

Consultation on Aligning Russell US Indexes Corporate Action Notice Requirement

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Introduction

Historically, Russell US Indexes have provided same day notification for the following actions: stock merger, cash merger, tender offer, delisting and bankruptcy. This treatment has minimized the risk of trading halts in advance of index implementation, providing managers the ability and option to trade ahead of events and trading halts, instead of forcing index managers to wait for settlement. For the avoidance of doubt, FTSE Russell currently provides advanced notice (T+2) ahead of all events when possible. However, in situations where advanced notice is not possible, notice within the Russell US Index series may occur with two hours' notice ahead of US market close.

FTSE Russell is considering an update to the notice requirement within the Russell US Indexes so that a minimum of two days' notice is provided for tradeable actions, aligning with the notice requirement followed within the FTSE Global Equity Index Series (GEIS). A T+2 notification window would provide increased stability of the index baskets ahead of tradeable events, reduce operational risk on the part of our clients, and provide consistent timing across all FTSE Russell products.

Responding to the consultation

The questions posed as part of this consultation are intended to gather feedback from all market participants and may or may not result in changes to our indices.

Index users and market stakeholders are invited to respond by **8 April 2025**.

The consultation results will be reviewed by the FTSE Russell Index Governance Board in accordance with the [FTSE Russell Policy for Benchmark Methodology Changes: Ground Rules \(lseq.com\)](#).

Any changes will be communicated by via an announcement, which will be available on the FTSE Russell public website.

Please submit your response to the questions included in this consultation online at <https://www.surveymonkey.com/r/C6NP7T6>

All responses will be treated as confidential. FTSE Russell may publish a summary of the consultation feedback, but no individual responses will be published and no respondents will be named.

If you have any questions about this survey, or if you encounter any technical issues, please contact committeesecretary@ftserussell.com.

Background

Current Russell US corporate action treatment allows for same day action notification for mergers, acquisitions, tender offerings and bankruptcies.

The full timing of notifications is outlined below (and in [Appendix C of the Russell US Equity Indexes Ground Rules](#))

Schedule of notifications*

Time of notification (Eastern Time)	Content of notification
10:00 a.m.	Actions effective after the close of the current day and the following day, both preliminary and final, are included.
2:00 p.m.	Final actions effective after the close of the current day and anticipated actions and final actions for the following day. Note: a notification is sent regardless of whether a change has occurred since the 10:00 a.m. notice.
6:30 p.m.	Actions anticipated to take effect after the close of the following day.

* Note: on days when the markets close early only, one report is generated, which will serve as final notice. The report will be delivered an hour and a half prior to market close.

Historically, clients have stated a preference for same day notifications in the event of the late announcement of the completion of a corporate event (e.g. allow limited ability to trade ahead of delisting or settlement where late market notices occur). However, FTSE Russell has received feedback that the benefits of a longer notice period and stability of the trade baskets ahead of action implementation now outweigh the limited cases where same day notice occurs. Moving to a two-day notice period would provide consistency across FTSE Russell indices, and has the potential to reduce operational risk across for index trackers, and provides increased stability of the index baskets for trade each day.

Context for the Market Consultation

The below table illustrates the impact of the proposal:

Event Type	Current Russell Practice	Current FTSE GEIS Practice	New FTSE Russell Practice
Regular & Special Dividends	Ex-Date	Ex-Date	Ex-Date
Rights Issues	Ex-Date	Ex-Date	Ex-Date
Splits/Consolidations	Ex-Date	Ex-Date	Ex-Date
ID Changes	Ex-Date	Ex-Date	Ex-Date
Spin-Offs	Ex-Date	Ex-Date	Ex-Date
Bonus Issues	Ex-Date	Ex-Date	Ex-Date
Capital Repayments	Ex-Date	Ex-Date	Ex-Date
Stock Merger	Ex-Date or sufficient intraday notice	Minimum of T+2	Minimum of T+2
Cash Merger	Ex-Date or sufficient intraday notice	Minimum of T+2	Minimum of T+2
Tender Offer	Ex-Date or sufficient intraday notice	Minimum of T+2	Minimum of T+2
Delisting	Ex-Date or sufficient intraday notice	Minimum of T+2	Minimum of T+2
Bankruptcies	T+2 or a sufficient intraday notice	Minimum of T+2	Minimum of T+2
Equity Offerings	Minimum of T+2	Minimum of T+2	Minimum of T+2
Exchange Offers	Minimum of T+2	Minimum of T+2	Minimum of T+2



- Regular & Special Dividends, Rights Issues, Splits/Consolidations, ID Changes, Spin-Offs, Bonus Issues and Capital Repayments: These event types are applied without a minimum required notice period. Where possible, FTSE Russell provides advance notice of index implementation and endeavors to avoid late notification. This treatment is consistent across all FTSE Russell indices and is not proposed to change.
- Equity offerings and Exchange offers are tradeable events that currently require two days' notice. This treatment is consistent across all FTSE Russell indices and is also not proposed to change.
- Stock Mergers, Cash Mergers, Tender Offers, Delisting's and Bankruptcies represent a difference in treatment when comparing FTSE GEIS and Russell US: Within the Russell US indexes, FTSE Russell endeavors to provide advance notice where possible. Under current treatment, these actions may be processed with intra-day notice within the Russell US Index series, for end of day implementation on the same day. These action types are impacted as part of the proposed change.

