

Consultation for the Russell US Equity Indexes on the timing of IPOs and the treatment of companies with a high free float market capitalization

1. Fast-Entry for Sizeable IPOs
2. 5% Minimum Free Float Rule
3. 5% Minimum Voting Rights Rule

February 2026

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Responding to the consultation

FTSE Russell invites feedback from all market participants. Responses will inform potential changes to our indices and may or may not result in changes to our indices.

Index users and market stakeholders are invited to respond by Wednesday, 18th March 2026.

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](#).

Any changes will be communicated 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.lseg.com/en/ftse-russell/governance/market-consultations>

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

Introduction

With several sizeable Initial Public Offerings (“IPOs”) potentially entering the US equity market in 2026, FTSE Russell is seeking market feedback on three topics that may affect their eligibility and the timing of inclusion into the Russell U.S. Equity Indexes.

The three topics included within this consultation are as follows:

1. The introduction of a Fast Entry rule within the Russell U.S. Equity Indexes which may result in sizeable IPOs being added to the applicable indexes between quarterly rebalances.
2. For companies with sizable investable market capitalizations, FTSE Russell is considering whether the minimum 5% free float rule should be relaxed. Currently, companies with less than 5% free float are ineligible for inclusion to the Russell U.S. Indexes, regardless of the materiality of the available investable shares of a company.
3. Associated with the potential relaxation of the minimum 5% free float rule, FTSE Russell is considering whether the minimum 5% voting rights rule should also be relaxed, since companies with a free float of lower than 5% may naturally fail the voting rights requirement even if the company offers shares in its IPO which confer equitable voting rights. Currently, companies with less than 5% voting rights in public hands are ineligible for inclusion to the Russell U.S. Equity Indexes.

Background to the Consultation

FTSE Russell currently incorporates initial public offerings (“IPOs”) into the Russell U.S. Equity Indexes on a quarterly schedule which can result in eligible IPOs being omitted from the indexes for several months before being added during the quarterly index review process. Historically, this lag has been considered acceptable, providing a window for price discovery and in recognition of limited near-term impact on broad market representation while reducing large trading events between index reviews. However, FTSE Russell has received client feedback that due to the projected listing of several large IPOs in 2026 (e.g. SpaceX, OpenAI, Anthropic), it may be beneficial for the Russell U.S. Equity Indexes to introduce a Fast Entry rule to expedite their inclusion within the applicable indexes (if eligible). This would ensure that the Russell U.S. Equity Indexes are more representative of the U.S. equity market sooner, and fast entry index inclusion enables passive index trackers to participate in large IPOs with minimal tracking error.

It is uncertain what percentage of free float will be offered as part of the projected sizable IPOs mentioned above, but it is possible that while the public offerings themselves may be sizeable (e.g. \$30-\$50B), they may represent less than 5% free float and/or less than 5% voting rights in public hands. The minimum 5% free float rule was initially designed to ensure adequate shares exist in the public domain to facilitate index replication. Companies with constrained shares have potential to experience price volatility and constrained liquidity.

The minimum 5% voting rights rule was introduced in 2017 following a broad market [consultation](#). Market responses substantiated the position that the voting rights in public hands were important to shareholder governance, and that companies offering shares to the public with zero or minimal voting power should not be included within the applicable indexes.

In addition to a proposal to introduce a fast entry process, FTSE Russell is also seeking feedback on whether the minimum free float and voting rights inclusion criteria should be modified to accommodate companies with sizeable investable market capitalization which fail the current inclusion thresholds.

