

REVERSEinquiries

Structured and market-linked product news for inquiring minds.

Index-Provider Readiness: Will Indices Change their Rules for IPO Stocks?

A lot has been written about the importance of indices. Index providers, whether the large providers responsible for benchmark indices or smaller index providers, regularly develop and maintain a myriad of

indices. These indices may be designed to reflect an investment thesis; the performance of a sector, a region, an asset class or a particular market measure; or any other of a variety of objectives. In any event, index providers and indices have become indispensable. Index providers have well-defined rules-based methodologies that define their indices. These generally are published. These methodologies outline, among other things, the index selection criteria, the weighting of index constituents, the effect of corporate events on the index (such as the effect on the index of a stock split or a spin-off), and index rebalancings. For large benchmark indices, providers conduct consultations from time to time relating to potential changes to their index methodologies. An index provider may remove an index constituent that no longer meets the criteria for inclusion in the index. Similarly, an index provider may consider the inclusion of a new constituent. From time to time, there are exceptional events.

In this newsletter, we have reported on exceptional events in the life of indices. For example, some index providers considered whether or how to address dual class or multi-share class stocks. Some index providers were compelled to address the exclusion of securities issued by companies that were based in the PRC or in Russia. And so on. Now, we come upon another exceptional event, though likely not the last such exceptional event—whether indices will modify their rules for early inclusion of certain IPO stocks.

A lot turns on this given that many funds track indices, including many funds that invest on behalf of retail investors. Similarly, exchange-traded products, like ETFs, track indices. Changes to benchmark indices affect the portfolios and retirement accounts of millions of retail investors who are likely not paying close attention to index providers' press releases.

While this is an area that has been changing by the day, we report on the current state. Below, for illustration, we use one particular IPO stock as an example.

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Provider	Latest Announcement	Large IPO Rules	Earliest Inclusion	What This Means
MSCI (MSCI)	May 2026 large IPO FAQ – MSCI affirmed that it does not pre-commit to an inclusion determination before the IPO’s first trading day.	Large IPOs can be fast-tracked into GIMI if they meet size thresholds as of the close of the first or second day of trading.	After 10 trading days. Typically announced earlier.	As an example, SpaceX could be a strong fast-track candidate for GIMI indices if the first or second day thresholds are met. Inclusion in factor, thematic, sustainability, climate indices will depend on individual methodology.
S&P Dow Jones Indices — S&P 500 / 400 / 600 / Composite 1500 family (News Release Archive)	June 4, 2026 Press Release – no changes to eligibility criteria for the S&P 500, S&P MidCap 400, or S&P SmallCap 600.	12 months of trading required for all constituents	After one year.	SpaceX will not be included before mid-2027.
S&P DJI — S&P Total Market Index, S&P Completion Index, Dow Jones U.S. Total Stock Market Index (News Release Archive)	June 4, 2026 Press Release – new rule changes effective before market open on June 8, 2026.	A qualifying IPO may be fast-tracked if it meets the updated IWF and float-adjusted market cap thresholds as of the close of the first-day of trading.	Once S&P DJI announces eligibility, addition occurs with five business days’ lead time.	SpaceX may enter these indices shortly following its IPO . NOTE: This creates a split. S&P 500 linked products will not include SpaceX, but S&P Total Market-linked products may include SpaceX.

Provider	Latest Announcement	Large IPO Rules	Earliest Inclusion	What This Means
FTSE Russell (LSEG)	June 2026 FAQ – new fast entry rules for large IPOs.	Top 500-sized IPOs to be fast-tracked, subject to minimum free-float and voting rights requirements. Shares that will exit lock-up within 12-months of IPO may be considered to meet minimum float thresholds.	After close of the 5th trading day unless within review period lock-down. But for an anticipated June 12 IPO, FTSE says SpaceX would be added on the relevant reconstitution, review effective date because of calendar proximity.	SpaceX will be added at June reconstitution review (IPO falls during the review period lock-down).
Nasdaq Composite	No recent updates.	Daily reconstitution.	Market open following first day of trading.	SpaceX likely to be added on its second day of trading.
Nasdaq-100 (Nasdaq)	May 2026 Q&A and Methodology Updates – broad changes to index eligibility.	Accelerated entry for IPO stocks that meet market capitalization threshold (within current top 40 constituents). Will temporarily result in greater than 100 constituents.	15 trading days after IPO unless IPO falls during rebalancing. If IPO occurs in same month as rebalancing, stock may be added based off of only 7 days of trading history.	SpaceX likely to be added shortly after IPO (no specific confirmation).
Bloomberg U.S. Domestic Equity Indices	No recent updates.	Accelerated entry for IPO stocks that meet market capitalization threshold (greater than 500 th constituent) after 5 days of trading.	9th day of trading.	SpaceX likely to be added shortly after IPO (no specific confirmation).

