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Russell US Equity Indexes – Fast Entry Market Consultation Results

Frequently Asked Questions

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Fast Entry IPOs:

1. Market Consultation Results:

Link to consultation: [FTSE Russell Market Consultation - IPO Fast Entry Consultation](#)

Why did FTSE Russell issue a market consultation?

Anticipating a number of top 500 US IPOs, clients requested that FTSE Russell evaluate a Fast Entry Rule for the Russell US Equity Indexes comparable to the approach used within rule 8 of [FTSE Global Equity Index Series Ground Rules](#). The purpose of the Fast Entry Rule is to include eligible companies shortly after their IPO instead of their inclusion at the quarterly review. This intra-quarter inclusion allows the index to be a better representation of the underlying stock market. Only IPOs of a certain size are allowed in FTSE GEIS in order to avoid excessive turnover for index users.

What feedback did FTSE Russell hear from market participants on the proposed Fast Entry Rule?

FTSE Russell considered feedback from all market participants when evaluating consultation outcomes, including asset managers, asset owners, and sell-side firms which contributed to the final decisions. Market participants were broadly supportive of introducing an IPO Fast Entry Rule for the Russell US Equity Indexes. Many respondents highlighted enhanced market representation as a key benefit, emphasizing the value of more timely inclusion. Some participants noted that the existing quarterly process already meets representation needs, and few viewed the proposal as detrimental to the index.

Why does FTSE Russell have a minimum 5% float and 5% voting rights rule and how might that impact fast entry?

FTSE Russell conducted market consultations in 2015 and 2017, respectively, to gather stakeholder feedback on minimum free float and voting rights. These consultations reinforced the existing minimum free float rule and, in response to strong market backing, led to the introduction of a new voting rights rule to promote the importance of the shareholder's voice. Due to ongoing speculation and uncertainty about the structure of potential top 500 IPOs, FTSE Russell used this market consultation opportunity to reaffirm the relevance of rules previously consulted with clients (restricted to top 500 sized companies).

What was the market response in the 2026 consultation to the proposed relaxation of the 5% minimum free float and 5% minimum voting-rights requirements for top 500 companies?

Market participants expressed varied views on the proposed relaxation of the minimum thresholds, resulting in insufficient support for a change. Those that opposed the relaxation of required thresholds, cited the need for consistency across market capitalization ranges and index families. These respondents were unwilling to endorse an exceptional treatment for larger companies. In addition, some respondents viewed voting rights as a positive trait of the Russell US Equity Indexes, whilst understanding that the need for minimum voting rights could limit market representation.

What changes will be made to the Russell US Indexes based on the market consultation?

Taking into account feedback from market participants, FTSE Russell has aimed to balance the request for more timely market representation with the retention of core eligibility requirements. As a result, a new rule will be implemented to allow top 500-sized IPOs potential entry into the Russell US Equity Indexes sooner than under the existing quarterly framework. While minimum free-float and voting-rights requirements will remain in place, eligible companies will benefit from a short-term, 12-month grace period where lock-up arrangements temporarily reduce eligibility due to minimums (see below FAQs for further details). FTSE Russell believes this framework strikes an appropriate balance between market representation and methodological consistency.

2. New Fast Entry Rule: Eligibility & Market Capitalization

What market capitalization threshold must an IPO meet to be considered for fast entry?

IPOs with an investable market capitalization greater than the market adjusted total market capitalization breakpoint for the Russell Top 500 as of the previous reconstitution will be eligible for potential fast entry inclusion. Breakpoints established at the semi-annual reconstitution will be market-adjusted and published quarterly. Utilizing this breakpoint

will restrict entry to only top 500 sized IPOs. Should this rule have been implemented prior, at this breakpoint, no IPO would have been added in the previous 5 years.

How is the Russell Top 500 breakpoint determined and updated?

The breakpoint is established at the previous semi-annual reconstitution by ranking companies in descending order by total market capitalization and establishing a breakpoint at the 500th largest stock.

What price and shares are used to calculate investable market capitalization for IPO Fast Entry eligibility?

