

MSCI equity index policy regarding United States IRS 871(m) regulations relating to the definition of a “Qualified Index”

January 2024

Background

On September 17, 2015, the U.S. Internal Revenue Service (“IRS”) and the U.S. Treasury Department released final regulations under Section 871(m) of the Internal Revenue Code which were published in the Federal Register on September 18, 2015 and provide, amongst other things, the rules for withholding on “dividend equivalent payments” on derivatives that reference U.S. equity securities.

The regulations include certain criteria that the IRS uses to determine whether an index is a Qualified Index, the details of which can be found in the document published by the IRS in the Federal Register, Vol. 80, No.181, Part VI, as may be updated or amended from time to time.

MSCI policy pertaining to regulation relating to rule 871(m) “Qualified Indices”

In response to feedback from numerous market participants, MSCI has decided to provide information regarding select MSCI indexes to help facilitate MSCI’s clients’ determination whether an index qualifies as a “Qualified Index” under Section 871(m) of the Internal Revenue Code. For the avoidance of doubt, MSCI, as the index provider, does not make the determination whether an index is a “Qualified Index”. MSCI first published this policy document in August 2016 and is subsequently publishing this updated version.

We chose to provide information for the MSCI indexes below on the basis of their widespread use by our global clients. Inclusion or exclusion of an index in the list below does not amount to a determination by MSCI whether such MSCI index is eligible to be a “Qualified Index” or not for purposes of Section 871(m) of the Internal Revenue Code. Should a client wish to request information about additional MSCI indexes to be added to this document, please contact your local MSCI representative for more information or send an email to clientservice@msci.com.

Please note that this information and this document are provided for informational purposes only. Nothing contained herein constitutes (i) legal advice, (ii) any recommendation to use any MSCI indexes or (iii) any guarantees with respect to any MSCI indexes or any eligibility requirements for “Qualified Indices”. MSCI intends to publish an update to the information below on or around the first business day of each calendar year and throughout the calendar year as determined by MSCI in MSCI’s sole discretion.

MSCI may change its policies from time to time. As such, this document is subject to change, and/or MSCI may cease publication of this document, at any time without notice.

The MSCI indexes specifically referenced in Exhibit A are:

- MSCI ACWI Index
- MSCI World Index
- MSCI North America Index
- MSCI USA Index
- MSCI Kokusai Index
- MSCI Peru Index
- MSCI Russia Index
- MSCI USA Equal Weighted Index
- MSCI USA Momentum Index
- MSCI USA Quality Index
- MSCI USA Value Weighted Index
- MSCI World Midcap Index
- MSCI World Energy Index
- MSCI World Materials Index
- MSCI World Industrials Index
- MSCI World Consumer Discretionary Index
- MSCI World Consumer Staples Index
- MSCI World Health Care Index
- MSCI World Financials Index
- MSCI World Information Technology Index
- MSCI World Telecommunication Services Index
- MSCI World Utilities Index
- MSCI World Real Estate Index
- MSCI EM ESG Leaders Index
- MSCI EAFE ESG Leaders Index
- MSCI World ESG Leaders Index
- MSCI Europe ESG Leaders Index
- MSCI USA ESG Leaders Index
- MSCI USA Climate Change Index
- MSCI World Climate Change Index
- MSCI Europe Climate Change Index
- MSCI World Small Cap Index
- MSCI Emerging Markets Index
- MSCI World Climate Paris Aligned Benchmark Index
- MSCI Europe Climate Paris Aligned Benchmark Index
- MSCI EM Climate Paris Aligned Benchmark Index
- MSCI USA Climate Paris Aligned Benchmark Index

- MSCI EAFE Climate Paris Aligned Benchmark Index
- MSCI World Minimum Volatility Index
- MSCI World Low Carbon Target Index
- MSCI World Low Carbon Leaders Index
- MSCI World Climate Paris Aligned Index
- MSCI USA Minimum Volatility Index
- MSCI Brazil Index
- MSCI World Equal Weighted Index

