

February 13, 2026

Morningstar Indexes Float Relaxation Consultation

Morningstar Indexes applies a minimum 10% free float eligibility criterion for the Morningstar Target Market Exposure, Morningstar US Market Extended, and Morningstar Global Markets indexes. However, there are some large late-stage venture-backed firms (such as SpaceX) that may IPO with less than 10% float. Under the current methodology, such stocks would not be eligible for inclusion. To address this issue, we are considering relaxing the 10% float threshold for companies with high absolute free float market capitalizations.

Proposal

The 10% float requirement would not apply to stocks with float-adjusted market capitalization greater than or equal to the total market capitalization corresponding to the relevant mid-small cap segment cutoff. The table below summarizes these breakpoints for each index family as of the December 2025 reconstitution. For significant IPOs eligible to be added in March and September, these thresholds would be based on the previous reconstitution ranking.

Index Family (Region)	Small-Mid Threshold (USD)
Morningstar Global Markets (DM xUS)	\$3,396,278,102
Morningstar Global Markets (EM)	\$1,970,158,882
Morningstar Global Markets (US)	\$14,596,936,200
Morningstar Global All Cap TME (DM)	\$17,337,246,320
Morningstar Global All Cap TME (EM)	\$8,668,623,160

With this adjustment, 11 new emerging markets stocks would be eligible for addition to the Morningstar Global Markets Index and 2 new emerging markets stocks would have been eligible for inclusion in the Morningstar Global All Cap TME Index, based on data as of the December 2025 reconstitution, as shown [here](#).

These changes would be adopted in April 2026, which would allow for the relaxation of the float minimum for large stocks at the June 2026 reconstitution.

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 February 13, 2026, to February 27, 2026.
- **Decision announcement:** Final decisions will be announced by March 24, 2026.
- **Proposed implementation:** April 24, 2026.

Questions

1. Should Morningstar Indexes relax the 10% minimum float threshold for large companies with float-adjusted market capitalizations at least as great as the small-mid cap total market cap cutoff?
 - a. Yes
 - b. No
 - c. Other, please explain.
2. For large companies (as defined in question 1), should an absolute or relative minimum float threshold be used and where should it be set?
 - a. Absolute, float-adjusted market capitalization at least as great as the total market cap threshold associated with the small-mid size cutoff for the region.
 - b. Absolute, float-adjusted market capitalization at least as great as 10% of the total market cap threshold corresponding to the small-mid cap cutoff
 - c. Relative, 5%
 - d. Relative, 1%
 - e. Other, please explain.
3. Should Morningstar Indexes consider a minimum float percentage if the 10% threshold is relaxed for large companies?
 - a. No, as long as the absolute float-adjusted market capitalization exceeds the requisite threshold
 - b. Yes, 1%
 - c. Other, please explain.
4. What other factors should Morningstar Indexes consider in making these decisions?

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. From traditional benchmarks and unique IP-driven indexes, to index design, calculation and distribution services, our solutions span an investment landscape as diverse as investors themselves.

Please visit indexes.morningstar.com for more information.

Contact Us

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