PRESS RELEASE

Results of MSCI 2015 Market Classification Review

China A-Shares on Track for Inclusion

MSCI and CSRC Will Form Working Group to Address Remaining Issues

Geneva – June 9, 2015 – MSCI Inc. (NYSE: MSCI), the premier provider of global equity indexes, announced today that it expects to include China A-shares in its global benchmarks after a few important remaining issues related to market accessibility have been resolved. MSCI and the China Securities Regulatory Commission (CSRC) will form a working group to contribute to the successful resolution of these issues.

"Substantial progress has been made toward the opening of the Chinese equity market to institutional investors," said Remy Briand, MSCI Managing Director and Global Head of Research. "In our 2015 consultation, we learned that major investors around the world are eager for further liberalization of the China A-shares market, especially with regard to the quota allocation process, capital mobility restrictions and beneficial ownership of investments."

Briand continued, "Because MSCI's client base is so large and diverse, we have a strong interest in ensuring that remaining issues are addressed in an orderly and transparent way. We are honored that the CSRC has recognized MSCI's expertise regarding the requirements of international institutional investors. We look forward to a fruitful collaboration that will contribute to the further opening of the China A-shares markets to international investors and the inclusion in the MSCI Emerging Markets Index."

MSCI stated that it may announce the decision to include China A-shares in the MSCI Emerging Markets Index as soon as the issues it has outlined are resolved. This may happen outside the regular schedule of its annual Market Classification Review.

In today's announcement, MSCI also said that it will include the MSCI Pakistan Index in its 2016 Annual Market Classification Review for a potential reclassification to emerging markets.

In addition, MSCI said that it will seek feedback from international institutional investors on the accessibility of the Saudi Arabia equity market following its opening on June 1, 2015 before considering adding the MSCI Saudi Arabia Index to the review list for a potential inclusion in the MSCI Emerging Markets Index. MSCI always requires a period of monitoring in order to assess whether a policy change is effectively operating as intended.

Finally, MSCI released the 2015 Global Market Accessibility Review for the 82 markets under its coverage.

Each June, MSCI communicates its conclusions, based on discussions with the international investment community, about a list of countries under review. At that time, it also announces the identities of any new countries under review for potential market reclassification in the upcoming cycle.

China A-shares

MSCI will collaborate with the CSRC over coming months to facilitate discussions designed to lead to the implementation of policies that effectively resolve the remaining accessibility issues in the China A-shares market.

Since its 2014 Annual Market Classification Review, MSCI has continued to observe significant positive market-opening developments in the Chinese capital market. These developments include the successful launch of the Shanghai-Hong Kong Stock Connect program ("Stock Connect"), the expansion of RQFII program from four cities to 12 cities and the clarification of the capital gains tax. In addition, the imminent launch of the Shenzhen-Hong Kong Stock Connect program and potential further liberalization of the QFII program should further improve the accessibility of the China A-shares market.

The working group aims to facilitate discussion and understanding of accessibility concerns and potential solutions that were highlighted by international institutional investors in MSCI's 2015 consultation. The concerns include, but are not limited to, the quota allocation process, capital mobility restrictions and beneficial ownership of investments.

1. **Quota allocation process.** Global investors told MSCI that having reliable access to quota is a critical requirement. They believe that large investors should be given access to quota commensurate with the size of their assets under management. This is especially important for passive investors, whose investment processes replicate benchmarks. In addition, all investors said that they need sufficient flexibility and assurance to secure additional quota should the need arise. Most international investors have indicated a preference for a more streamlined, transparent and predictable quota allocation process.

2. **Capital mobility restrictions.** Liquidity is a critical component of the investment process. Regardless of the channel they use, investors say that they need access to daily liquidity. They believe that this access should apply to all investment vehicles, including open-ended funds, ETFs and separate accounts. Some investors have continued to express concerns about restrictions on capital lock-up and the limit on the amount of repatriation. Finally, in the context of Stock Connect, investors feel that the daily limit imposed on the "northbound access" (access to Shanghai-listed A-shares through the Hong Kong Stock Exchange) should be lifted because it is a great source of trading uncertainty for passive investors, who typically trade on market close.

