Index Methodology

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MSCI Corporate Events Methodology

Guiding Principles and Methodology for Corporate Events Implementation in the MSCI Equity Indexes



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Contents

1 Introduction 4
2 Mergers & Acquisitions (M&As) 7
2.1 Merger and acquisitions via mutual agreement 7
2.2 Tender offers 10
2.3 Acquisitions involving non-index constituents 13
2.4 Partial tender offers and buyback offers 14
2.5 Conversions of Share Classes 15
2.6 Pro Forma Float Calculation for M&As 16
2.7 Mergers and acquisitions treatment in capped weighted and non-market capitalization weighted indexes 17
2.8 Spin-Offs 35
2.9 Historical Links and PAFs 43
3 Corporate Actions 44
3.1 Splits / Reverse Splits /Consolidations 44
3.2 Stock Dividends / Bonus Issues 44
3.3 Capital Repayments 46
3.4 Special Cash Dividends 46
3.5 Optional Dividends 47
3.6 Rights Issues 48
3.7 Redemptions 55
4 Other Events Resulting in Changes in Number of Shares and FIFs and/or DIFs 56
4.1 Implementation Timing 56
4.2 Implementation Thresholds 57
4.3 Country Specifics 57
4.4 Index Review Treatment 59
4.5 Pro Forma Float Calculation for Share Placements and Offerings 59
4.6 Share Placements and Offerings treatment in non-market capitalization weighted indexes 59

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5 Suspensions, Bankruptcies, Delistings and Country Classification Review 61
5.1 Suspensions 61
5.2 Price Limit 62
5.3 Bankruptcies 63
5.4 Delistings from Primary Exchange 63
5.5 Country Classification Review 63
6 IPOs and Other Early Inclusions 65
7 Share freeze 67
8 General Announcement Policy for Corporate Events 68
8.1 Client Announcements 68
8.2 Public Announcements 70
Appendix I: PAF Formulas and Definitions 72
Appendix II: Implementation Dates for Corporate Events 76
Appendix III: Clarification Regarding Effective Dates in Index email Announcements .. 77
Appendix IV: Corporate Events Implementation in Sunday Intermediary Index Calculation for Monday - Friday Index Calculation methodology 78
Appendix V: Announcement Status and Timing 79
Appendix VI: Additional Corporate Events Rules Applying to the MSCI GIMI 81
Appendix VII: Implementation for stock connect A-Share securities 82
Appendix VIII: Policy Regarding Trading Suspensions in the MSCI Derived Indexes during the Index Reviews 84
Appendix IX: Corporate Events Implementation in Sunday - Thursday Index Calculation methodology 86
Changes to the Methodology Book 87
Contact us 103
Notice and disclaimer 104

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1 Introduction

This methodology book provides a description of the rules and guidelines followed by MSCI for the treatment of corporate events within the MSCI Global Investable Market Indexes ("GIMI"). It also provides guidance for the treatment of corporate events within MSCI Capped Weighted and Non-Market Capitalization Weighted indexes.

The treatment of corporate events may vary across the categorization of indexes defined as MSCI GIMI, Capped Weighted or Non-Market Capitalization Weighted Indexes. Capped Weighted indexes include those indexes that are designed to provide an alternative to purely free float-adjusted market capitalization weighting by constraining maximum sector, geographical or constituent weights. In addition, the categorization also includes those indexes that are specifically intended for funds subject to regulatory constraints on maximum weights (i.e., 10/40, 25/50). Non-Market Capitalization Weighted Indexes include those indexes that are designed to provide an alternative weighting construct through the use of optimization, thematic or strategic tilting, or equal weighting that create index constituent weighting divergent from pure free float-adjusted market capitalization.

Additionally, for "composite" indexes, which are a combination of different MSCI component indexes, the impact of corporate events is driven by the event treatment in the MSCI component index, of which the security is a constituent.

In exceptional circumstances, this guidance may vary with regards to specific corporate event treatment in certain MSCI Indexes. Such variance will be appropriately noted in respective index methodologies.

Any exceptions to these rules are reviewed and approved by the MSCI Equity Index Committee and are publicly announced in advance of the implementation.

