

Proposed Treatment of the MSCI Russia Indexes in the Context of New Economic Sanctions

Geneva – September 15, 2014 – On September 12, 2014, the Council of the European Union as well as the US Department of the Treasury imposed sanctions on additional entities in connection with events in Ukraine and Russia.

Given the similar nature of the newly announced additions to the sanctions announced on July 29, 2014 by the US Department of the Treasury and July 31, 2014 by the Council of the European Union, MSCI proposes to extend the treatment announced on August 8, 2014 for Sberbank and VTB Bank to Rosneft and Transneft.

More specifically, MSCI proposes to maintain Rosneft (Rub) and Transneft Pref (Rub) in the MSCI Russia Index, however, in order to reflect the restrictions on the participation in the potential issuance of new shares by Rosneft and Transneft by some market participants, as well as mitigate potential reverse turnover in the MSCI Russia Indexes and related composite indexes, MSCI proposes not to implement any increases in Number of Shares (NOS) or Foreign Inclusion Factor (FIF) for Rosneft or Transneft until further notice. MSCI would also launch a public consultation on a potential deletion of the securities in the event that Rosneft and/or Transneft announce their intention to issue new shares.

Rosneft and Transneft, which are current constituents of the MSCI Russia Index, are among entities included in the list of sanctioned entities announced by the Council of the European Union. According to the announcement, "it shall be prohibited to directly or indirectly purchase, sell, provide investment services for or assistance in the issuance of, or otherwise deal with transferable securities issued after September 12, 2014" by these companies.

Sberbank, which has been part of the Council of the European Union restrictions list since July 31, 2014, is now also included in the sanctions list of the US Department of the Treasury. MSCI does not propose any changes to the treatment of Sberbank in addition to what was announced on August 8, 2014.

As a reminder, following consultation with the investment community, MSCI announced on August 8, 2014 that it would maintain Sberbank Russia Com (Rub), Sberbank Russia Pref (Rub) and VTB Bank (Rub) in the MSCI Russia Index until further notice, as the issues potentially resulting from the comingling of existing and new equity were not perceived as an immediate concern by most consulted market participants. MSCI also announced that it would not implement any increases in Number of Shares (NOS) or Foreign Inclusion Factor (FIF) for Sberbank Russia Com (Rub), Sberbank Russia Pref (Rub) and VTB Bank (Rub) until further notice.

MSCI welcomes feedback from market participants on the potential impact of these new sanctions on accessibility of the Russian equity market by the close of September 19, 2014.

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The company's flagship product offerings are: the MSCI indexes with over USD 9 trillion estimated to be benchmarked to them on a worldwide basis¹; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

¹As of March 31, 2014, as reported on June 25, 2014, by eVestment, Lipper and Bloomberg

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