

# **MSCI equity index policy regarding United States IRS 871(m) regulations relating to the definition of a “Qualified Index”**

March 2025

## Background

On September 17, 2015, the U.S. Internal Revenue Service (“IRS”) and the U.S. Treasury Department released final regulations under Section 871(m) of the Internal Revenue Code which were published in the Federal Register on September 18, 2015 and provide, amongst other things, the rules for withholding on “dividend equivalent payments” on derivatives that reference U.S. equity securities.

The regulations include certain criteria that the IRS uses to determine whether an index is a Qualified Index, the details of which can be found in the document published by the IRS in the Federal Register, Vol. 80, No.181, Part VI, as may be updated or amended from time to time.

## MSCI policy pertaining to regulation relating to rule 871(m) “Qualified Indices”

In response to feedback from numerous market participants, MSCI has decided to provide information regarding select MSCI indexes to help facilitate MSCI’s clients’ determination whether an index qualifies as a “Qualified Index” under Section 871(m) of the Internal Revenue Code. For the avoidance of doubt, MSCI, as the index provider, does not make the determination whether an index is a “Qualified Index”. MSCI first published this policy document in August 2016 and is subsequently publishing this updated version.

We chose to provide information for the MSCI indexes below on the basis of their widespread use by our global clients. Inclusion or exclusion of an index in the list below does not amount to a determination by MSCI whether such MSCI index is eligible to be a “Qualified Index” or not for purposes of Section 871(m) of the Internal Revenue Code. Should a client wish to request information about additional MSCI indexes to be added to this document, please contact your local MSCI representative for more information or send an email to [clientservice@msci.com](mailto:clientservice@msci.com).

Please note that this information and this document are provided for informational purposes only. Nothing contained herein constitutes (i) legal advice, (ii) any recommendation to use any MSCI indexes or (iii) any guarantees with respect to any MSCI indexes or any eligibility requirements for “Qualified Indexes”. MSCI intends to publish an update to the information below on or around the first business day of each calendar year and throughout the calendar year as determined by MSCI in MSCI’s sole discretion.

MSCI may change its policies from time to time. As such, this document is subject to change, and/or MSCI may cease publication of this document, at any time without notice.

The MSCI indexes specifically referenced in Exhibit A are:

- MSCI ACWI Index
- MSCI World Index
- MSCI North America Index
- MSCI USA Index
- MSCI Kokusai Index
- MSCI Peru Index
- MSCI Russia Index
- MSCI USA Equal Weighted Index
- MSCI USA Momentum Index
- MSCI USA Quality Index
- MSCI USA Value Weighted Index
- MSCI World Midcap Index
- MSCI World Energy Index
- MSCI World Materials Index
- MSCI World Industrials Index
- MSCI World Consumer Discretionary Index
- MSCI World Consumer Staples Index
- MSCI World Health Care Index
- MSCI World Financials Index
- MSCI World Information Technology Index
- MSCI World Telecommunication Services Index
- MSCI World Utilities Index
- MSCI World Real Estate Index
- MSCI EM ESG Leaders Index
- MSCI EAFE ESG Leaders Index
- MSCI World ESG Leaders Index
- MSCI Europe ESG Leaders Index
- MSCI USA ESG Leaders Index
- MSCI USA Climate Change Index
- MSCI World Climate Change Index
- MSCI Europe Climate Change Index
- MSCI World Small Cap Index
- MSCI Emerging Markets Index
- MSCI World Climate Paris Aligned Index
- MSCI Europe Climate Paris Aligned Index
- MSCI EM Climate Paris Aligned Index
- MSCI USA Climate Paris Aligned Index
- MSCI EAFE Climate Paris Aligned Index
- MSCI World Minimum Volatility Index



