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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

June 11, 2026

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Dear Ms. Clay, Ms. Bassett, Ms. Furr, and Ms. Friedman,

I write today regarding the decisions by your firms to change long-standing rules for admitting public companies into your indexes,¹ and the risks that these proposed changes pose to retail investors and retirement savers.

Recent reports indicate that your firms considered and, in most cases, approved changes that will expedite the inclusion of large, new public company stock in your indexes, without the typical safeguards for investor and market protection. Specifically, you have reduced or considered reducing the seasoning and float requirements meant to indicate a stock's viability before being offered to vulnerable investors.² These changes appear to be driven by the initial public offering (IPO) of Space Exploration Technologies Corp. (SpaceX), which is projected to have the largest IPO in history.³ Two other large AI firms, OpenAI and Anthropic, are expected to follow SpaceX and begin offering shares to the public.⁴ The changes to your index rules to accommodate these large companies, however, have the potential to destabilize markets and create significant risks

¹ Bloomberg, "Index Funds Can't Say No to SpaceX," Matt Levine, May 26, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>; Business Insider, "Here's when SpaceX could show up in major indexes and popular ETFs after its IPO," Naomi Buchanan, May 24, 2026, <https://www.businessinsider.com/spacex-ipo-index-investing-etfs-spy-vti-qqq-spcx-stock-2026-5>.

² Bloomberg, "Index Funds Can't Say No to SpaceX," Matt Levine, May 26, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>.

³ SpaceX, Form S-1, U.S. Securities and Exchange Commission, May 20, 2026, <https://www.sec.gov/Archives/edgar/data/1181412/000162828026036936/spacexexplorationtechnolog.htm>;

Financial Times, "How to make sense of SpaceX's nonsensical valuation," May 21, 2026, <https://www.ft.com/content/58fcca43-9195-49e2-b1c3-0e3bfb0147cd?syn-25a6b1a6=1>.

⁴ Yahoo! Finance, "The \$3 Trillion Reckoning: Why SpaceX, OpenAI and Anthropic Could Redefine the AI Bull Market," Fiona Craig, May 30, 2026, <https://finance.yahoo.com/markets/stocks/articles/3-trillion-reckoning-why-spacex-140100020.html>.

for American investors, especially retirees and other individuals that rely on index funds for their savings. Your response to this letter will help me better understand the process by which these proposals were developed, their goals, and the risks they present to investors investing in the funds based on your indexes.

Stock market indexes — including the S&P 500, the Dow Jones Industrial Average, the Nasdaq 100, and the Russell 2000 — measure “the performance of a ‘basket’ of securities (like stocks or bonds), which is meant to represent a sector of a stock market, or of an economy.”⁵ Index providers “compile, create the methodology for, sponsor, administer, and/or license market indexes. They typically determine the particular “market” (which may be a sector or other group of securities) that the index measures, the index constituents that measure that market, and the weightings that each constituent receives.”⁶ Index providers “license information related to their indexes to two main groups—those that seek to use the index as a benchmark, such as active managers, and those that seek to track the index, such as index funds.”⁷

For ordinary investors, retail index funds (like mutual funds or exchange-traded funds) allow investors to get indirect exposure to a market index. Index investing typically employs a “passive” strategy; that is, the fund buys and holds securities to track the value of the benchmark index, in contrast to an “active” management strategy, in which managers try to outperform the market.⁸ Passive investing can be a relatively lower cost way for investors to participate in the market because it does not require a team of analysts to evaluate and purchase individual securities. Additionally, index funds are often considered a simpler way to build a diverse portfolio with risk-adjusted returns. The popularity of index investing has exploded in recent years, such that the total value of passively managed funds now exceeds the total value of assets under actively managed funds.⁹

Traditionally, index providers — including your firms — have maintained rules for the inclusion of companies on their indexes,¹⁰ which are meant to protect passive investors and maintain the credibility of each index.¹¹ They include float minimums or float weighting, meaning that “a company’s weight in the index is based on shares investors can actually buy, not including shares held by insiders and other private investors that aren’t listed on an exchange,” rules that are

⁵ U.S. Securities and Exchange Commission, “Index Funds,” Investor.gov, <https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-4>.

