



May 12, 2025

1 Week Reminder: Morningstar Indexes General Equity Index Consultation: Q2 2025

The consultation below has been updated to clarify the treatment of spin-offs in the current methodology.

As previously announced, Morningstar Indexes is considering two corporate actions methodology changes, following a comprehensive review of the current Morningstar equity indexes corporate actions methodology. Going forward, we will issue consolidated general equity index policy consultations on a quarterly basis.

Spin-offs

Spin-offs are currently removed from Morningstar equity indexes if they do not trade for 60 trading days after the ex-date and there is no listing information. Morningstar Indexes is considering shortening that window to 20 days to reduce potential drift from the targeted exposure and more closely align with industry standards. There would be no changes to the spin-off price methodology.

Stock Dividends

Taxes on stock dividends are not reflected in Morningstar indexes in any market, as these distributions are generally not taxed until the shares are sold. However, we are considering reflecting taxes on stock dividends in Taiwan and India to better reflect investors' experience, where taxes are applied at the time of distribution. In Taiwan, the portion of stock dividends distributed from retained earnings is subject to withholding taxes (21% rate for most securities, 15% for REITs). In India, shares issued as part of a stock dividend are subject to capital gains taxes of up to 20%.

These changes would take effect on September 19, 2025.

We are soliciting client feedback on these proposals.

Submit your response and questions

Responses to this consultation can be submitted [here](#).

General questions about the consultation may also be sent to indexes@morningstar.com.

Key Dates

- **Consultation:** The consultation will be open for response from April 7, 2025, to May 16, 2025.
- **Decision announcement:** Final decisions will be announced by June 20, 2025.
- **Proposed implementation:** September 19, 2025, corresponding to the September rebalance.

Questions

1. Should Morningstar Indexes remove spun-off securities after 20 days?
 - a. Yes
 - b. No, stick to the current 60-day drop rule.
 - c. Other, please explain.
2. Should Morningstar Indexes reflect withholding taxes in stock dividends in Taiwan and India?
 - a. Yes
 - b. No, only reflect these taxes for stock dividends in Taiwan.
 - c. No, only reflect these taxes for stock dividends in India.
 - d. No, continue to omit withholding taxes from stock dividends in all markets.
 - e. Other, please explain.
3. If Morningstar Indexes implements one or both changes, should they be implemented at the September 2025 rebalance?
 - a. Yes

- b. No, implement the changes at the December 2025 review.
 - c. Other, please explain.
- 4. What other factors should Morningstar Indexes consider in making these decisions?

About Morningstar Indexes

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a promise to empower investors with data and research that is independent and objective. Over time, our collection of data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

Contact Us

morningstar-indexes@alerts-morningstar.com is a no-reply email address. For questions concerning this notification, please contact us at indexes@morningstar.com.

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