- MSCI World Low Carbon Target Index
- MSCI World Low Carbon Leaders Index
- MSCI World Climate Paris Aligned Benchmark Select Index
- MSCI USA Screened Index
- MSCI World Screened Index
- MSCI EM Screened Index
- MSCI EAFE Screened Index
- MSCI Japan Screened Index
- MSCI EM Asia Screened Index
- MSCI Europe Screened Index
- MSCI EMU Screened Index
- MSCI USA Screened Index
- MSCI World Screened Index
- MSCI EM Asia Screened Index
- MSCI EM Screened Index
- MSCI Europe Climate Action Index
- MSCI World Climate Action Index
- MSCI AC Asia ex Japan Climate Action Index
- MSCI USA Climate Action Index
- MSCI Japan Climate Action Index

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*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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### Exhibit A

MSCI Index	# of component securities (1)	# of short Component securities (2)	Largest Single Security Weighting (1)	# of Securities that Represents Top 40% of Weighting (1)	Rebalancing Methodology (2)	Annual Dividend Yield (4)	Futures or Options Contracts Listed (1)(3)	% of US Securities (1)	US Weighting (1)
MSCI ACWI Index	2647	N/A	4.91%	50	MSCI Global Investable Market Indexes Methodology	1.823	- ICE US - ICE EU - EUREX	22.25%	66.62%
MSCI World Index	1395	N/A	5.45%	38	MSCI Global Investable Market Indexes Methodology	1.734	- ICE US - ICE EU - EUREX	42.22%	73.94%
MSCI North America Index	673	N/A	7.09%	16	MSCI Global Investable Market Indexes Methodology	1.335	-EUREX	87.52%	96.10%
MSCI USA Index	589	N/A	7.37%	15	MSCI Global Investable Market Indexes Methodology	1.273	- ICE US -ICE EU - EUREX	100.00%	100.00%
MSCI Kokusai Index	1204	N/A	5.76%	32	MSCI Global Investable Market Indexes Methodology	1.706	- ICE EU - EUREX	48.92%	78.12%
MSCI Peru Index	3	N/A	55.75%	1	MSCI Global Investable Market Indexes Methodology	3.71	- EUREX	0.00%	0.00%

MSCI USA Equal Weighted Index	589	N/A	0.31%	218	MSCI Equal Weighted Indexes Methodology	1.762	- ICE EU - EUREX	100.00%	100.00%
MSCI USA Momentum Index	125	N/A	6.73%	11	MSCI Momentum Indexes Methodology	1.373	- EUREX	100.00%	100.00%
MSCI USA Quality Index	125	N/A	5.72%	10	MSCI Quality Indexes Methodology	1.115	- EUREX	100.00%	100.00%
MSCI USA Value Weighted Index	589	N/A	3.72%	31	MSCI_Value_Weighted_Index_Methodology_Book_Sep2017_x	2.107	- EUREX	100.00%	100.00%
MSCI World Midcap Index	799	N/A	0.66%	140	MSCI Global Investable Market Indexes Methodology	2.031	- EUREX	41.18%	63.91%
MSCI World Energy Index	55	N/A	18.32%	4	MSCI Global Investable Market Indexes Methodology	4.123	- ICE EU - EUREX	47.27%	64.32%
MSCI World Materials Index	98	N/A	8.92%	11	MSCI Global Investable Market Indexes Methodology	2.735	- ICE EU - EUREX	32.65%	46.98%
MSCI World Industrials Index	260	N/A	2.44%	27	MSCI Global Investable	1.744	- ICE EU - EUREX	36.54%	58.21%

