

September 30, 2026

Morningstar General Equity Index Consultation Results: Q2 2026

After reviewing feedback to the [General Equity Index Consultation](#) for Q2 2026, Morningstar Indexes is proceeding with the proposed updates to the treatment of the following event types:

Mandatory Exchange Offers & Share Conversions

Morningstar Indexes will apply the following treatment for mandatory share class conversion/security exchange events across several scenarios:

1. Where an existing constituent security mandatorily converts into another existing constituent security, the shares of the security received would be increased in accordance with the announced conversion ratio, while the converted security would be dropped at either its last traded price, or at a synthetic price derived from the conversion terms if trading has halted/suspended.
2. Where an existing constituent security converts into a non-constituent security of the same company, the resulting security would replace the existing constituent in the index provided it satisfies the relevant eligibility requirements, with share adjustments applied in line with the conversion ratio. Any additional shares associated with the previously non-constituent security would be reviewed for inclusion at the next quarterly review.
3. Where a security that is not part of any Morningstar-maintained index converts into an existing constituent security, no immediate index change would be implemented on the ex-date. Any resulting increase in shares for the constituent would be evaluated at the next scheduled review.

For all the scenarios above, if the security received has its primary listing in a different region than the converted security, the security received would drop from all indexes with no replacement and would be evaluated at the next quarterly review, as per the current treatment.

In-Species Spinoffs

Morningstar Indexes will discontinue the use of placeholder securities for in-species spinoffs and instead directly reflect the distributed entity within the index. If the distributed security is already in the index, its reference data, shares outstanding and float would be updated through the CPACT corporate action file. If the distributed security is

not in the index, the actual listed security would be added with the relevant reference data, shares outstanding shares and float as the distributed security. The distributed security would be retained in any index where it is already a member.

Rights Offerings

Morningstar Indexes will reflect rights value at T end-of-day instead of at T open, through a price adjustment based on the greater of:

1. Rights' fair market value: $(\text{Rights Ratio} * \text{Subscription Ratio} * \text{Max}(0, (\text{Ex-date Close Price of underlying security} - (\text{Subscription Price} + \text{Dividend})))) / (1 + \text{Rights Ratio} * \text{Subscription Ratio})$ or
2. Observed market value if the rights are trading: $(\text{Rights Ratio} * \text{Ex-date Close Price of Rights})$

If the rights are in-the-money, shares outstanding of the underlying security would be increased after the close of T, assuming full exercise. This is intended to improve replicability, as rights can shift between in- and out-of-the-money between T-1 and T.

Special Dividends

Morningstar Indexes will remove the 5% threshold and determination of Special dividends would be based on company and vendor classifications rather than frequency or amount. Morningstar Indexes will also implement the adjustment for Special dividends at T close to ensure consistency in reinvestment timing between special and ordinary dividends.

Special Dividends with Elections

Morningstar Indexes will reflect the maximum cash election amount as a Special dividend, while the stock election component would be reflected as a temporary placeholder security line added on the ex-date in the indexes in which the parent is a constituent. The placeholder would use the parent's free float and shares outstanding. Once the final allocation of shares elected is determined, the placeholder security would be removed from the indexes with two trading days' notice. At the same time, the distributed shares would be added back to the parent security. This change is intended to improve replicability.

The implementation date for these changes will be announced at a later date.

About Morningstar Indexes

Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers and advisors in navigating investment opportunities across major asset classes, styles and strategies. In February 2026, the acquisition of CRSP brought the CRSP Market Indexes—benchmarks for over \$3 trillion in AUM—into the Morningstar Indexes family. Additionally, CRSP's Research Data Products, renowned for their academic rigor, historical depth and accuracy, will further enhance Morningstar's equity

research and data capabilities. This integration unites two trusted sources of market insight, reinforcing a shared commitment to transparency, quality, and investor-focused solutions.

Please visit indexes.morningstar.com for more information.

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