Exhibit A

MSCI Index	# of component securities (1)	# of short Component securities (2)	Largest Single Security Weighting (1)	# of Securities that Represents Top 40% of Weighting (1)	Rebalancing Methodology (2)	Annual Dividend Yield (4)	Futures or Options Contracts Listed (1)(3)	% of US Securities (1)	US Weighting (1)
MSCI ACWI Index	2921	N/A	0.044742518	70	MSCI Global Investable Market Indexes Methodology	2.031	- ICE US - ICE EU - EUREX	21.63%	60.37%
MSCI World Index	1480	N/A	0.049994073	55	MSCI Global Investable Market Indexes Methodology	1.929	- ICE US - ICE EU - EUREX	41.38%	68.01%
MSCI North America Index	697	N/A	0.068370148	25	MSCI Global Investable Market Indexes Methodology	1.519	-EUREX	87.64%	95.17%
MSCI USA Index	609	N/A	0.071510816	22	MSCI Global Investable Market Indexes Methodology	1.444	- ICE US -ICE EU - EUREX	100.00%	100.00%
MSCI Kokusai Index	1255	N/A	0.053204666	47	MSCI Global Investable Market Indexes Methodology	1.909	- ICE EU - EUREX	49.10%	72.55%
MSCI Peru Index	3	N/A	0.488723097	1	MSCI Global Investable Market Indexes Methodology	3.917	- EUREX	0.00%	0.00%
MSCI USA Equal Weighted Index	609	N/A	0.003120339	224	MSCI Equal Weighted Indexes Methodology	1.757	- ICE EU - EUREX	100.00%	100.00%
MSCI USA Momentum Index	123	N/A	0.056463241	10	MSCI Momentum Indexes Methodology	0.658	- EUREX	100.00%	100.00%
MSCI USA Quality Index	125	N/A	0.049762414	10	MSCI Quality Indexes Methodology	1.271	- EUREX	100.00%	100.00%
MSCI USA Value Weighted Index	609	N/A	0.029531685	33	MSCI_Value_Weighted_Index_Methodology_Book_Sep2017x	2.213	- EUREX	100.00%	100.00%
MSCI World Midcap Index	848	N/A	0.005034064	159	MSCI Global Investable Market Indexes Methodology	2.105	- EUREX	39.33%	59.31%
MSCI World Energy Index	58	N/A	0.148716054	5	MSCI Global Investable Market Indexes Methodology	3.872	- ICE EU - EUREX	48.28%	63.55%
MSCI World Materials Index	113	N/A	0.080452694	11	MSCI Global Investable Market	2.883	- ICE EU - EUREX	29.82%	41.63%

					Indexes Methodology				
MSCI World Industrials Index	265	N/A	0.022555778	28	MSCI Global Investable Market Indexes Methodology	1.835	- ICE EU - EUREX	33.33%	55.87%
MSCI World Consumer Discretionary Index	155	N/A	0.215309626	4	MSCI Global Investable Market Indexes Methodology	1.219	- ICE EU - EUREX	40.25%	67.04%
MSCI World Consumer Staples Index	111	N/A	0.083812292	6	MSCI Global Investable Market Indexes Methodology	2.804	- ICE EU - EUREX	32.71%	60.13%
MSCI World Health Care Index	136	N/A	0.066854817	10	MSCI Global Investable Market Indexes Methodology	1.825	- ICE EU - EUREX	55.40%	73.40%
MSCI World Financials Index	234	N/A	0.054115171	19	MSCI Global Investable Market Indexes Methodology	2.832	- ICE EU - EUREX	37.33%	54.08%
MSCI World Information Technology Index	156	N/A	0.21717677	2	MSCI Global Investable Market Indexes Methodology	0.784	- ICE EU - EUREX	60.87%	87.88%
MSCI World Telecommunication Services Index	79	N/A	0.19207463	2	MSCI Global Investable Market Indexes Methodology	1.215	- ICE EU - EUREX	39.36%	78.40%
MSCI World Utilities Index	79	N/A	0.07921367	10	MSCI Global Investable Market Indexes Methodology	3.965	- ICE EU - EUREX	40.00%	65.09%
MSCI World Real Estate Index	94	N/A	0.082853002	10	MSCI Global Investable Market Indexes Methodology	3.475	- ICE EU - EUREX	38.54%	71.14%
MSCI EM ESG Leaders Index	488	N/A	0.128691093	17	MSCI ESG Leaders Indexes Methodology	2.773	- ICE US	0.00%	0.00%
MSCI EAFE ESG Leaders Index	374	N/A	0.042269747	28	MSCI ESG Leaders Indexes Methodology	2.827	- ICE US	0.00%	0.00%
MSCI World ESG Leaders Index	698	N/A	0.087180268	27	MSCI ESG Leaders Indexes Methodology	1.843	- ICE US	38.94%	67.13%
MSCI Europe ESG Leaders Index	199	N/A	0.064336938	12	MSCI ESG Leaders Indexes Methodology	2.923	- ICE US	0.00%	0.00%
MSCI USA ESG Leaders Index	283	N/A	0.123815116	12	MSCI ESG Leaders Indexes Methodology	1.41	- ICE US	100.00%	100.00%
MSCI USA Climate Change Index	563	N/A	0.049914356	16	MSCI Climate Change Indexes Methodology	1.261	- ICE US	100.00%	100.00%
MSCI World Climate Change Index	1376	N/A	0.047594732	31	MSCI Climate Change Indexes Methodology	1.589	- ICE US	41.17%	70.28%
MSCI Europe Climate Change	394	N/A	0.044857215	20	MSCI Climate Change	2.657	- ICE US	0.00%	0.00%

