

January 21, 2025

Pro Forma Window Consultation

Morningstar Indexes is considering extending the pro forma window for equity index reconstitutions and rebalances to 7 days (excluding weekends) from 5. Consistent with the current practice, this window would be based on a global calendar, which does not account for holidays. This extension is intended to provide more advance notice of upcoming changes, which should make the indexes easier to replicate, and provide more time to work around local market holidays. Under this proposal, the reconstitution and rebalance effective dates would not change, nor would the reference dates for the data inputs, with the following exceptions:

- The price reference date used to set index shares would move to the Monday before the second Friday of the reconstitution/rebalance month from the Wednesday before the second Friday.
- The reference date for the moat rating and price/fair value inputs (where applicable) used in the Morningstar Moat Indexes listed [here](#) would move to the close of the first Friday of the reconstitution month, from the Tuesday before the second Friday.
- The star rating reference date used for the Morningstar US Dividend Valuation Index would move to the close of the first Friday of the reconstitution month, from the Tuesday before the second Friday.

These changes are expected to have minimal impact on the composition of the index portfolios.

While longer pro forma windows were considered, a longer extension would likely require more significant methodology changes and a longer lag between the reference and effective dates, as many of the fundamental data inputs are only updated monthly.

To align with this reconstitution pro forma period, we are also considering extending the daily pro forma window from (T+2 to T+6) to (T+2 to T+8) calendar days.

We are soliciting client feedback on this proposal.

Submit your responses 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 January 21 16, 2025 to February 21, 2025.

- **Decision announcement:** Final decisions will be announced by March 11, 2025.
- **Proposed implementation:** June 11, 2025, corresponding to the June reconstitution

Questions

1. Should Morningstar Indexes extend the pro forma window to 7 days, along with the necessary reference date changes?
 - a. Yes
 - b. No
 - c. Other, please explain.
2. Should Morningstar Indexes leave any Morningstar branded equity indexes out of scope for this change?
 - a. Yes
 - b. No
3. Would you be willing to consider changes to the reconstitution effective dates or additional changes to the reference dates to support an even longer pro forma window?
 - a. Yes
 - b. No
 - c. Other, please explain.
4. What is your preferred pro forma window?
 - a. 10 days
 - b. 7 days
 - c. 5 days
 - d. Other, please explain.
5. What other factors should Morningstar Indexes consider in making this decision?

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

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

