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## Results of the Russell US Indexes Consultation on Moving to a Semi-Annual Index Reconstitution Frequency

16 January 2025

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FTSE Russell conducted a [market consultation](#) during the fourth quarter of 2023 to consider the potential to move the Russell US Indexes from an annual to a semi-annual reconstitution frequency. The change was considered in recognition of the growing assets tracking the index family and resulting increased trade size at the annual Russell reconstitution in June and feedback received from market participants to investigate moving to a semi-annual reconstitution frequency to potentially reduce the size of the reconstitution trade and market trading pressure at the June annual reconstitution.

The consultation focused on three components of a potential change: 1) Whether FTSE Russell should add a second Russell reconstitution in November of each year; 2) Whether to widen the band between the Russell 1000<sup>®</sup> and Russell 2000<sup>®</sup> Indexes, from the current  $\pm 2.5\%$  (5% total) based on cumulative percentile ranking to asymmetric  $-5\%/+2.5\%$  (7.5% total); 3) To manage the Russell Style Indexes portion of the second reconstitution through a tranche-ed event or to apply updated Russell Style Indexes changes only to new additions and membership movements (such as for a stock that moving from the Russell 1000 Index to the Russell 2000 Index and vice versa).

On component #1, feedback was supportive of moving the Russell US Indexes to a semi-annual reconstitution schedule, however market feedback supported implementation on the second Friday of November rather than the initially proposed third Friday of November. On component #2, market feedback was not in support of introducing a wider band due to the concern that this impact would have on capitalization discipline. On component #3, market feedback supported the option to apply updated Russell Style Indexes changes to additions and membership movements only.

In recognition of the consultation feedback, FTSE Russell intends to move the Russell US Indexes from an annual to a semi-annual reconstitution frequency beginning in 2026. FTSE Russell will not be implementing changes to the current  $\pm 2.5$  capitalization bands. Finally, FTSE Russell will implement Russell Style Indexes changes within the second (November) reconstitution only to new additions and membership movements. In recognition of any effort that may be required on the part of our clients to prepare for this change, we are providing approximately two years' advance notice.

The June reconstitution date will remain the fourth Friday in June, and a second reconstitution will be implemented on the second Friday in November.

The analysis and supporting data for the results of this market consultation is provided in the following Index Insights: <https://www.lseg.com/en/ftse-russell/research/russell-us-indexes-move-to-semi-annual-reconstitution>

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