3. **Beneficial ownership.** MSCI applauds CSRC's recent clarification on the Stock Connect beneficial ownership issue. MSCI expects this clarification to make international investors more confident in using the Stock Connect scheme. Time and actual experience, however, are needed for investors to provide their final assessments. A large number of asset owners invest through separate accounts. Because they typically delegate investment and operational decisions to their fund managers, recognizing clear title to ownership for the ultimate beneficial owners is a crucial concern.

Recognizing the significant progress to date and ongoing reform efforts, China A-shares will remain on the 2016 review list for potential inclusion into Emerging Markets.

MSCI has updated the consultation document that describes the proposed index inclusion roadmap for China A-shares in the MSCI Emerging Markets Index. This roadmap, which was introduced in March 2014, proposes to partially include China A-shares in the pro forma MSCI China Index and its corresponding composite indexes, including the MSCI Emerging Markets Index, at 5% of its FIF-adjusted market capitalization. The updated consultation document incorporates a revised implementation timeline and can be found on MSCI's web site at https://www.msci.com/indexconsultations.

Pakistan

MSCI is adding the MSCI Pakistan Index to the review list for a potential reclassification to Emerging Markets as part of the 2016 Annual Market Classification Review.

The Pakistani equity market underwent a number of positive developments over the course of the past 12 to 18 months. Key developments are (1) improvements relating to the Launch of the Pakistan Unified Corporate Action Reporting System (PUCARS) at the Karachi Stock Exchange, (2) the introduction of restrictions on the Negotiated Deal Market (NDM) that aim to prevent unauthorized movement of client securities via NDM transactions and (3) the development of an online complaint management system. Most accessibility criteria of the Pakistani equity market meet the MSCI Emerging Markets standards, except for some potential issues with the stability of the institutional framework.

The Pakistani equity market has grown significantly and its liquidity has greatly improved. As a result, concerns about the potential for failing to meet size and liquidity criteria should there be a negative market event have receded.

Although the Pakistani equity markets meet most of MSCI's Emerging Markets classification criteria as per the MSCI Market Classification Framework, MSCI would like to highlight that in the event of a reclassification of the MSCI Pakistan Index to emerging markets status, the MSCI Pakistan Index may potentially see its number of constituents decrease. Based on a simulation using current data, the number of constituents would decrease from 16 to 6, representing a sharp drop in index market capitalization of 32%. This decrease is a direct result of the application of more stringent investability requirements for the MSCI Emerging Markets Index. MSCI will actively seek feedback from investors on this point.

Saudi Arabia

MSCI greatly welcomes the opening of the Saudi Arabia equity market to direct foreign investments. MSCI expects this important development to contribute to the further expansion of the global investment opportunity set available to institutional investors. Because this is a very recent development, however, MSCI will monitor the effectiveness of the opening of the market and gather feedback from international investors before considering a proposal to include the MSCI Saudi Arabia Index in the MSCI Emerging Markets Index. MSCI reflects regulatory changes in its accessibility assessment only after investors have fully absorbed the changes and are able to provide meaningful feedback.

In particular, MSCI will be seeking feedback from market participants on (1) the newly introduced Rules for Qualified Foreign Financial Institutions Investment and the related registration process, (2) potential constraints resulting from the stringent 20% foreign ownership level applied to listed securities on the Saudi Stock Exchange, (3) prefunding requirements resulting from the T+0 settlement cycle imposed for equities on the Saudi Stock Exchange and (4) a requirement for investors to operate with segregated custody and trading accounts to mitigate the risk deriving from local brokers having unlimited access to trading accounts.

On June 1, 2015, MSCI launched MSCI Saudi Arabia Indexes as standalone indexes based on the MSCI Emerging Markets Index construction methodology.

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