⁶ U.S. Securities and Exchange Commission, Request for Comment on Certain Information Providers Acting as Investment Advisers, 88 Fed. Reg. 37254 (2022), <https://www.federalregister.gov/documents/2022/06/22/2022-13307/request-for-comment-on-certain-information-providers-acting-as-investment-advisers>.

⁷ U.S. Securities and Exchange Commission, Request for Comment on Certain Information Providers Acting as Investment Advisers, 88 Fed. Reg. 37254 (2022), <https://www.federalregister.gov/documents/2022/06/22/2022-13307/request-for-comment-on-certain-information-providers-acting-as-investment-advisers>.

⁸ U.S. Securities and Exchange Commission, “Index Funds,” Investor.gov, <https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-4>.

⁹ Social Science Research Network, “The Growth and Consequences of Index Investing,” Anne-Florence Allard et al., January 12, 2026, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6056574.

¹⁰ Bloomberg, “Index Funds Can’t Say No to SpaceX,” Matt Levine, May 26, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>.

¹¹ Bloomberg, “Index Funds Can’t Say No to SpaceX,” Matt Levine, May 26, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>.

intended to create more liquidity and greater stock price stability.¹² They also include a standard minimum one-year waiting period from the time of a company’s IPO to when its stock is eligible to be added to an index to ensure the viability of the stock and allow its price to settle.¹³ Some, including the S&P 500, have also maintained profitability requirements, to limit volatility and ensure the quality and credibility of listed companies.¹⁴

Your companies considered or implemented modification of these rules, allowing SpaceX and other major new technology stocks to be rapidly included in indexes managed by your companies.¹⁵ On May 1, the Nasdaq 100 implemented a new “fast entry” rule, under which it will “evaluate newly listed stocks for potential entry by ranking their market capitalization on the seventh trading day and assessing whether they would rank within the top 40 index members. If a company meets all the eligibility criteria, it will be fast-tracked into the Nasdaq-100 after the 15th day of trading.”¹⁶ FTSE Russell has followed suit¹⁷: As the *Wall Street Journal* reports, the firm “changed its rules to make it easier for freshly minted megacaps to enter its U.S. indexes, opening the door for passive investors to quickly access shares in SpaceX and other high-profile listings.”¹⁸ CRSP’s Large Cap Growth index, managed by Morningstar¹⁹ and tracked by two popular Vanguard ETFs, “changed its methodology in late April to make its previous public float minimum more nuanced, considering alternative liquidity screening measures. This change made SpaceX eligible.”²⁰

These changes followed S&P Dow Jones’ announcement in April that it was considering changes to its rules to more easily enable “MegaCap” companies — those “with a total company level market capitalization equal to or greater than the 100th largest company in the S&P Total Market Index (TMI)”²¹ — to be fast-tracked onto its indexes.²² For the S&P 500 alone, these changes would have included reducing its standard 12-month post-IPO waiting period to just six

¹² Financial Times, “Index investing will evolve with mega IPOs,” Rodney Comegys, June 3, 2026, <https://www.ft.com/content/ca3a0302-da58-42cd-b070-c00629ed33e1?syn-25a6b1a6=1>.

¹³ Bloomberg, “Index Funds Can’t Say No to SpaceX,” Matt Levine, May 26, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>.

¹⁴ Bloomberg, “Index Funds Can’t Say No to SpaceX,” Matt Levine, May 26, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>.

¹⁵ Yahoo! Finance, “Elon Musk’s SpaceX Could Be Fast-Tracked Into S&P 500 After IPO Under Proposed Rule Changes,” Badir Shaikh, May 2, 2026, <https://finance.yahoo.com/markets/stocks/articles/elon-musks-spacex-could-fast-180121306.html>.

