

## Russell US Indexes – Annual Reconstitution 2019

01 March 2019

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In accordance with the announcement on [14th January 2019](#), the reconstitution of the **Russell US Indexes** will take place after the market close on **28 June 2019**. 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), 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 2019 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 28 June 2019.

### Timetable:

**Friday 10 May 2019:** Rank day. Russell US Index membership eligibility for the 2019 reconstitution is determined from published information and market capitalizations at market close.

**Friday 24 May 2019:** 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 07 June 2019 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 07 June 2019:** Preliminary membership lists are published after market close.

**Friday 24 May to Friday 14 June 2019:** 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 14 June 2019.

**Monday 17 June 2019:** 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 28 June 2019:** The Russell US reconstitution is implemented after market close.

## Summary:

Date	Action
Friday 10 May	Rank and cut-off day for new information
Friday 24 May	Preliminary shares in issue and free float data is published
Friday 07 June	Preliminary membership lists are published after market close
Friday 24 May to Friday 14 June	Query period
Monday 17 June	Lock down period commences
Monday 01 July	The Reconstitution changes are effective (from the open)

## Additional Clarifications:

**Stocks Suspended during the Reconstitution Period:** Securities which are suspended on **Friday 14 June 2019\*** 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 28 June 2019**; 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 07 June 2019**, will be deleted from the index in conjunction with the reconstitution (at zero price). However, if the constituent subsequently resumes trading on or prior to **Friday 14 June 2019** 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 17 June 2019**, 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 discovered on, or would otherwise be implemented on, the **Monday, Tuesday, and Wednesday** prior to the reconstitution will instead be implemented simultaneously in conjunction with the reconstitution effective date on **Monday 01 July 2019 (open)**. Offerings discovered on the **Thursday and Friday** prior to the reconstitution will be implemented with two days' notice and therefore subsequent to the reconstitution.

## Methodology Enhancements:

**Minimum Free Float Requirement (Section 5.10.1):** Companies with a free float of less than an absolute 5% will not be eligible - i.e. the rounding principle as it pertains to the minimum free float requirement will no longer be applied and companies which have exactly 5% of shares available will be eligible for inclusion.

**Free Float (Section 7.1.1):** FTSE Russell has clarified which filings are utilized for conducting shares and free float research. Total shares and adjustments for available shares are based on information recorded in SEC corporate filings. FTSE Russell primarily uses 10-K, 20-F, 40-F, 10-Q, DEF-14 and 424 filings to determine the total share figure. 8-K filings may be used to confirm research disclosed in a primary filing. FTSE Russell uses a company's most recent beneficial ownership table to determine index free float. That table is normally found within DEF14, 10-K, 20-F, and 40-F filings. Any updates to the most recent beneficial ownership table will be considered if disclosed within a subsequent 424 filing. Please note that 13F, 13D or Form 4 filings will not be reviewed in researching float or share information.

**Country versus Regional Reporting (Appendix B):** FTSE Russell has clarified when both country and regional information is published, regional reporting will be considered inconclusive; and that assets/revenues for a country must be an absolute 20% greater than a single region to be considered conclusive.

**Post Reconstitution Corrections:** FTSE Russell has clarified the circumstances in which a correction during the lock-down period may be considered (see above). [The Recalculation Policy and Guidelines](#) document has been updated accordingly and can be accessed using the following link:

[https://www.ftse.com/products/downloads/Equity\\_Index\\_Recalculation\\_Policy\\_and\\_Guidelines.pdf](https://www.ftse.com/products/downloads/Equity_Index_Recalculation_Policy_and_Guidelines.pdf)

## For Additional Information:

Per the technical notice published on 25 February 2019 regarding BDC inclusion, FTSE Russell is aware of the proposed rule and consultation being conducted by the SEC. As the SEC is currently gathering information through May 2019, FTSE Russell plans to await final confirmation of the rule details and in the event a material rule change is implemented,

FTSE Russell intends to consult on the change and announce any necessary update to the construction and methodology. Given the proximity to the reconstitution, we do not anticipate any changes ahead of the 2019 reconstitution.

An updated copy of the Russell US Indexes Construction and Methodology (v3.6) is now available using the following link: <https://www.ftse.com/products/downloads/Russell-US-indexes.pdf> and on the FTSE Russell website: [www.ftserussell.com](http://www.ftserussell.com).

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