

FTSE Russell announces schedule for annual Russell US Index reconstitution

(London, New York): FTSE Russell, the global index provider, today announced the 2017 schedule for the annual reconstitution of its Russell US Indexes. The reconstitution process, closely watched by market participants, is designed to capture and reflect market shifts that have occurred in the past year to ensure investors continue to have the most accurate US equity market benchmarks.

Rolf Agather, managing director of North America research, FTSE Russell, said:

“Annual Russell reconstitution is a critical time for our widely followed US indexes, particularly the US large-cap Russell 1000[®] Index and US small-cap Russell 2000[®] Index as well as the Russell growth and value indexes which turn thirty this year. This event and related adjustments essentially redefines, refreshes and recasts the entire Russell US family of indexes for the next 12 months and help our clients re-evaluate the equity landscape with a fresh perspective. Such a complex undertaking by our index teams requires our full commitment to operational excellence.”

Performed since the Russell indexes were introduced in 1984, Russell reconstitution fully realigns the indexes to ensure that they continue to accurately reflect the global markets. Russell index updates reflect changes in market capitalization, sector composition, company rankings and style orientation for the last year.

With approximately \$6.6 trillion tracking the Russell US indexes as of December 31, 2015, Russell reconstitution is a notable event for US equity investors. The 2017 Russell US Index reconstitution schedule is as follows:

- **May 12** – “rank day” – Russell US Index membership eligibility for 2017 reconstitution determined from constituent market capitalization at market close.
- **June 9** – preliminary US index add & delete lists posted to the FTSE Russell website after 6:00 PM US eastern time.
- **June 16 & 23** – updated US index add & delete lists posted to the FTSE Russell website after 6:00 PM US eastern time.
- **June 23** – reconstitution is final after equity markets close
- **June 26** – equity markets open with newly reconstituted Russell US Indexes

FTSE Russell has made a number of updates to its Russell US and Global Index reconstitution process this year. These updates are part of an ongoing effort to align FTSE Russell indexes since



the combination of the two leading index families in 2015, bringing greater consistency and efficiency to clients:

- **Shares outstanding and free floats** will converge across all FTSE Russell Indexes effective at this year's reconstitution and will be maintained similarly going forward. Changes to shares outstanding and free floats for all Russell indexes will now be implemented quarterly rather than the current monthly cycle, with intra-quarter changes implemented for certain defined events in accordance with set guidelines.
- **Rank date**, the date used to determine Russell US Index membership, usually in late May, will be on Friday, May 12 to facilitate the scheduled June alignment of shares outstanding and free float across the FTSE and Russell indexes. Fundamental data used to determine index constituent characteristics such as style and stability will still continue to be based on May month-end data.
- **Russell Global ex-US Indexes** will now be fully reconstituted in September to align with the FTSE indexes annual country classification cycle.

Other methodology enhancements are being introduced this year at reconstitution:

- **Eligibility of new market exchanges:** As of reconstitution 2017, the IEX and BATS market exchanges will be eligible for membership in the Russell US Indexes.
- **Free float restrictions:** FTSE Russell has clarified the treatment of shares held by investment funds or investment companies. Notably, shares held by an investor, investment company or investment fund that is actively participating in the management of a company, owns shares in a company for strategic reasons, or has successfully placed a current member to the board of directors of a company will be restricted.
- **Dummy lines/Placeholders:** The Russell US Indexes will now utilize dummy lines and placeholders to facilitate replication of certain market events.

FTSE Russell index expertise and products are used by institutional and retail investors globally and approximately \$10 trillion is currently benchmarked to its indexes. Other examples of leading edge index reconstitution methodology for FTSE Russell include the FTSE Global Equity Index Series and FTSE UK Index Series quarterly reviews, which happened earlier this week, and the FTSE Annual Country Classification Review for global markets, which concludes each year in September.

A full summary of planned updates along with background information on reconstitution can be found on the reconstitution home page on FTSE Russell.com.

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Press Release



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Notes to editors:

About FTSE Russell:

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FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. More than \$10 trillion is currently benchmarked to FTSE Russell indexes. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

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