¹⁶ Reuters, “New Nasdaq rules to include 'fast entry' for new listings on benchmark index,” Anirban Sen and Arasu Kannagi Basil, March 30, 2026, <https://www.reuters.com/business/new-nasdaq-rules-include-fast-entry-new-listings-benchmark-index-2026-03-30/>.

¹⁷ FTSE Russell, “Consultation for the Russell US Equity Indexes on the timing of IPOS and the treatment of companies with a high free float market capitalization,” February 2026, https://www.lseg.com/content/dam/ftse-russell/en_us/documents/consultation/ipo-fast-entry-consultation.pdf.

¹⁸ Wall Street Journal, “FTSE Russell Latest to Make U.S. Index Inclusion Easier Ahead of SpaceX IPO,” Joe Stonor, May 27, 2026, <https://www.wsj.com/finance/stocks/ftse-russell-latest-to-make-u-s-index-inclusion-easier-ahead-of-spacex-ipo-35157adf?msocid=2e133ff4f2d962b50a792891f315639b>.

¹⁹ Morningstar, “Morningstar Reaches New Milestone in the CRSP Acquisition, Rebranding CRSP Market Indexes to Morningstar Indexes,” press release, April 29, 2026, <https://newsroom.morningstar.com/news/news-details/2026/Morningstar-Reaches-New-Milestone-in-the-CRSP-Acquisition-Rebranding-CRSP-Market-Indexes-to-Morningstar-Indexes/default.aspx>.

²⁰ Business Insider, “Here’s when SpaceX could show up in major indexes and popular ETFs after its IPO,” Naomi Buchanan, May 24, 2026, <https://www.businessinsider.com/spacex-ipo-index-investing-etfs-spy-vti-qqq-spex-stock-2026-5>.

months, eliminating the standard 10 percent float requirements, and exempting the MegaCaps from the financial viability criteria that all other companies are expected to meet in order to qualify.²³ I appreciate that S&P Dow Jones recently announced it was foregoing the proposed changes to the S&P 500. However, S&P Dow Jones has reportedly followed through with some changes to some of its broader indexes — including the S&P Total Market Index and Dow Jones U.S. Total Stock Market Index — such as “alternative float requirement[s] for very large companies that are offering less than 10% of their shares.”²⁴

This wave of changes by your firms raise significant investor protection concerns, particularly amid reports that SpaceX lobbied for “quicker entry into your indexes.”²⁵ For example, Elon Musk, the CEO of SpaceX, has reportedly made inclusion on the Nasdaq 100 a precondition for listing the stock on Nasdaq’s exchange, implicating an apparent conflict of interest between Nasdaq’s role as an index provider and as an exchange.²⁶

For the millions of Americans invested in index funds, the changes may lead to the automatic purchase of billions of dollars of SpaceX stock without them having any say in the matter. Suddenly, American retirement savings or pensions may be tied to SpaceX’s market value. The stock’s ubiquity would artificially jack up its value, and SpaceX insiders — thanks to special rules allowing some of them to sell their shares sooner than usual²⁷ — would be able to quickly sell off their shares, leaving retail investors holding the bag. What results could be a massive upward redistribution of wealth — even should SpaceX continue to not be profitable.²⁸ In short, these changes may enable a scheme of financial engineering that rigs America’s capital markets in favor of Mr. Musk and other SpaceX insiders. As one *Financial Times* commentator put it, “Why on earth is [S&P Dow Jones Indices] . . . seemingly flirting with a rule-bending change to

²¹ Bloomberg, “Index Funds Can’t Say No to SpaceX,” Matt Levine, May 26, 2026,

<https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>.

²² S&P Dow Jones Indices, “S&P Dow Jones Indices Consultation on Treatment of MegaCap Companies,” press release, April 30, 2026, https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20260430-1483123/1483123_spdji-us-indices-megacaps-consult-20260430.pdf; Bloomberg, “Index Funds Can’t Say No to SpaceX,” Matt Levine, May 26, 2026, <https://www.bloomberg.com/opinion/newsletters/2026-05-26/index-funds-can-t-say-no-to-spacex>.

