

March 25, 2024

Via electronic submission

Joti Rana
Head of Governance and Policy, Americas
David Sol
Head of Policy and Governance, Managing Director

FTSE Russell

Re: Invitation to discuss consultations on significant changes to benchmark indexes

Dear Mr. Rana and Mr. Sol:

I write on behalf of the Council of Institutional Investors (CII), a nonprofit, nonpartisan association of US public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments with combined assets under management of approximately \$5 trillion. Our associate members include non-US asset owners with about \$5 trillion in assets, and a range of asset managers with more than \$55 trillion in assets under management.¹ Many CII members are index provider clients.

As you know, significant changes to benchmark index methodologies impact both index provider clients and market participants broadly. Earlier this month, following an inquiry that began in July 2023, CII's U.S. Asset Owner Members voted to adopt the *Statement on Index Provider Consultation Processes* (Statement)², which calls on index providers to conduct robust public consultation processes when contemplating significant changes to methodologies they use to determine major benchmark indexes. We are reaching out to several major index providers regarding this matter.

The Statement recommends “at least” the following practices, highlighted below in bold. We contrast these recommendations with our understanding of current FTSE Russell Standard Indices practices.³

¹ For more information about the Council of Institutional Investors (CII), including its board and members, please visit CII's website at <http://www.cii.org>.

² *Statement on Index Provider Consultation Processes*, adopted March 6, 2024, available at https://www.cii.org/policies_other_issues#IPCP.

³ CII's understanding is based upon *FTSE Russell Policy for Benchmark Methodology Changes v2.3*, available at https://www.lseg.com/content/dam/ftse-russell/en_us/documents/policy-documents/ftse-russell-policy-for-benchmark-methodology-changes.pdf

- **Notice of the consultation should be broadly disseminated, such as through a press release.**
 - Current Standard Indices practice: “The consultation will be announced and distributed to those whose input is sought. It will also be made available through appropriate media and be published via the FTSE Russell website.”
- **The consultation period should be in line with the 30-to-90-day comment period provided for federal regulations.**
 - Current Standard Indices practice: “Consultations will typically be open for feedback for a period of no less than four weeks. However, FTSE Russell reserves the right to determine the most appropriate consultation period (including a shorter window for feedback) taking into consideration such factors as the complexity of the subject matter and the desirable timetable for implementing any proposed methodology changes.”
- **Each response letter should be posted in a timely manner, such as within one week of receipt, excepting responses with reasonable requests for confidentiality.**
 - Current Standard Indices practice: FTSE Russell does not appear to make any response letters transparent to the public, whether during a consultation or after its conclusion. Not even FTSE Russell external advisory committees appear to have access to consultation response letters. (“Once the consultation period has closed, the results of a consultation may be presented to the external advisory committee.”)
- **Confidential submissions should be discouraged, and exceptions to the public posting of comments should be narrowly interpreted.**
 - Current Standard Indices practice: FTSE Russell enables market participants to influence market-moving changes to benchmark methodologies without any public (or even client) awareness of that input.

My colleagues and I would welcome the opportunity to meet virtually with you for a 30-minute off-the-record discussion of the substantial gaps between FTSE Russell’s benchmark consultation processes and the Statement’s recommended practices. At your convenience, please provide Allie Martin (allie@cii.org) with your availability, and she will be glad to arrange logistics.

Sincerely,



Amy Borrus
Executive Director