

LIQUIDITY OBSERVATORY

Market participants and regulators across the financial services industry recognize the importance of measuring asset liquidity, but the lack of public market data to calibrate liquidity models continues to be a challenge in achieving meaningful measurement. The Liquidity Observatory intends to gather relevant information from industry participants, through a monthly survey, in order to provide transparency into the characteristics of market liquidity of assets that are not available from standard market data.

Starting with bonds as an asset class and through a proprietary and intuitive questionnaire, the monthly survey collects liquidity data from traders and other asset class experts. The aggregate liquidity data is then made available to participants.

KEY BENEFITS

The Liquidity Observatory provides access to:

- A source of reliable and independent assessment of market liquidity
- An intuitive questionnaire designed to capture a complete description of bond liquidity
- Liquidity horizon profiling consistent with AIFMD and Form PF regulatory requirements
- Global and broad coverage of bond types through approximately 170 bond categories
- Liquidity analytics research from MSCI

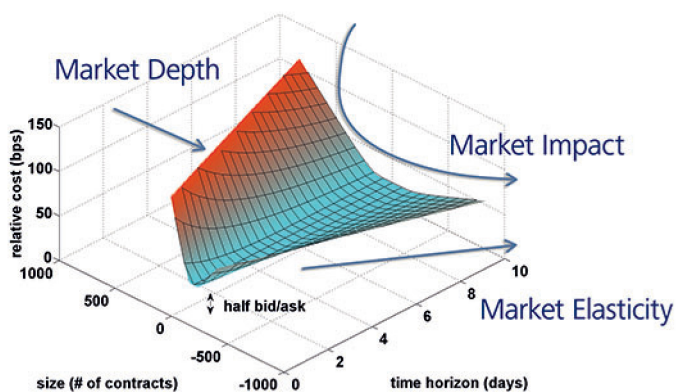
Participants of the Liquidity Observatory will receive preferential access to:

- Bond Liquidity Measure (BLM) package with bid-ask spread data for 220,000 bonds
- Aggregate liquidity data within RiskManager's LiquidityMetrics module or in flat file format

THE LIQUIDITY OBSERVATORY QUESTIONNAIRE

For the collection of liquidity information, MSCI worked with industry participants to develop an intuitive questionnaire and capture the right aspects of liquidity in a streamlined fashion. The questionnaire covers global and broad bond types through approximately 170 bond categories, including:

- Corporate
- Sovereign
- Supranational
- Sub-sovereign
- Convertible



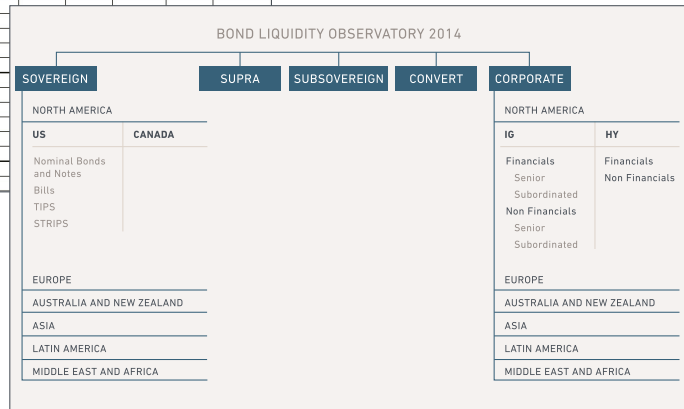
Capturing the right aspects of bond liquidity.

The questionnaire also captures specific information for each category to describe the transaction cost profile of trading an individual asset within a category, including:

- Description of the Market Impact Curve for orders executed within one day, calibrated using a small number of intuitive parameters and covering both bid and ask sides.

- Relaxation Time expressed in days that represent the elasticity of the market and measure the speed at which the market is able to regenerate removed liquidity.
- Representative Bid-Ask Spread to model transaction cost estimates at small institutional sizes.

Descriptors				Avg Yield Bid/Ask Spread	Selling				
Region	Rating Class	Sector	Capital Structure		Normal Market Size	Large Order Size	Bid/Ask Multiplier	Market Depth	Relaxation Time
North America	IG	Financials	Subordinated						
North America	IG	Non-Financials	Senior						
North America	IG	Non-Financials	Subordinated						
North America	HY	Financials							
North America	HY	Non-Financials							
UK	IG	Financials	Covered						
UK	IG	Financials	Senior						
UK	IG	Financials	Subordinated						
UK	IG	Non-Financials							
UK	HY	Financials							
UK	HY	Non-Financials							
Eurozone Core	IG	Financials	Covered						
Eurozone Core	IG	Financials	Senior						
Eurozone Core	IG	Financials	Subordinated						
Eurozone Core	IG	Non-Financials							
Eurozone Core	HY	Financials							
Eurozone Core	HY	Non-Financials							
Eurozone Periphery Large	IG	Financials	Senior						
Eurozone Periphery Large	IG	Financials	Subordinated						



HASSLE-FREE PROCESS

- MSCI provides training to potential participants.
- Participants sign a separate agreement for Liquidity Observatory. Please note that participants only contribute to categories of interest and experience.
- Data is submitted on a monthly basis.
- MSCI aggregates the data.
- After receiving a critical mass of contributions, MSCI distributes the aggregate data back to the participants and feeds the data to LiquidityMetrics.

ABOUT MSCI

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