

## MSCI 2021 Market Classification Review

- **Reclassifies the MSCI Argentina Index from Emerging to Standalone Markets status**
- **Launches a consultation on the potential reclassification of the MSCI Pakistan Index from Emerging to Frontier Markets status**
- **Warns on the potential negative implications of further restrictions on the Availability of Investment Instruments in a few Emerging Markets**
- **Continues to monitor the Market Accessibility of the Nigerian equity market**

**New York – June 24, 2021**– MSCI Inc. (NYSE: MSCI), a leading provider of critical decision support tools and services for the global investment community, announced today the results of the MSCI 2021 Market Classification Review.

“It is positive to see that most of the markets which imposed temporary accessibility restrictions to mitigate the impact of the COVID-19 pandemic have returned to normal operations,” said Dr. Dimitris Melas, Global Head of Index Research and Product Development and Chairman of the MSCI Index Policy Committee. “For the markets that continue to maintain some measure of restrictions due to COVID-19, with no explicit guidelines on when such restrictions will be lifted, their Market Accessibility assessment may be affected negatively.”

### **MSCI Argentina Index reclassification to Standalone Markets status**

MSCI announced today that it will reclassify the MSCI Argentina Index from Emerging Markets to Standalone Markets status in one step coinciding with the November 2021 Semi-Annual Index Review. “Since September 2019, international institutional investors have been subject to the imposition of capital controls in the Argentina equity market,” said Craig Feldman, Global Head of Index Management Research and member of the MSCI Index Policy Committee. “Despite the fact that the MSCI Argentina Index remains replicable given that only foreign listings are eligible for inclusion to the index, the prolonged severity of capital controls with no resolution is not in line with the Market Accessibility criteria of the MSCI Emerging Markets Index. This has led to the reclassification of the MSCI Argentina Index from Emerging Markets to Standalone Markets status.”

The accessibility report for Argentina is now reflected in the MSCI 2021 Global Market Accessibility Review report available at <https://www.msci.com/market-classification>.

### **Consultation on potential reclassification of the MSCI Pakistan Index to Frontier Markets status**

MSCI announced today the launch of a consultation on a proposal for potential reclassification of the MSCI Pakistan Index from Emerging Markets to Frontier Markets status in one step coinciding with the November 2021 Semi-Annual Index Review.

Although the Pakistani equity market meets the requirements for Market Accessibility under the classification framework for Emerging Markets, it no longer meets the standards for Size and Liquidity. More specifically, index continuity rules, as described in section 2.4 of the [MSCI Global Investable Market Indexes Methodology](#), have been applied since the November 2018 Semi-Annual Index Review to artificially maintain the required three constituents in the MSCI Pakistan Index. Additionally, since the November 2019 Semi-Annual Index Review, there have been no securities in the

MSCI Pakistan equity universe that meet Emerging Markets Size and Liquidity criteria within the MSCI Market Classification Framework.

MSCI welcomes feedback from market participants on this reclassification proposal until August 31, 2021 and will announce the results of the consultation on or before September 7, 2021.

### **Implications of Further Deterioration in the Availability of Investment Instruments**

Low ratings continue to persist for the Availability of Investment Instruments in the Market Accessibility criteria for Brazil, China (A shares), India, Korea and Turkey. Global market participants expect that stock exchanges should not directly or indirectly restrict the Availability of Investment Instruments domestically or globally. However, some exchanges restrict use of their data to create certain derivative works such as indexes and investment instruments based on such indexes (including ETFs, futures and options contracts listed on any exchange in the world, and other types of funds and derivative instruments). As a reminder, any anti-competitive policy put forth by any exchange in any market in the world that restricts the Availability of Investment Instruments and results in deterioration of the accessibility of an equity market could potentially lead to a downgrade in market classification. Exchanges and regulators should note that anti-competitive policies or practices that restrict the availability of indexed investment instruments have become increasingly problematic to global investors.

### **Market Accessibility in Nigeria**

Market Accessibility issues continue to be significantly problematic within the Nigerian equity market. The repatriation of funds from investments in Nigerian equities remains extremely difficult for foreign investors due to low liquidity in the Nigerian foreign exchange market.

While MSCI will continue to apply the special treatment that has been in place since May 2020 to reduce the number of potential changes in relevant indexes, the absence of significant and timely improvement in this market may result in the reclassification of the MSCI Nigeria Index to Standalone Markets status.

MSCI continues to welcome feedback on the level of Market Accessibility of the Nigerian equity market and would consult with market participants about the details and timing of the implementation of any reclassification.

-Ends-

### **About MSCI**

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data, and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process. To learn more, please visit [www.msci.com](http://www.msci.com).