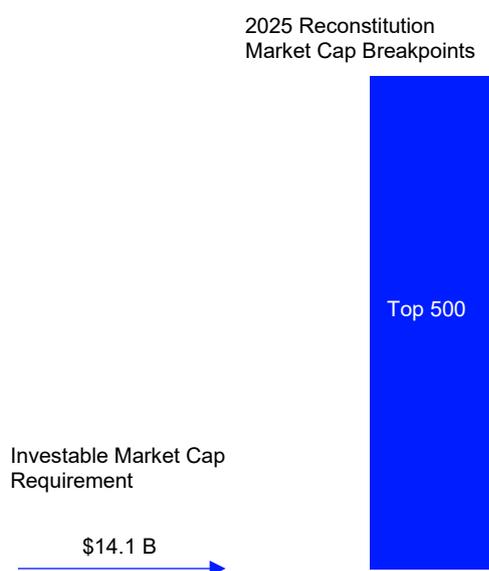
Proposals

FTSE Russell would like index users to consider the following proposals associated with the possible introduction of a Fast Entry rule within the Russell U.S. Equity indexes:

Fast Entry Thresholds

- Definition of Sizeable IPO: IPOs with an investable market capitalization of greater than the total market capitalization breakpoint for the Russell Top 500 as of the previous reconstitution will be eligible for potential fast entry inclusion. To illustrate, this breakpoint was set at \$14.1B at the June 2025 reconstitution.

Fast-Entry IPO Eligibility Requirements



- IPO investable market capitalization valuation would be assessed using the close price on the first day of trading.
- Eligible IPOs would be added to the applicable indexes after market close on the fifth day of trading (aligning with the fast entry timing within the FTSE Global Equity Index Series (GEIS)).
- Only shares being offered in the IPO will be included in the investable market capitalization calculation, and if added to the index as a fast entry, only the offerings shares will be included in the index at the time of fast entry. The free float of the IPO company would then be evaluated at the next quarterly review.
- The fast entry threshold will be established at each quarterly review cutoff by applying the market adjustment (performance of the Russell 3000E) to the breakpoint established at the previous semi-annual reconstitution. For transparency, this breakpoint will be announced via an informative notice.
- For indexes using capping methodology, the need to cap, will be assessed at the time of entry and added according to capping methodology.
- If an IPO does not meet fast entry eligibility, it will be assessed for eligibility during the regular quarterly review and semi-annual reconstitution cycle.

Minimum 5% Free Float Requirement:

- A company with an investable market capitalization of greater than the latest fast entry threshold, will be considered eligible for potential inclusion (as a fast entry or during the review cycle), regardless of having a free float of lower than 5%.

- This would result in large IPOs which satisfy the fast entry size requirement, but with a low free float, being eligible for potential inclusion.

Minimum 5% Voting Rights Requirement:

- A company with an investable market capitalization greater than the latest fast entry threshold, will be considered eligible for potential inclusion regardless of having voting rights below 5% as long as the shares in public hands confer voting rights. This rule would be applied consistently across companies with large investability weights to maintain appropriate market representation. The rule would apply to IPOs and all membership upon reviews at rebalances.

No companies are currently excluded from the Russell U.S. Equity indexes which are impacted by the proposed changes to the minimum free float and voting rights.

Indicative Impact

When applying the above rule for the last 5 years, no IPO would have been added to the Russell U.S. Equity indexes as a fast entry. The largest U.S. IPO in the previous 5 years was Rivian with an \$86.9B total market capitalization and a \$14.3B Investable market cap. The fast entry threshold at that time would have been a market adjusted Top 500 breakpoint of \$16.52B. Therefore, Rivian would not have met the fast entry threshold and would still have been added as part of the regular quarterly IPO review.

The impact going forward is largely unknown and will be guided by the number of companies that choose to IPO in the U.S. and which satisfy the fast entry inclusion requirements.

An illustrative impact analysis on the Russell U.S Equity indexes for three specific potential IPOs (SpaceX, OpenAI, and Anthropic) can be found below. For the avoidance of doubt, the analysis is strictly illustrative, and the companies mentioned therein should not be assumed to be eligible for the Russell US Equity Indexes at this point.