					Market Indexes Methodology				
MSCI World Consumer Discretionary Index	135	N/A	26.62%	2	MSCI Global Investable Market Indexes Methodology	1.073	- ICE EU - EUREX	39.26%	75.76%
MSCI World Consumer Staples Index	105	N/A	9.61%	6	MSCI Global Investable Market Indexes Methodology	2.704	- ICE EU - EUREX	37.14%	66.01%
MSCI World Health Care Index	135	N/A	8.63%	10	MSCI Global Investable Market Indexes Methodology	1.875	- ICE EU - EUREX	52.59%	72.30%
MSCI World Financials Index	236	N/A	6.09%	17	MSCI Global Investable Market Indexes Methodology	2.541	- ICE EU - EUREX	37.29%	61.51%
MSCI World Information Technology Index	150	N/A	20.84%	3	MSCI Global Investable Market Indexes Methodology	0.632	- ICE EU - EUREX	61.33%	91.02%
MSCI World Telecommunication Services Index	71	N/A	22.58%	2	MSCI Global Investable Market Indexes Methodology	1.142	- ICE EU - EUREX	36.62%	85.95%
MSCI World Utilities Index	74	N/A	8.52%	9	MSCI Global Investable Market Indexes Methodology	3.656	- ICE EU - EUREX	41.89%	66.76%

MSCI World Real Estate Index	76	N/A	6.73%	9	MSCI Global Investable Market Indexes Methodology	3.535	- ICE EU - EUREX	47.37%	77.19%
MSCI EM Selection Index	465	N/A	18.70%	8	MSCI ESG Leaders Indexes Methodology	2.446	- ICE US	0.00%	0.00%
MSCI EAFE Selection Index	360	N/A	3.46%	28	MSCI ESG Leaders Indexes Methodology	2.896	- ICE US	0.00%	0.00%
MSCI World Selection Index	693	N/A	9.12%	20	MSCI ESG Leaders Indexes Methodology	1.644	- ICE US	42.14%	74.33%
MSCI Europe Selection Index	212	N/A	5.38%	14	MSCI ESG Leaders Indexes Methodology	3.196	- ICE US	0.00%	0.00%
MSCI USA Selection Index	292	N/A	12.27%	8	MSCI ESG Leaders Indexes Methodology	1.218	- ICE US	100.00%	100.00%
MSCI USA Climate Change Index	569	N/A	7.26%	9	MSCI Climate Change Indexes Methodology	1.107	- ICE US	100.00%	100.00%
MSCI World Climate Change Index	1341	N/A	5.66%	22	MSCI Climate Change Indexes Methodology	1.478	- ICE US	42.43%	76.10%

MSCI Europe Climate Change Index	396	N/A	4.03%	23	MSCI Climate Change Indexes Methodology	2.883	- ICE US	0.00%	0.00%
MSCI World Small Cap Index	3979	N/A	0.24%	441	MSCI Global Investable Market Indexes Methodology	2.109	- EUREX	43.48%	63.40%
MSCI Emerging Markets Index	1252	N/A	10.54%	34	MSCI Global Investable Market Indexes Methodology	2.636	- ICE US - ICE EU - EUREX - CBOE - HKEX	0.00%	0.00%
MSCI World Climate Paris Aligned Index	541	N/A	5.55%	24	MSCI Climate Paris Aligned Indexes Methodology	1.546	- ICE US	54.34%	74.03%
MSCI Europe Climate Paris Aligned Index	272	N/A	2.94%	26	MSCI Climate Paris Aligned Indexes Methodology	2.896	- ICE US	0.00%	0.00%
MSCI EM Climate Paris Aligned Index	380	N/A	12.68%	22	MSCI Climate Paris Aligned Indexes Methodology	2.174	- ICE US	0.00%	0.00%
MSCI USA Climate Paris Aligned Index	217	N/A	8.16%	9	MSCI Climate Paris Aligned Indexes Methodology	1.046	- ICE US	100.00%	100.00%
MSCI EAFE Climate Paris Aligned Index	405	N/A	2.07%	40	MSCI Climate Paris Aligned	2.708	- ICE US	0.00%	0.00%