## Media Inquiries

PR@msci.com

Sam Wang	+1 212 804 5244
Melanie Blanco	+1 212 981 1049
Laura Hudson	+44 20 7336 9653
Rachel Lai	+852 2844 9315

## MSCI Global Client Service

EMEA Client Service	+ 44 20 7618.2222
Americas Client Service	+1 888 588 4567 (toll free)
Asia Pacific Client Service	+ 852 2844 9333

This document and all of the information contained in it, including without limitation all text, data, graphs, charts (collectively, the "Information") is the property of MSCI Inc. or its subsidiaries (collectively, "MSCI"), or MSCI's licensors, direct or indirect suppliers or any third party involved in making or compiling any Information (collectively, with MSCI, the "Information Providers") and is provided for informational purposes only. The Information may not be modified, reverse-engineered, reproduced or disseminated in whole or in part without prior written permission from MSCI. All rights in the Information are reserved by MSCI and/or its Information Providers.

The Information may not be used to create derivative works or to verify or correct other data or information. For example (but without limitation), the Information may not be used to create indexes, databases, risk models, analytics, software, or in connection with the issuing, offering, sponsoring, managing or marketing of any securities, portfolios, financial products or other investment vehicles utilizing or based on, linked to, tracking or otherwise derived from the Information or any other MSCI data, information, products or services.

The user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF THE INFORMATION PROVIDERS MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH INFORMATION PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION.

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall any Information Provider have any liability regarding any of the Information for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited, including without limitation (as applicable), any liability for death or personal injury to the extent that such injury results from the negligence or willful default of itself, its servants, agents or sub-contractors.

Information containing any historical information, data or analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. Past performance does not guarantee future results.

The Information should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. All Information is impersonal and not tailored to the needs of any person, entity, or group of persons.

None of the Information constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy.

It is not possible to invest directly in an index. Exposure to an asset class or trading strategy or other category represented by an index is only available through third party investable instruments (if any) based on that index. MSCI does not issue, sponsor, endorse, market, offer, review or otherwise express any opinion regarding any fund, ETF, derivative or other security, investment, financial product or trading strategy that is based on, linked to or seeks to provide an investment return related to the performance of any MSCI index (collectively, "Index Linked Investments"). MSCI makes no assurance that any Index Linked Investments will accurately track index performance or provide positive investment returns. MSCI Inc. is not an investment adviser or fiduciary and MSCI makes no representation regarding the advisability of investing in any Index Linked Investments.

Index returns do not represent the results of actual trading of investible assets/securities. MSCI maintains and calculates indexes, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index or Index Linked Investments. The imposition of these fees and charges would cause the performance of an Index Linked Investment to be different than the MSCI index performance.

The Information may contain back tested data. Back-tested performance is not actual performance, but is hypothetical. There are frequently material differences between back tested performance results and actual results subsequently achieved by any investment strategy.

Constituents of MSCI equity indexes are listed companies, which are included in or excluded from the indexes according to the application of the relevant index methodologies. Accordingly, constituents in MSCI equity indexes may include MSCI Inc., clients of MSCI or suppliers to MSCI. Inclusion of a security within an MSCI index is not a recommendation by MSCI to buy, sell, or hold such security, nor is it considered to be investment advice.

Data and information produced by various affiliates of MSCI Inc., including MSCI ESG Research LLC and Barra LLC, may be used in calculating certain MSCI indexes. More information can be found in the relevant index methodologies on [www.msci.com](http://www.msci.com).

MSCI receives compensation in connection with licensing its indexes to third parties. MSCI Inc.'s revenue includes fees based on assets in Index Linked Investments. Information can be found in MSCI Inc.'s company filings on the Investor Relations section of [www.msci.com](http://www.msci.com).

MSCI ESG Research LLC is a Registered Investment Adviser under the Investment Advisers Act of 1940 and a subsidiary of MSCI Inc. Except with respect to any applicable products or services from MSCI ESG Research, neither MSCI nor any of its products or services recommends, endorses, approves or otherwise expresses any opinion regarding any issuer, securities, financial products or instruments or trading strategies and MSCI's products or services are not intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Issuers mentioned or included in any MSCI ESG Research materials may include MSCI Inc., clients of MSCI or suppliers to MSCI, and may also purchase research or other products or services from MSCI ESG Research. MSCI ESG Research materials, including materials utilized in any MSCI ESG Indexes or other products, have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body.

Any use of or access to products, services or information of MSCI requires a license from MSCI. MSCI, Barra, RiskMetrics, IPD and other MSCI brands and product names are the trademarks, service marks, or registered trademarks of MSCI or its subsidiaries in the United States and other jurisdictions. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and Standard & Poor's. "Global Industry Classification Standard (GICS)" is a service mark of MSCI and Standard & Poor's.

MIFID2/MIFIR notice: MSCI ESG Research LLC does not distribute or act as an intermediary for financial instruments or structured deposits, nor does it deal on its own account, provide execution services for others or manage client accounts. No MSCI ESG Research product or service supports, promotes or is intended to support or promote any such activity. MSCI ESG Research is an independent provider of ESG data, reports and ratings based on published methodologies and available to clients on a subscription basis. We do not provide custom or one-off ratings or recommendations of securities or other financial instruments upon request.

For information about how MSCI collects and uses personal data, please refer to our Privacy Notice at <https://www.msci.com/privacy-pledge>.