FTSE Russell would like to clarify the following:

- Subscribing Russell US Index clients currently receive three daily notifications via email (as detailed above). FTSE Russell would like to confirm that these deliverables will continue to be disseminated three-times daily along with the associated Russell Corporate Action Calendars. Clients will see events announced in any given version for either a minimum of T+2 if tradable or on the effective date if non-tradable.
- Regarding delisting and bankruptcy notifications: FTSE Russell will process and communicate notices of delisting and bankruptcy when received as soon as practical. The official index treatment would be actioned T+2.
- Regarding mergers/tender offers: Where appropriate notice cannot be given prior to the cessation of trade of the target company, the target company is removed from the index at the terms of the offer. By increasing the notice period of these events, more of these instances will occur. Were this to occur for an offer with stock consideration, the shares issued as part of the merger consideration will be added to the index, regardless of the index membership or trading currency or location of the acquiring company.
- Regarding halted securities: As a point of clarification, when a security is halted FTSE Russell does not apply any future dated corporate events. If there is a non-tradable event that the exchange makes effective the day after the halt is lifted, FTSE Russell would apply the event on the ex-date. However, for a tradable event, FTSE Russell would push out to T+2 from the resumption of trading (notice is provided post confirmation of trade resumption) under the new timing methodology.
- Moving actions into delayed status will be minimized when possible. On rare occasions, suspensions where the security isn't expected to list elsewhere can occur. In this scenario a prescribed suspension date and the index removal date would likely force a nominal removal from the Russell US Indexes. In addition, FTSE Russell would also like to clarify that a process is currently in place to minimise the risk of index implementation moving into "delayed" status for actions involving Contingent Value Rights (CVRs). This treatment will continue under T+2 alignment and reduces risk for managers who are passively investing in the index from receiving CVRs which cannot be immediately monetized (see section 4.10 of corporate action guide).

Please refer to Section 2 of the Corporate Action and Events guidelines for the current rules relating to the implementation timing of corporate action and events across the FTSE Russell indices: [Corporate Actions and Events Guide for Market Capitalisation Weighted Indices \(lseg.com\)](#)

Proposal

FTSE Russell proposes to adopt a minimum two days' notice requirement within the Russell US Indexes, for the following corporate events:

- Stock mergers
- Cash acquisitions
- Tender offers
- Delistings
- Bankruptcies

For the avoidance of doubt, primary and secondary offerings will continue to be implemented with a minimum of two days' notice.

Questions

- 1) Do you agree with FTSE Russell's proposal to align the Russell US Indexes with all other FTSE Russell indices and adopt a minimum two-day notification period requirement for tradable corporate events? Please provide any detail you wish FTSE Russell to consider.

Yes

No

Comments:

- 2) Delisting and bankruptcy notifications. FTSE Russell provides pre-announced corporate actions ahead of effective date implementation. Given this standard approach, actions such as delisting and bankruptcy will continue to be visible within FTSE Russell predictive deliverables at the earliest opportunity when market notice has been confirmed, with the index effective date a minimum of two days out. The confirmation notice would provide an alert for clients that wish to take action any

time in advance of the index effective date. Do you support FTSE Russell's proposal to apply delistings and bankruptcies with T+2 notice and do you recognize that notice will provide clients with necessary visibility of the action? Please provide any detail you wish FTSE Russell to consider.

- Yes
- No

Comments:

- 3) Treatment of halted securities: When a security is halted FTSE Russell does not apply any future dated corporate events. If there is a non-tradable event that the exchange makes effective the day after the halt is lifted, FTSE Russell would apply the event on the ex-date. However, for a tradable event, FTSE Russell would push out to T+2 following confirmation of resumption of trading under the new notice requirement methodology. Do you agree with this treatment? Please provide any details you wish FTSE Russell to consider.

- Yes
- No

Comments:

- 4) If FTSE Russell decides to move to a T+2 corporate action notice requirement within the Russell US Indexes, how much advance notice does your organization recommend for the implementation of the updated methodology? No advance notice required/ one-month / three-months / other?

Comments:

5) Are there any other areas of concern that you would like FTSE Russell to consider regarding corporate action notification? If yes, please explain what action types and scenarios should be considered.

Yes

No

Comments:

Please contact your local client services team on info@ftserussell.com or your respective account manager if you have any questions or would like to schedule a call to discuss this topic in greater detail.

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