell will generally avoid implementing corrections to ensure stability during the period prior to the review / reconstitution implementation. However egregious shares and free float errors discovered within the lock-down period or during the week following the review / reconstitution may be corrected if an erroneous change compromises the replicability of the index OR if the change places potential price pressure on the company OR if there is a material error of 50% or greater (relative) to index shares. Any corrections during the lock-down period or the week following the review will be implemented with appropriate notice. All other shares and free float errors will be corrected at the following quarterly index review.

Friday 26 June 2020: The Russell US reconstitution is implemented after market close.

Summary:

Date	Action
Friday 08 May	Rank and cut-off day for new information
Friday 22 May	Preliminary shares in issue and free float data is published
Friday 05 June	Preliminary membership lists are published after market close
Friday 22 May to Friday 12 June	Query period
Monday 15 June	Lock down period commences
Monday 29 June	The Reconstitution changes are effective (from the open)

Additional Clarifications:

Stocks Suspended during the Reconstitution Period: Securities which are suspended on **Friday 12 June 2020*** will not have their scheduled reconstitution changes implemented regardless of a resumption of trade prior to the reconstitution effective date. The scheduled changes will be implemented T+2 after the reconstitution effective date, at the earliest, upon resumption of trade. Scheduled reconstitution changes will only occur if there is an active market on **Friday 26 June 2020**; otherwise, the changes will be postponed and implemented with notice, upon resumption of trade.

*If there is a confirmed resumption of trade date which occurs prior to the reconstitution effective date, the reconstitution changes will proceed as scheduled.

Long Term Suspended Stocks: Constituents that have been suspended for 60 or more days on or before **Friday 22 May 2020**, will be deleted from the index in conjunction with the reconstitution (at zero price). However, if the constituent resumes trading on or prior to **Friday 12 June 2020** the deletion will be rescinded and the constituent will remain within the index if otherwise eligible with any reconstitution changes proceeding. If the constituent resumes trading on or after **Monday 15 June 2020**, it will still be removed in conjunction with the reconstitution (at market price if an active replicable market exists - otherwise it will be removed at zero).

Equity Offerings: In accordance with standard methodology, primary and secondary offerings will continue to be applied with two days' notice when discovered after the review announcement date. However, offerings which would ordinarily become effective at the open on the Tuesday - Friday prior to the reconstitution will instead be implemented simultaneously in conjunction with the reconstitution effective date on **29 June 2020** (open). Offerings discovered on the Thursday and Friday prior to the review will be implemented with two days' notice and therefore subsequent to the review.

Methodology Enhancements

FTSE Russell has clarified:

Country Assignment (Appendix B):

- Footer notes within the geographical segment section which include numbers and/or percentages which evidence that the required tolerance is met will be accepted to confirm location of assets and/or revenues.
- Were a company reports assets / revenues as a combination of single country or single region, and rest of the world, the (country or region) HCI must be 40 or more percentage points of the total assets / revenues to be recognized as conclusive.

Voting Rights (Section 5.15):

- **Minimum Voting Rights**

Companies assigned a developed market nationality are required to have greater than 5% of the company's voting rights (aggregated across all of its equity securities, including, where identifiable, those that are not listed or trading) in the hands of unrestricted shareholders or they will be deemed ineligible for index inclusion. **Shares referenced as "non-voting" or provide legally minimum rights only will be viewed as having no voting power as it relates to the minimum voting rights review.** Emerging market securities are not subject to this requirement.

An updated copy of the Russell US Indexes Construction and Methodology is now available using the following link: [Russell-US-indexes.pdf](#) and on the FTSE Russell website: www.ftserussell.com

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