Provider	Latest Announcement	Large IPO Rules	Earliest Inclusion	What This Means
CRSP Market Indexes	No recent announcements.	Fast track for IPOs meeting size (greater than CRSP US Small Cap Index breakpoint) and general eligibility criteria after 5 days of regular way trading.	After close of 5th trading day.	SpaceX likely to be added shortly after IPO (no specific confirmation). CRSP fast-entry pathway for large IPOs means so total-market products using CRSP methodology (e.g. Vanguard funds) may get exposure before S&P 500 products.

OCC and Exchange Mechanics: Does a Late IPO Open Count as a “Trading Day” for Listed Options and Other Timing Purposes?

Depending on the type of product (debt security or derivative), determining whether there is a good trading day or whether a market disruption event has occurred is important. For structured products, the underlying program documents may reference the OCC definitions or the ISDA equity definitions. Of course, depending on the derivative, one or another of these may be relevant to determinations.

For OCC-listed options purposes, a late-opening IPO day still counts as a “trading day” as long as the U.S. securities markets are open and the IPO actually begins trading that day. There is no formal OCC rule that says that an IPO stock must trade for a minimum number of hours, and the OCC rules generally only look to whether markets are open or a closing price is available – not to any specific period during which an underlying stock traded. For non-OCC purposes, the exact definitions are important: “market open” definitions usually count the day; “stock traded” definitions count the day only if there was actual trading; and ISDA definition may count the day but it may still require consideration of the market disruption definition.

With respect to listing new options, the Options Listing Procedures Plan requires the submission of a listing certificate to OCC on the trading day before options start trading and expressly defines “trading day” as a day on which the U.S. securities markets are open for business. It then says the exchange may begin trading the option class on the first trading day after the certificate is submitted and processed by OCC.

So, if an IPO opens at 1:30 p.m. or 2:30 p.m. ET on Monday and trades into the close, Monday is the IPO’s first trading/IPO day for the listed options timing analysis. For example, under the SEC-approved accelerated rule

for certain large IPOs, options may be listed starting on or after the second business day following the IPO day, not counting the IPO day itself. The SEC's example is: IPO on Monday, certificate submitted Tuesday, options may begin Wednesday. ([Federal Register](#))

For the normal non-waived price test, the relevant options rules often look to whether the stock's market price was at least \$3.00 for the previous three consecutive business days, measured by the closing price in the primary market. A late IPO open still gives you a Monday closing price if it actually trades and closes; if it never opens/trades that day, then you likely do not have a usable first closing-price day for that security specific test. ([Listing Center](#))

For non-OCC purposes, the answer depends entirely on the applicable definition:

If the definition reads "Trading Day means a day on which the principal market is open for trading," a late open generally still counts because the market was open. Many securities agreements use this definition.

If the definition says "any day on which the Common Stock is traded," then the stock must actually trade. A 1:30 or 2:30 p.m. first trade would normally satisfy that, but a day with no trading would not. Some filed warrant forms use exactly this "Common Stock is traded" formulation.

If the document incorporates the ISDA equity definitions, a late opening does not by itself stop a Scheduled Trading Day from being an Exchange Business Day; ISDA's user guide says that expressly. But the late open can create a market disruption issue if the exchange opens less than one hour before the relevant valuation/exercise/knock-in/knock-out time.

If you are addressing the SEC tender offer or similar "business day" rules, that is different from a trading-day concept. For issuer tender offers, the SEC rule defines a business day as any non-weekend, non-federal-holiday day, running from 12:01 a.m. to midnight ET, so a late stock opening is irrelevant.

ETF and Fund-Vehicle Exposure: Post-IPO Transition Plans, SPV Unwind Mechanics, and Shareholder-Protection Measures for Linked Products

In recent years, we have seen a proliferation of financial products that link to the securities of unicorns. So, you might ask, now what? How will some of these work in practice? The proof will be in the pudding, but here are a few examples of what some have said and done so far.

- NASA has made clear and definitive statements about its post-IPO position in SpaceX via its website. Tema has confirmed that the SPV through which it gets its SpaceX exposure is subject to a lock-up that it has described as "likely [to] be at least six months" post IPO. After the lock-up, Tema has stated that its investment will convert to freely traded shares of SpaceX. Tema has also announced that post-IPO, NASA may hold public SpaceX shares alongside its existing SPV investment.
- XOVR has previous experience with holding largely anticipation IPO shares as it held (and continues to hold) interests in Klarna PLC prior to its IPO via FIKA Holdings SPV QP, LP. XOVR's exposure to SpaceX is via SpaceX LLC. SpaceX LLC is not expected to immediately distribute shares of SpaceX's Class A common stock immediately following the IPO, however, it is generally expected that SpaceX LLC may do so several months or more after the IPO. ERShares published an FAQ to address questions and

concerns relating to the IPO of SpaceX, including changes it has made with the intention to protect long-term investors. Specifically, it has announced new policies restricting large creation units and instituting a 2% redemption fee.