²³ S&P Dow Jones Indices, “S&P Dow Jones Indices Consultation on Treatment of MegaCap Companies,” press release, April 30, 2026, https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20260430-1483123/1483123_spdji-us-indices-megacaps-consult-20260430.pdf.

²⁴ Axios, “Surprise! S&P will not change its rules to get SpaceX in early,” Emily Peck, June 4, 2026, <https://www.axios.com/2026/06/04/musk-spacex-ipo-sp-investors>.

²⁵ Business Insider, “Here’s when SpaceX could show up in major indexes and popular ETFs after its IPO,” Naomi Buchanan, May 24, 2026, <https://www.businessinsider.com/spacex-ipo-index-investing-etfs-spy-vti-qqq-spcx-stock-2026-5>.

²⁶ CNBC, “Elon Musk’s SpaceX weighs Nasdaq listing after seeking early index entry, Reuters sources say,” March 10, 2026, <https://www.cnbc.com/2026/03/10/elon-musks-spacex-weighs-nasdaq-listing-after-seeking-early-index-entry.html?msockid=2e133ff4f2d962b50a792891f315639b>.

²⁷ CNBC, “SpaceX insiders will get to sell shares earlier than usual after the IPO,” Leslie Picker, May 21, 2026, <https://www.cnbc.com/2026/05/21/spacex-insiders-will-get-to-sell-shares-earlier-than-usual-after-the-ipo.html?msockid=2e133ff4f2d962b50a792891f315639b>.

²⁸ New York Times, “Musk’s SpaceX Reveals Its Finances for the First Time,

Ryan Mac and Laura Hirsch, May 20, 2026, <https://www.nytimes.com/2026/05/20/technology/elon-musk-spacex-ipo.html> (“But the company lost more than \$4.9 billion last year, compared with a \$791 million profit in 2024, as capital expenditures nearly doubled to \$20.7 billion from heavy spending on artificial intelligence development. In the first three months of this year, SpaceX lost almost as much money as all of 2025, recording a \$4.3 billion loss.”).

allow Elon Musk’s satellites-to-AI company a quick entry?”²⁹ This is a question the SEC and the index providers should answer for the public.

To ensure that investors and the markets are protected from the risks posed by the policy changes at your firms, I request detailed answers to the following questions no later than June 26, 2026:

1. Did your firm change or consider changing the rules for your indexes in response to lobbying from Mr. Musk or SpaceX, or any other large technology company expected to soon go public, including OpenAI and Anthropic?
 - a. Have you or your company communicated with Mr. Musk or SpaceX in any way, or with the leadership of any other large technology company expected to soon go public? If so, please provide that communication.
 - b. If not, what are the commercial or business objectives of these rule changes?
2. Have you changed your index’s rules in order to solicit SpaceX or any other large technology company to list its stock on any particular exchange, or for any other benefit to your firm?
3. If your firm considered changes to index rules but did not implement them, why did you choose to do so? Please explain any motivating factors, including
 - a. Pressure from concerned investors, markets, and the public
 - b. The appearance of bias towards SpaceX and other large “MegaCaps”
 - c. Risks to retail investors, including those that invest in index funds
4. Will each of your firms commit to:
 - a. Maintaining or reinstating your long-standing post-IPO waiting period, and/or making seasoning requirements the same for *all* new stocks?
 - b. Maintaining or reinstating float requirements of at least 10 percent, and/or making such requirements the same for *all* new stocks?
 - c. Maintaining or reinstating profitability requirements and/or other measures of financial viability for *all* new stocks?
5. How do you plan to protect index investors, including retirees and other individuals who invest their savings in index funds, from the risks posed by the dubious valuation and concentrated corporate governance of new public companies?
6. How do you plan to address these issues in advance of Anthropic and Open AI’s expected IPOs, or any other large AI or technology companies?

Sincerely,

²⁹ Financial Times, “Et tu, S&P 500?,” Robin Wigglesworth, March 16, 2026, <https://www.ft.com/content/59adbe42-ca30-47f3-9cda-5415945e9368>.



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