

# GENERAL Q&A

Potential impact on the MSCI Equity Indexes of the United Kingdom's exit from the European Union ("Brexit")

**April 10, 2019**

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## INTRODUCTION

The purpose of this document is to address commonly asked questions regarding the potential impact on the MSCI Equity Indexes in the event of the United Kingdom's exit from the European Union ("Brexit"). The content of this Q&A is based on the publicly available information as of April 10, 2019 and may be revised as new information becomes available.

On March 29, 2017, the United Kingdom (UK) invoked Article 50 of the Treaty on European Union (EU) according to which Brexit would become effective at the close of March 29, 2019. Following the multiple rejections of the "Withdrawal Agreement" Brexit plans were put in question, including the effective date on which Brexit will take place.

On April 10, 2019 the European Union (EU) agreed to delay Brexit from April 12, 2019 to no later than October 31, 2019.

The impact of Brexit, including a "No Deal" Brexit, on the MSCI Equity Indexes would be exclusion of UK securities from the MSCI EU (European Union) Indexes as of the close of the effective date of Brexit. There would be no impact on other MSCI regional indexes such as the MSCI Europe Index and the MSCI EAFE Index.

MSCI will continue monitoring the developments and will provide further communication as necessary.

## POTENTIAL IMPACT OF BREXIT ON THE MSCI EQUITY INDEXES

### When might Brexit impact the MSCI Equity Indexes?

MSCI would closely monitor the announcements on the actual Brexit date and would send advanced notification of any changes following the official communications from the relevant UK and EU authorities

### What would be the impact of Brexit on the MSCI Equity Indexes?

UK securities would be excluded from certain MSCI Equity Indexes using the EU region as a reference such as:

- MSCI EU Index (MSCI Code: 990600)
- MSCI EU Large Cap Index (MSCI Code: 650081)
- MSCI EU Mid Cap Index (MSCI Code: 652598)
- MSCI EU IMI (MSCI Code: 664228)
- MSCI EU Small Cap Index (MSCI Code: 655069)

There would be no impact on the MSCI Regional Indexes using other regions as a reference, such as the MSCI Europe Index or the MSCI EAFE Index.

### Would there be a change in the index maintenance rules for the MSCI UK Equity Indexes in case of Brexit?

No. There would be no impact from Brexit on the Index Review and Corporate Events maintenance rules.

### Would the UK be considered as a separate market for index maintenance purposes in case of Brexit?

No. All countries within Developed Markets Europe (including the UK) would continue to be considered as a single market for the purpose of index maintenance.

### Would there be any impact on the MSCI Hedged Indexes, the MSCI FX Hedge Indexes and the MSCI Global Currency Indexes?

No. Brexit would not result in any change in currency; hence there would be no impact on the MSCI Hedged Indexes, the MSCI FX Hedge Indexes and the MSCI Global Currency Indexes.

**Would there be any impact on the methodology for the MSCI Factor, Thematic, and ESG Indexes, or for any other types of Derived Indexes?**

No. There would be no impact on the methodology for the MSCI Factor, Thematic and ESG Indexes, or any other types of Derived Indexes.

**What would change for the MSCI Custom Indexes?**

Similar to other MSCI Equity Indexes, no impact following Brexit is expected on the methodology and maintenance of MSCI Custom Indexes. MSCI will directly contact clients who subscribe to the MSCI Custom Indexes where the customization is specifically related to the EU region.

**Would there be any impact to the settlement of Irish Securities?**

On March 1, 2019 the European Securities and Markets Authority (ESMA) had announced that, in the event of a “No Deal” Brexit, the Central Securities Depository (CSD) established in the UK – Euroclear UK and Ireland Limited – will be recognized as a third country CSD to provide its services in the EU and continue to serve Irish securities.

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