

MSCI EQUITY INDEX COMMITTEE

Terms of Reference

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General

MSCI uses a committee structure to provide overall oversight and governance for the design, calculation and maintenance of MSCI indexes¹ as follows:

- Oversight as required by the EU benchmark regulation and any similar post-Brexit UK regulation (collectively, the “BMR”) is provided by the BMR Oversight Committee (“OC”).
- A Risk and Regulatory Committee presides over operational and business risk and regulatory compliance matters.
- The Index Policy Committee (“IPC”) presides over major methodology developments and changes as well as equity market classification decisions, and is an escalation point for any index committee.
- An Index Committee presides over the development, review and interpretation of index methodologies and other matters described in the relevant terms of reference.

All of the committees are staffed solely by MSCI group company employees with extensive relevant experience.

All committee members are expected to act with integrity as is required of all our employees according to our Code of Ethics and Business Conduct posted on www.msci.com, and are subject to MSCI’s compliance policies, including with respect to confidential information and relevant Chinese Walls.

All decisions taken by the committees are the responsibility of their members.

MSCI believes that its editorial and operational independence is critical to its objectivity, efficiency and avoiding conflicts of interest.

¹ For the purpose of this document, “indexes” refer to MSCI equity and blended indexes.

The Equity Index Committee

Description

For MSCI's equity and blended indexes the index committee is known as the Equity Index Committee ("EIC").

The EIC presides over the development, review and interpretation of index methodologies. Both MSCI equity indexes as well as blended indexes, which combine MSCI equity indexes with indexes representing other asset classes or indexes, fall under responsibility of the EIC.

These terms of reference are reviewed and approved by the OC annually.

Responsibility

The key responsibilities of the EIC include, but are not limited to, the following:

- Review and approve new methodologies, including methodology books, material methodology changes and market reclassifications.
- Review and approve the results of the regular index rebalancings for the Global Investable Market Indexes.
- Review and approve the results of regular index rebalancing of indexes governed by other methodologies, as escalated by index research. Provide the IPC with highlights of rebalancing results.
- Review and approve complex or exceptional corporate event treatment that cannot be addressed by current methodologies, escalated by the Corporate Events team.
- Review and approve all proposals for equity index terminations not directly as a result of a methodology. Some index terminations may be escalated to the IPC.
- Approve or propose consultations, review feedback, and decide if methodology changes are needed.
- Determine what changes are significant after considering relevant factors such as operational impact on market participants and estimated turnover and transaction costs associated with the changes.
- Review and approve the MSCI Index Policies document.
- Delegate signoffs and decisions to sub-committees and functional teams for index changes that strictly follow the methodologies.

- May elect to escalate issues to the IPC for changes that it deems major or in cases where there is no agreement / decision. All market classification decisions are escalated to the IPC.

Composition

- The EIC is composed of six voting members: the chairman of the IPC and five members with significant experience and seniority selected from MSCI's Index Research. The Chair of the IPC is also a member of the EIC.
- The EIC may elect to add non-voting members selected from MSCI's Index Research and Data teams. Designated non-voting members may act as a substitute if no quorum is reached.
- Changes to voting members are proposed by the EIC and approved by the IPC.

Meetings

- The EIC is scheduled to meet once a week. In addition, the EIC meets on an ad-hoc basis if required.
- Regular meetings require the attendance of at least three members. Plenary meetings require the attendance of the IPC Chair and two additional members. In case no quorum² can be reached, designated non-voting members may act as a substitute.
- Topics are requested by members or other parties. If there are no topics or no quorum, the meeting is cancelled.
- The agendas for all EIC meetings contain the date, time, expected attendees and topics. All topics presented at the EIC generally have supporting documents.
- Generally, the minutes of all EIC meetings contain the date, time, attendees, topics discussed and decisions made. The secretary will record minutes of each meeting, which will be retained for at least five years.

In instances when an EIC decision is required prior to a regular meeting and scheduling an ad-hoc EIC meeting is not possible, such decision may be reached via email communication, provided at least three members of the EIC explicitly approve a proposal. New index methodologies not requiring detailed discussion may also be approved via email communication, based on circulated methodology documents and/or additional supporting materials. In case of exceptionally time critical, typically market driven topics, consent of two EIC members is sufficient. In case no quorum

² Three voting EIC members are required to constitute quorum

can be reached within 24 hours, designated non-voting members may act as a substitute. Topics for which non-voting members acted as a substitute are brought to attention of the EIC at the next scheduled meeting.

February 2018 updates:

Responsibility

- clarification on the role of the Index Equity Committee (EIC) in index termination decisions

Meetings

- change in the EIC voting rules in the cases when quorum cannot be reached

August 2018 updates:

Meetings

- clarification on the definition of quorum

February 2019 updates:

Responsibilities

- clarification on the new methodology book approvals

Meetings

- clarification on the definition of quorum

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* = toll free

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