

MSCI INDEX - RISK AND REGULATORY COMMITTEE

Terms of Reference

October 2017

GENERAL

MSCI uses four main committees to provide overall oversight and governance for benchmark administration for MSCI indexes¹.

- Oversight is provided by the Oversight Committee (“OC”).
- Governance is provided by the Risk and Regulatory Committee (“RRC”), the Index Policy Committee (“IPC”) and the Equity Index Committee (“EIC”).

All of the committees are staffed solely by MSCI group company employees with extensive relevant experience. MSCI believes that its editorial and operational independence is critical to its objectivity, efficiency and avoiding conflicts of interest.

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.

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

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

RISK AND REGULATORY COMMITTEE TERMS OF REFERENCE

DESCRIPTION

The RRC presides over operational and business risks and regulatory compliance matters. These terms of reference are reviewed and approved by the OC annually.

RESPONSIBILITY

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

- Preside over the integrity of the MSCI index processes. The aim is to ensure that there is in place an effective system reasonably designed to evaluate and control general risks within the MSCI index product line. Their responsibilities include, but are not limited to:
 - Review and approve the index control framework.
 - Review the results of internal and external audits and recommend actions.
 - Review and implement recommendations from the OC, as appropriate.
- Highlight and address potential material risks and issues, including operational risks, changes in regulatory environment, and conflicts of interest.
- Review any formal index complaints.
- Assess and manage the firm’s compliance with existing regulation or regulatory principles for existing, new and proposed indexes, as well as changes in processes.
- Discuss regulation and potential regulation and the impact on the MSCI index product line.

Note this committee has no authority over the EIC or IPC or their responsibilities. This committee is designated outside the MSCI Chinese Wall.

COMPOSITION

The composition of the committee is determined by job function. Membership changes are proposed by the RRC and approved by the OC.

The RRC is chaired by the Head of Index and is comprised of at least six other members representing senior leadership selected from each of:

- Index Research,
- Index Data Management,

- Index Product Management,
- Index IT,
- Legal, and
- Regulatory Process and Procedures Management.

Membership shall be revoked for the following reasons:

- The member notifies the committee of his or her decision to resign from the RRC.
- The member is no longer an employee of an MSCI group company or his or her role changes significantly.
- The member does not or is not capable of fulfilling his or her responsibilities on the committee, including attendance at meetings.

MEETINGS

- Meetings are to be held at least quarterly and as needed and may be attended in person or by teleconference.
- The chairperson and a member from each of the other functions must be present at any meeting. If a member is unable to attend, he or she must be represented by a delegate from his or her function to ensure that all relevant areas are present. Each voting member has one vote.
- Decisions will be taken by simple majority of the voting members present at a meeting.
- In instances when an RRC decision is required and scheduling an ad-hoc RRC meeting is not possible, such decision may be reached via email communication, provided at least three voting members of the RRC explicitly approve a proposal.
- Members must disclose any potential conflict of interest before each agenda item and recuse themselves from any discussions where they have a conflict of interest. This will be recorded in the minutes.
- The committee may ask any personnel to attend or to present at the meeting. These attendees will not have voting rights.
- The agendas for all RRC meetings contain the date, time, expected attendees and topics. Topics presented at the RRC may have supporting documents.
- Generally, the minutes of all RRC 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.



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* = toll free

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Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 97 of the top 100 largest money managers, according to the most recent P&I ranking.

For more information, visit us at www.msci.com.

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