

Morningstar Indexes

March 25, 2025

Update - Issuer Level Capping Consultation

This is an update to the [previously announced](#) Issuer Level Capping Consultation regarding a change in active shares for the [impacted indexes](#).

Morningstar Indexes is considering adopting issuer level capping, in place of security level capping, as the default methodology for most indexes that apply constituent level weighting caps and include multiple share classes per issuer. This proposed adjustment is intended to improve diversification, drive greater consistency in the capping [methodology](#) applied across Morningstar indexes, and better align with UCITS and RICs diversification requirements. The impact of this change is expected to be small for most indexes. The list of impacted indexes, as well as the active shares between the issuer and security capped versions of the portfolios as of the December 2024 reconstitution is available [here](#).

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 March 11, 2025 to March 31, 2025.
- **Decision announcement:** Final decisions will be announced by April 30, 2025.
- **Proposed implementation:** TBD

Questions

1. Should Morningstar Indexes adopt issuer level capping for indexes currently using security level capping?
 - a. Yes
 - b. No
 - c. Other, please explain.
2. Should any Morningstar branded equity indexes be kept out of scope for this change?
 - a. Yes
 - b. No

- c. Other, please explain.
3. If Morningstar Indexes adopts issuer level capping for indexes currently using security level capping, when should this change be implemented?
 - a. June 2025 Reconstitution
 - b. December 2025 Reconstitution
 - c. Other, please explain.
4. 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.