



MSCI Announces Results of the MSCI 2025 Market Classification Review

New York – June 24, 2025 – MSCI Inc. (NYSE: MSCI), a leading provider of critical decision support tools and services for the global investment community, announced today the results of the MSCI 2025 Market Classification Review.

Select highlights of this year's review includes MSCI:

- Extending the consultation on a potential reclassification of Bulgaria from Standalone to Frontier Market status
- Continuing to monitor the implementation and market adoption of measures to enhance the accessibility of the Korean equity market, to determine whether these measures have replicated the outcomes of fully operational offshore FX markets such as those found in Developed Markets
- Providing updates on the market classification status of Greece
- Continuing to monitor the market accessibility of the Bangladesh equity market

"MSCI is committed to ensuring that our market classifications reflect the evolving realities of global accessibility and investability," said Raman Aylur Subramanian, Head of Index R&D. "In 2025, we have seen both progress and persistent challenges across markets, underscoring the importance of transparent, rules-based frameworks to guide our classification assessments. Our annual review continues to serve as a critical tool for dialogue with market participants and supporting greater transparency in capital markets worldwide."

More information related to the MSCI 2025 Market Classification Review, including the results of the 2025 MSCI Global Market Accessibility Review, can be viewed at: www.msci.com/market-classification.

Extension of the consultation on potential reclassification of Bulgaria to Frontier Market status

MSCI will maintain Bulgaria's classification as a Standalone Market and will extend its review for a potential reclassification to Frontier Markets status, with a decision to be announced in the MSCI 2026 Market Classification Review.

International institutional investors cited limited market liquidity, insufficient market information, and underdeveloped trading and post-trading infrastructure as accessibility issues in the market.

Additionally, the timing of Bulgaria's Eurozone accession and Euro adoption were noted as key factors in determining the appropriate timing for a potential reclassification of Bulgaria to prevent any potential operational challenges.

MSCI continues to welcome feedback on this topic until March 31, 2026 and will announce its decision as part of the MSCI 2026 Market Classification Review.

Korea's Market Accessibility

From 2008 to 2014, MSCI consulted with global market participants on the potential reclassification of Korea from Emerging Market status to Developed Market status. Market participants identified the limited convertibility of the Korean Won in the offshore currency market as a key barrier to its reclassification to Developed Market status. At that time, other key accessibility issues highlighted were the rigidity of the ID system that made in-kind transfers and off-exchange transactions onerous; and the lack of investment instruments availability due to the restrictions on the use of exchange data for the creation of financial products.

Recently, Korean authorities implemented some measures aimed at improving the accessibility of the Korean equity market.

- **Foreign exchange market:** A fully functioning global investment process, suitable for all types of global investors in Developed Markets, needs FX markets characterized by fully convertible currencies, the absence of capital controls, and the existence of unconstrained, deep and liquid onshore and offshore markets that enable tight bid-ask spreads and ensure best execution. Importantly, such liquidity should be sufficient to support large, time-sensitive transactions, particularly at the time of an index rebalancing when trading volumes spike. Developed FX markets also feature broad participation from global investors, real-time price transparency, reliable and efficient settlement systems, and access to a wide range of hedging instruments. It remains to be seen whether Korea's limited reforms, such as extended market hours, which do not reflect the current practices of any Developed Markets, will be sufficient to enable a fully developed FX market.

Following the Ministry of Economy and Finance's 2023 announcement, Korea implemented several FX market reforms. These include granting Registered Foreign Institutions (RFIs) access to the onshore interbank forex market from January 2024 and extending trading hours in the second half of the year. Despite these reforms, investors believe it remains critical to assess whether the implemented measures are sufficient, given that Developed Markets typically feature fully convertible currencies with active, unconstrained offshore and onshore FX markets. MSCI will continue to actively seek feedback from market participants to evaluate the effectiveness and comparability of Korea's FX reforms against the execution practices observed in other highly traded currencies within Developed Markets.