The investable market capitalization for the purposes of evaluating fast entry will be determined using the shares offered in the IPO (including any over-allotments if confirmed before the first day of trading) and the price at market close on the first trading day. If shares being offered within the IPO are identified as being taken up by restricted holders, these will be removed from the investable market capitalization calculation. FTSE Russell will use publicly filed documentation to determine shares offered.

3. Free Float, Lock-ups, and Ownership

What minimum float or voting rights are required for fast entry IPOs?

IPOs must have at least 5% free float or voting rights in the market within 12 months from the date of index inclusion to qualify for fast entry inclusion. IPOs with less than 5% float at entry may still be considered if lock-up expirations within 12 months from date of index inclusion are expected to increase float and voting rights to meet the 5% minimum.

Will this new rule be adopted for FTSE Global Equity Index Series (GEIS) as well?

Yes, for consistency across FTSE Russell indexes, the FTSE GEIS fast entry rule will be modified to allow companies which will exceed minimums in the first 12 months from the date of index inclusion to be eligible for fast entry.

What shares will be used to evaluate if the minimum float requirement has been satisfied?

The calculation to determine that the minimum free float requirement has been met, will be based on the total share capital issued by the company and the post IPO shareholder structure.

What happens if a fast entry IPO has less than 5% free float and/or voting rights at listing solely due to lock-ups?

Such IPOs will still be considered for fast entry inclusion if lock-ups of otherwise free float shares (as defined by the FTSE Russell Free Float Restrictions guidelines) expire within 12 months from the date of index inclusion of the IPO listing date which would bring the company above the minimum free float and/or voting thresholds. Consequently, a fast entry IPO may be eligible with an initial free float or voting rights of less than 5% if both minimums are exceeded within 12 months from the date of index inclusion.

How are lock-up expirations implemented?

Changes to free float due to the expiry of locked-up shares and other changes, will be implemented at the quarterly review upon the expiry of the lock-ups.

How are incentive shares or strategic/restricted holdings treated?

They are treated consistently and in accordance with existing free-float restriction rules. Shares issued as part of an IPO which include incentive (e.g. bonus share) or shares held by restricted holders or under lock-up provisions will be treated as restricted.

4. Timing & Implementation

When will an eligible fast entry IPO be added to the index?

IPOs eligible for fast entry will be added to the applicable index after the close of the fifth trading day following the IPO listing. However, if a company IPOs during the quiet period of either semi-annual reconstitution, the eligible fast entry IPO will be added on the reconstitution effective date with a minimum of T+2 notice. If T+2 is not within the quiet period, FTSE Russell will apply with the standard T+5 notice.

Will FTSE Russell provide advance notice of a fast entry IPO addition?

Yes. FTSE Russell will issue a notice confirming the effective date prior to implementation through the normal client communication channels.

What happens if the initial public offering falls during the Russell reconstitution lock-down period?

If the initial public offering occurs during one of the semi-annual reconstitution lock-down periods, the IPO will be implemented in conjunction with the scheduled reconstitution rebalance, with a minimum of T+2 days' notice. If T+2 is not within the quiet period, FTSE Russell will apply with the standard T+5 notice.

5. IPO Type & Underwriting Requirements

What types of IPOs qualify for fast entry consideration?

Only fully guaranteed (underwritten) IPOs qualify and are potentially eligible for fast entry.

Are direct listings eligible for fast entry?

No. Direct listings are not eligible for fast entry and will be considered at the next quarterly IPO review.

Are variable-price or best-efforts IPOs eligible for fast entry?

No. These IPOs are considered for index inclusion at the next scheduled quarterly review.

6. Style Assignment & Reconstitution Interaction

How are Growth and Value style weights assigned to fast entry IPOs?

Quarterly, as well as fast entry IPOs, inherit the style probability of the average ICB sub-sector for which they are assigned. Newly added IPOs are re-assigned a style probability at semi-annual reconstitution based on the available company fundamentals.

In situations where the IPO does not follow traditional industry fundamentals resulting in a style classification which is likely counter to the individual company, will FTSE Russell make exceptions?