For the purposes of this analysis, the following assumptions have been made based on current market expectations:

Company	Total Market Capitalization	IPO offering: Available Market Capitalization	Anticipated Float
SpaceX	\$1.5 Trillion	\$30 Billion	2%
OpenAI	\$1 Trillion	\$60 Billion	6%
Anthropic	\$350 Billion	\$25 Billion	7%

Index Impact by Weight:

Index	Russell Top 200 Weight	Russell 1000 Weight
SpaceX	0.06%	0.05%
OpenAI	0.12%	0.09%
Anthropic	0.05%	0.04%

Index	Russell Top 200 Growth Weight	Russell 1000 Growth Weight
SpaceX	0.00%	0.00%

OpenAI	0.12%	0.11%
Anthropic	0.05%	0.05%

Index	Russell Top 200 Value weight	Russell 1000 Value Weight
SpaceX	0.14%	0.10%
OpenAI	0.11%	0.08%
Anthropic	0.05%	0.03%

Consultation Questions

1. Should the Russell US Equity Index Series introduce a **Fast Entry process** for eligible large IPOs?

- Yes
- No

Comments [free text]:

2. If a fast-entry rule is adopted, do you agree with the proposed size threshold so that an IPO with an investable market capitalization above the market-adjusted Top 500 breakpoint is eligible for potential fast entry inclusion (\$14.1B as of June 2025 rebalance)?

- Yes
- No

Comments [free text]:

3. If fast entry is adopted, how quickly should the eligible IPOs be added?

- After the close on the fifth day of trading (aligning with FTSE GEIS methodology)
- After the close on the tenth day of trading
- Other (please provide your preference in the comments box)

Comments [free text]:

4. Should the minimum 5% free float threshold be modified as proposed so that companies with less than 5% free float with an investable market capitalization larger than the Top 500 breakpoint, are potentially eligible for inclusion to the applicable indices? Note: No companies are currently excluded from the Russell U.S. Equity indexes which are impacted by the proposed changes to the minimum free float.

- The minimum 5% free float rule is essential and should remain.
- Yes, the 5% free float rule should be waived for large companies
- Other

Comments [free text]:

5. Should the minimum 5% voting rights threshold be relaxed for companies with a sizeable investable market capitalization, as defined by the market adjusted Russell Top 500 market capitalization? Note: FTSE Russell's proposal requires voting rights to be greater than zero. Based on that requirement, in addition to size, no companies are currently excluded from the Russell U.S. Equity indexes which are impacted by the proposed changes to the minimum voting rights.

- No. The 5% voting rule is essential and should remain.
- Yes. Large companies should be considered eligible as long as their public voting rights are greater than zero (this would apply to IPOs and all membership upon review at rebalances).
- In anticipation of these IPOs, large companies with less than 5% float AND less than 5% voting rights should be considered eligible. Voting rights must be greater than zero. Note, this could lead to inconsistency, as companies with greater than 5% float but less than 5% voting rights would continue to be ineligible. Example: Company A meets high investable market cap threshold and has 4% float and 3% voting rights, under this option the company would be considered eligible. Company B also meets high investable market cap threshold and has 6% float and 3% voting rights, under this option, the company would be considered ineligible.
- Other

Comments [free text]:

6. Given the Russell US Index family has approximately \$11.6 trillion (\$2.7T passive) assets, along with other passive assets tracking US benchmarks, should FTSE Russell tranche eligible entries at certain weights? Example: Given the market estimates of a \$30B offering from SpaceX, \$2.3 trillion in passive assets (Russell US Large) with an estimated 5bps weight, Russell US passive managers would be expected to purchase 3.83% of the offering.

- No. The entire position should be added at one time.
- Yes, if the weight is 1-5bps. What timeline and number of tranches are recommended?
- Yes, if the weight is 5-10bps. What timeline and number of tranches are recommended?
- Yes, if the weight is >10bps. What timeline and number of tranches are recommended?
- Other

7. Are there any other considerations or concerns FTSE Russell should address regarding fast-entry IPO inclusion, 5% minimum free float or 5% minimum voting rights rules?

- Yes
- No

Comments [free text]:

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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