- **Legal Entity Identifiers:** As part of the Financial Services Commission's 2023 reforms to improve foreign investor access, the Investor Registration Certificate (IRC) was replaced by Legal Entity Identifiers (LEIs); reporting requirements for foreign securities firms using omnibus accounts were relaxed; and the scope of foreign investors' over-the-counter (OTC) transactions eligible for ex post reporting was expanded. These measures took effect by end-December 2023. However, operational challenges in the registration process persist. Moreover, the impact of measures

related to omnibus accounts and OTC transactions remains limited, as these mechanisms are not yet widely used.

- **Availability of Investment Instruments:** International investors increasingly rely on a broad range of instruments such as ETFs, futures, options, swaps, and structured products to support their global investment process with strategies like market exposure, hedging, and equitization. These tools are essential for efficient global capital deployment. Though market authorities have been working with some participants to make selective instruments available in the market, the expectation remains for an open investment environment where access to derivatives and other instruments is unrestricted, in alignment with investor needs and global Developed Market practices.

Additionally, the full prohibition on short selling, reintroduced in November 2023, was lifted on March 31, 2025. Korea had previously implemented a market-wide ban in March 2020, which was partially lifted in May 2021. Regulatory and technical enhancements were accompanied by the recent removal of the ban to reinforce oversight of unfair trading practices, including illegal short selling. While market activity has recovered, investor concerns remain regarding the operational burden of compliance and the risk of abrupt regulatory shifts. MSCI will continue to monitor developments to assess market stability and consistency of the regulatory framework over time.

As a reminder, potential reclassification consultations require that all issues have been addressed, reforms have been fully implemented, and market participants have had ample time to thoroughly evaluate the effectiveness of the changes.

Market Classification Status of Greece

Following continuous improvements and reforms by the Greek markets authorities that have been assimilated and tested by market participants, improvements for the Clearing and Settlement, Stock Lending, and Short Selling criteria were recognized as part of the 2025 Market Accessibility Review. The Greek market has made progress in aligning with the market accessibility standards commonly observed in Developed Markets in Europe. Additionally, Greece meets the economic development criteria for Developed Markets.

Following the enhancements implemented to the Size and Liquidity Requirements of the MSCI Market Classification Framework, a persistency rule was introduced requiring a minimum number of five companies to meet Developed Market Standard Index criteria over a sustained period for an upward reclassification. Greece did not meet the newly introduced Size and Liquidity persistency requirements at the time of the MSCI 2025 Market Classification Review.

However, MSCI treats European countries classified as Developed Markets as a single entity for index construction and maintenance purposes. This approach reflects the high degree of integration observed across European equity markets, including harmonized market infrastructure, regulatory alignment, and cross-border accessibility. Moreover, it acknowledges the perspective of many global institutional investors, who increasingly view Developed Markets Europe as a cohesive and unified investment landscape. In line with this framework, MSCI is seeking feedback from market participants on whether

the persistency rule under the standard Size and Liquidity Requirements should be applied to European Markets, such as Greece, when consulting for their potential reclassification to Developed Market status.

Market Accessibility of Bangladesh

Floor prices have been removed for all but two securities in the Bangladesh equity market. Additionally, market participants have reported that previously low liquidity in the onshore FX market has been resolved.

Market participants have strongly emphasized that investability issues will continue until all floor prices are removed. As such, MSCI will continue to apply the special treatment introduced in February 2023. This special treatment defers index review changes and the implementation of corporate events aiming to reduce the number of potential changes in the MSCI Bangladesh Indexes and mitigate concerns on index replicability.

MSCI continues to welcome feedback on the accessibility of the Bangladesh market and may consult with market participants in case of further developments.

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About MSCI

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 50 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process.

The process for submitting a formal index complaint can be found on the index regulation page of MSCI's website at: <https://www.msci.com/index-regulation>.

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