					Indexes Methodology				
MSCI World Minimum Volatility	272	N/A	1.45%	39	MSCI Global Investable Market Indexes Methodology	2.252	- ICE EU - EUREX	54.78%	68.40%
MSCI World Low Carbon Leaders	1101	N/A	5.46%	39	MSCI Climate Change Indexes Methodology	1.719	- ICE US	43.98%	68.29%
MSCI World Low Carbon Target	715	N/A	5.53%	35	MSCI Climate Change Indexes Methodology	1.686	- ICE US	46.28%	67.45%
MSCI World Climate Paris Aligned Benchmark Select Index	545	N/A	5.52%	23	MSCI Climate Paris Aligned Indexes Methodology	1.535	- ICE US	54.17%	67.16%
USA Screened	535	N/A	7.98%	12	MSCI Screened Indexes Methodology	1.125	- ICE EU	0.00%	0.00%
World Screened	1297	N/A	5.92%	31	MSCI Screened Indexes Methodology	1.609	- ICE EU	41.15%	41.92%
EM Screened	1160	N/A	11.04%	29	MSCI Screened Indexes Methodology	2.548	-ICE US	100.00%	100.00%
EAFE Screened	675	N/A	1.93%	52	MSCI Screened Indexes Methodology	3.011	- ICE US	45.14%	73.70%
Japan Screened	178	N/A	5.83%	17	MSCI Screened Indexes	2.207	- ICE US	53.85%	74.06%

					Methodology				
EM Asia Screened	929	N/A	13.65%	15	MSCI Screened Indexes Methodology	2.076	- ICE US	54.86%	74.27%
Europe Screened	384	N/A	3.07%	27	MSCI Screened Indexes Methodology	3.222	- EUREX	100.00%	100.00%
EMU Screened	209	N/A	5.66%	16	MSCI Screened Indexes Methodology	3.292	- EUREX	41.25%	74.21%
USA Screened	535	N/A	7.98%	12	MSCI Screened Indexes Methodology	1.125	- EUREX	0.00%	0.00%
World Screened	1297	N/A	5.92%	31	MSCI Screened Indexes Methodology	1.609	- EUREX	0.00%	0.00%
EM Asia Screened	929	N/A	13.65%	15	MSCI Screened Indexes Methodology	2.076	- EUREX	0.00%	0.00%
EM Screened	1160	N/A	11.04%	29	MSCI Screened Indexes Methodology	2.548	- EUREX	0.00%	0.00%
Europe Climate Action	206	N/A	4.07%	16	MSCI Climate Action Indexes Methodology	2.934	- EUREX	0.00%	0.00%
World Climate Action	691	N/A	5.62%	19	MSCI Climate Action Indexes Methodology	1.59	- EUREX	0.00%	0.00%
AC Asia ex Japan Climate Action	522	N/A	5.61%	18	MSCI Climate Action Indexes	2.149	- EUREX	100.00%	100.00%

					Methodology				
USA Climate Action	295	N/A	5.84%	13	MSCI Climate Action Indexes Methodology	1.287	- EUREX	41.25%	74.21%
Japan Climate Action	96	N/A	5.73%	10	MSCI Climate Action Indexes Methodology	2.077	- EUREX	0.00%	0.00%

Information regarding listed futures or options linked to MSCI indexes is publicly available and can be found at <https://www.msci.com/documents/1296102/1360895/msci-LFO-cfs-en-booklet.pdf>

1. Observation Date = December 31, 2024

2. MSCI index methodology is publicly available at <https://www.msci.com/index-methodology>. (Please note that the standard global/regional MSCI indexes are based on a building block approach to construction such that, for example, the MSCI North America Index is the combination of the MSCI USA Index plus the MSCI Canada index. Consequently, any modifications or re-weightings that occur in the MSCI USA Index automatically flow through to any larger global/regional index in which the MSCI USA Index is a component part. In addition, the lobal and regional standard MSCI indexes do not reference short positions of any securities. For more information please reference the most up to date MSCI Global Investable Market Indexes Methodology Guide available at <https://www.msci.com/index-methodology>)

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