- VCX’s prospectus describes a “Buy and Hold” approach. It seeks to remain invested until a liquidity event, may or may not sell when that event occurs, and may continue holding portfolio companies after they go public. Its website makes an even stronger statement that VCX’s approach is “investing across the lifecycle of a private company – from early to late stage and continuing to hold after any potential IPOs.” However, VCX has not made any specific comment on its post-IPO plans with respect to SpaceX or disclosed any additional details about the SPV(s) through which it achieves its SpaceX exposure.
- DXYZ seeks to invest in venture-backed private technology companies and has experience holding unicorns that have since gone public, including Klarna and Chime. DXYZ has not made any announcements related to its post-IPO plans for SpaceX (and did not make any announcements related to either the Klarna or Chime IPOs), but it is worth noting that its exposure, via SPV, includes multiple share classes of SpaceX.

Fund	Exposure	IPO Related Announcements	Other Concentrated Late-Stage / Possible IPO-Style Exposures
DXYZ – Destiny Tech100 Inc. (Destiny)	Indirect via DXYZ SpaceX I LLC, MWAM VC SpaceX-II, LLC and Snowpoint Growth 2.6, LLC	No related announcements. The SPVs through which DXYZ is exposed to SpaceX hold investments in other classes of SpaceX stock in addition to the Class A common stock that will be listed in the IPO. (DXYZ Portfolio)	Anthropic, OpenAI, OpenEvidence, Shield AI, Databricks, CHAOS Industries and others
XOVR – ERShares Private-Public Crossover ETF (XOVR ETF ERShares)	Indirect via SpaceX LLC	ERShares has announced that it expects to exercise its right to reject large creation units in the days leading up to the IPO. ERShares has also announced a redemption fee of up to 2% that is intended to protect long-term investors. (Frequently Asked Questions ERShares)	Anduril
NASA – Tema Space Innovators ETF (Tema's Space Innovators ETF (NASA))	Indirect via a SpaceX-linked SPV	Tema has announced that the SPV through which it invests will be subject to a post-IPO lock up but that it may also hold public SpaceX shares alongside its SPV investment.	Currently all other holdings are public companies (some on non-US exchanges)

Fund	Exposure	IPO Related Announcements	Other Concentrated Late-Stage / Possible IPO-Style Exposures
VCX – Fundrise Innovation Fund, LLC (VCX by Fundrise)	Indirect via one or more SpaceX-linked SPVs	No related announcements.	Databricks, Anthropic, OpenAI, Anduril, Ramp and others

Voting Open for SRP Americas Awards

Vote for Mayer Brown for this year's SRP Americas Structured Products & Indexed Insurance Awards: [SRP Americas 2026 Survey](#)

Structured Retail Products (SRP) has opened the polls for its Americas Awards, which recognize achievements in structured products and index annuity across the Americas. We appreciate your continued trust! Please take a moment and complete the survey to vote for us.

Read more about [SRP's methodology](#).

IN CASE YOU MISSED IT...

The Defined Outcome Series: Comparing the tax treatment to investors of structured products, ETNs, UITs, and ETFs
(February 2026)

[See the materials.](#)

The Defined Outcome Series: Comparing disclosure and other requirements applicable to ETFs with those applicable to structured notes and ETNs
(April 2026)

[See the materials.](#)

The Defined Outcome Series: Tax structuring issues for entities taxed as registered investment companies (RICs, UITs and ETFs)
(March 2026)

[See the materials.](#)

The Defined Outcome Series: Considerations for index providers to, or hedge providers to, ETFs
(May 2026)

[See the materials.](#)

The Regulatory Curve: Developments Involving Commodity Pool Operators and Advisors
(March 2026)

[See the materials.](#)

The Defined Outcome Series: Understanding the regulation of SMAs
(May 2026)

[See the materials.](#)

REVERSEinquiries Workshop: NAIC/SVO Understanding Changes to the Regulatory Capital Landscape
(April 2026)

[See the materials.](#)

At the **2025 GlobalCapital Global Derivatives Awards**, Mayer Brown was:

- **Americas Law Firm of the Year (Overall)** (for the fourth consecutive year and for the sixth time in the last eight years) and
- **US Law Firm of the Year** (for the fifth time in the last six years).

Mayer Brown is shortlisted for **US Firm of the Year** and **European Firm of the Year** in **GlobalCapital's 2026 Derivatives Awards**.

Mayer Brown was named **Best Law Firm at Structured Retail Products' 2025 SRP Americas Awards**.

ANNOUNCEMENTS

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Suggestions? *REVERSEinquiries* is committed to meeting the needs of the structured and market-linked products community, so you ask and we answer. Send us questions that we'll answer on our LinkedIn anonymously or send us topics for future newsletter issues.

To request to join our LinkedIn group, or send us suggestions/comments, scan this QR code with your phone's camera, to email us at hhairihan@mayerbrown.com.



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