Index					Indexes Methodology				
MSCI World Small Cap Index	4177	N/A	0.001854629	495	MSCI Global Investable Market Indexes Methodology	2.161	- EUREX	43.63%	59.26%
MSCI Emerging Markets Index	1441	N/A	0.067357748	48	MSCI Global Investable Market Indexes Methodology	2.903	- ICE US - ICE EU - EUREX - CBOE - HKEX	0.00%	0.00%
MSCI World Climate Paris Aligned Benchmark Index	592	N/A	0.05280845	37	MSCI Climate Paris Aligned Indexes Methodology	1.686	- ICE US	53.64%	67.350%
MSCI Europe Climate Paris Aligned Benchmark Index	242	N/A	0.036060681	23	MSCI Climate Paris Aligned Indexes Methodology	2.748	- ICE US	-	-
MSCI EM Climate Paris Aligned Benchmark Index	438	N/A	0.084965203	24	MSCI Climate Paris Aligned Indexes Methodology	2.292	- ICE US	-	-
MSCI USA Climate Paris Aligned Benchmark Index	264	N/A	0.077534521	16	MSCI Climate Paris Aligned Indexes Methodology	1.274	- ICE US	100%	100%
MSCI EAFE Climate Paris Aligned Benchmark Index	401	N/A	0.024465048	34	MSCI Climate Paris Aligned Indexes Methodology	2.61	- ICE US	-	-
MSCI World Minimum Volatility	264	N/A	0.01533108	38	MSCI Global Investable Market Indexes Methodology	2.575	- ICE EU - EUREX	47.87%	63.60%
MSCI World Low Carbon Leader	1167	N/A	0.050067643	56	MSCI Climate Change Indexes Methodology	1.907	- ICE US	43.98%	68.29%
MSCI World Low Carbon Target	891	N/A	0.050624234	52	MSCI Climate Change Indexes Methodology	1.895	- ICE US	46.28%	67.45%
MSCI World Climate Paris Aligned Benchmark Select	601	N/A	0.052507468	38	MSCI Climate Paris Aligned Indexes Methodology	1.676	- ICE US	54.17%	67.16%
MSCI Brazil	48	N/A	13.19%	5	MSCI Global Investable Market Indexes Methodology	6.845	- ICE EU	0.00%	0.00%
MSCI World Equal Weighted	1,480	N/A	0.13%	544	MSCI Equal Weighted Indexes Methodology	2.531	- ICE EU	41.15%	41.92%
MSCI USA Minimum Volatility	165	N/A	1.94%	28	MSCI Minimum Volatility Indexes Methodology	1.993	-ICE US	100.00%	100.00%

Information regarding listed futures or options linked to MSCI indexes is publicly available and can be found at <https://www.msci.com/documents/1296102/1360895/msci-LFO-cfs-en-booklet.pdf>

1. Observation Date = December 29, 2023

2. MSCI index methodology is publicly available at <https://www.msci.com/index-methodology>. (Please note that the standard global/regional MSCI indexes are based on a building block approach to construction such that, for example, the MSCI North America Index is the combination of the MSCI USA Index plus the MSCI Canada index. Consequently, any modifications or re-weightings that occur in the MSCI USA Index automatically flow through to any larger global/regional index in which the MSCI USA Index is a component part. In addition, the global and regional standard MSCI indexes do not reference short positions of any securities. For more information please reference the most up to date MSCI Global Investable Market Indexes Methodology Guide available at <https://www.msci.com/index-methodology>)

3. A list of all MSCI index-based futures and options is publicly available and can be found at <https://www.msci.com/our-solutions/indexes/index-licensing-for-derivatives>

4. Observation Date = December 29, 2023 and is calculated as per the MSCI Fundamental Data Methodology that can be found at <https://www.msci.com/index-methodology>

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