In line with FTSE Russell's Statement of Principles, FTSE Russell will seek to ensure index objectives are met and trading/turnover is minimized. If it is deemed that using the subsector average would result in future turnover and market misrepresentation, FTSE Russell will announce alternative classification for style

7. How will SpaceX be treated in the Russell US Equity Indexes and FTSE GEIS?

All information is based on estimates and preliminary analysis from the recently released S1. This assessment is for informational purposes only additional details are required for final confirmation.

Assumptions used in impact analysis:

Company	Total Market Capitalization	IPO offering: Available Market Capitalization
SpaceX	\$1.5 Trillion	\$70 Billion

Will SpaceX be eligible for fast entry into the Russell US Indexes and FTSE GEIS?

Based on the current S-1 filing, SpaceX appears to be eligible for inclusion in both the Russell US Equity Indexes and FTSE GEIS under the newly announced fast entry rules for each index series. However, this assessment is based on limited publicly available information, and any subsequent filings that differ from these assumptions would be used to reassess eligibility.

- **Company size requirements:** SpaceX is estimated to be offered with an investable market capitalization of approximately \$70 billion. This exceeds the market-adjusted total market capitalization breakpoint for the Russell Top 500 as of the June 2025 reconstitution (\$17.5 billion) for US eligibility, as well as the applicable fast entry threshold for FTSE GEIS (\$13.5 billion).

- Minimum public float of 5% within 12 months:** Based on the lock-up period disclosed in the S-1 (180–366 days), it is expected that at least 5% public float will be achieved within 12 months from the date of index inclusion. If future filings contradict this information, there is a possibility that SpaceX may not meet eligibility requirements.
- Minimum voting rights of 5% within 12 months:** Similarly, given the stated lock-up period of 180–366 days, it is anticipated that 5% voting rights will be in public hands within 12 months from the date of index inclusion. As with float, any conflicting information in future filings could impact eligibility.

Based on an anticipated IPO date of June 12, when would SpaceX be added to the Russell US and FTSE GEIS Indices?

While the standard fast entry rule adds eligible companies 5 days after the IPO, for both Russell US and FTSE GEIS, given the proximity to the Russell US reconstitution date and FTSE GEIS review dates, SpaceX will be added to the applicable indexes on the reconstitution/review effective date.

What ICB sectors/industry will SpaceX be assigned?

ICB classification is based on revenue. Based on the information currently available, the prediction for FTSE Russell ICB classifications will be the following: SpaceX: 15102015 – Telecommunications (based on Starlink revenue). Please also see the answer on style indexes below.

Based on assumptions above, what cap-sized indexes would SpaceX become a member of?

The index assignment at the time of the Initial Public Offering (IPO) will be based on the company’s total market capitalization compared with the market-adjusted breakpoints from the most recent reconstitution or review. Based on the market capitalization assumption, on size solely, our prediction is the following index assignments should the IPO pass all eligibility criteria.

Company	Estimated Index Membership
SpaceX	Russell US: Russell Top 50, Russell Top 200, Russell 1000 FTSE GEIS: Global All Series, FTSE All-World, FTSE World Index, FTSE Global Total Cap

What style indexes will SpaceX be a member of?

For style indexes, IPOs are generally assigned the sub-sector average of the company’s ICB classification. However, in line with FTSE Russell’s [Statement of Principles](#), namely that indices are intended to reflect investment markets and corporate events should be implemented such that trading activity is minimized. FTSE Russell will assess the impact of substitution rule 8.10.1 of [Russell US Equity Indices Ground Rules](#) for unintended results. Therefore, should SpaceX fundamentals become available, FTSE Russell will announce treatment for the style indexes, if results are materially different than the industry average. Note: the telecommunications sector has an average of 18% Growth and 82% Value.

Given the size of SpaceX, what weight would it hold in each index?

Although SpaceX has a large total market capitalization, their publicly available float is anticipated to be significantly smaller. Therefore, the impact might be smaller than anticipated. Again, all information is based on estimates and preliminary analysis.

Index Impact by Weight:

Index	Russell Top 200 Weight	Russell 1000 Weight	FTSE GEIS – All-World Developed
SpaceX	0.15%	0.11%	0.08%

Further information

If you have any questions and would like to speak to a client services individual directly, please do not hesitate to contact us on the numbers below, or via email at info@ftserusell.com.

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