This methodology book focuses on the implementation of corporate events affecting securities across all the MSCI Equity Indexes and products. While each MSCI Index has its own separate index construction and maintenance methodology, MSCI endeavors to develop and maintain a set of corporate event implementation rules that are as generic as possible and that can apply to any equity security included in the MSCI universe. Unless otherwise stated, the policies and guidelines apply therefore to all securities in the MSCI universe. MSCI strives to maintain all companies and securities in its Equity Indexes and products with the objective of reflecting, on a timely basis, the evolution of the underlying equity markets. In maintaining the MSCI Equity Indexes, MSCI adheres to the guiding principles set forth in the MSCI Equity Indexes Methodology Books, including the consistent application of its methodology over time, across regions, and for developed, emerging and frontier markets alike. Of particular relevance in the design and maintenance of MSCI's Corporate Events Methodology are the principles of replicability, consistency, continuity and minimizing turnover. These principles imply that the perspective of portfolios replicating the various indexes must systematically be taken into account in the implementation of each corporate event. In particular the consistency of approach should ensure that similar events should as much as possible be given the same treatment and hence facilitate predictability of changes. Also, no unnecessary turnover should result from the implementation of corporate events. Obviously, some corporate events are very complex with many considerations coming into play, and there is a fine balance to be found between potentially conflicting implications of the various objectives, for example,

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when the complete information is not available until after the event, or when the event involves companies trading in different time zones. In order to provide transparency and predictability to the marketplace in all cases, MSCI not only publishes general maintenance policies and detailed guidelines for the implementation of corporate events, but has also instituted a policy of announcing all changes to its Equity Indexes resulting from all corporate events in advance of implementing such changes.

When a corporate event affects securities from different size segments, countries or regions leading to several possible implementations, MSCI adopts the most global point of view to implement the event, provided that at least one security involved in the event is a constituent of the MSCI Indexes. For example, in the case of a cross-border merger, MSCI uses the perspective minimizing the turnover of the MSCI ACWI for the event implementation decision. Similarly, in the case of an acquisition between different size segments, MSCI generally adopts an Investable Market Indexes (IMI) perspective.

MSCI reserves the right to use a different approach when appropriate. Any implementation decisions related to such cases are announced to clients prior to the change becoming effective in the MSCI Equity Indexes.

Changes resulting from corporate events involve many aspects, including additions, deletions, changes in number of shares (NOS), changes in industry classification, and changes in Foreign Inclusion Factors (FIFs) and/or Domestic Inclusion Factors (DIFs) as a result of updated free float estimates. As a general policy, changes resulting from corporate events are implemented in the MSCI Equity Indexes as they occur simultaneously with the event. In addition, changes in number of shares are consistently coordinated with changes in FIFs and/or DIFs to accurately reflect the investability of the underlying securities. Changes resulting from corporate events that could not be implemented on or near the effective dates, and where no Price Adjustment Factor (PAF) is necessary, are implemented at the following regularly scheduled index review ("Index Review"). Examples of such corporate events include private placements and secondary offerings.

As outlined in the MSCI Index Calculation Methodology, the MSCI Equity Indexes are calculated using the Laspeyres' concept of a weighted arithmetic average together with the concept of chain-linking.

For certain corporate events, MSCI applies a PAF at the security level in order to neutralize (at least partially) the price movement due to the event and keep only the price performance in the index due to real market movement. This is done (as per the Laspeyres' concept) to enable comparison with the previous day's price. Consequently, for such events, changes in number of shares and FIF, if any, are reflected one day after the PAF is applied.

Overall, the corporate events methodology can be described in four broad categories:

- Mergers and Acquisitions (M&As) and Spin-offs
- Corporate Actions
- Other Events Resulting in Changes in Number of Shares and FIFs and/or DIFs
- Suspensions, Delistings and Bankruptcies

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Certain specific aspects of MSCI's Corporate Events Methodology are treated in appendices at the end of this Methodology Book. The policies and guidelines set forth apply in most corporate events cases. For corporate events not described in this Methodology Book or combinations of different types of corporate events and other exceptional cases, MSCI reserves the right to determine the most appropriate implementation method and announces it prior to the changes becoming effective in the MSCI Equity Indexes.

Throughout this document, when there is a country specific treatment, MSCI refers to the country of listing of the concerned securities, unless stated otherwise. In addition, MSCI may extend the existing country specifics to other countries that present similarities in the way the corporate events are implemented.

In addition, in this document the following abbreviations apply:

Abbreviation	Definition
FIF	Foreign Inclusion Factor
DIF	Domestic Inclusion Factor
NOS	Number Of Shares
PAF	Price Adjustment Factor

For other terms, definitions and abbreviations, see Appendix I, entitled "PAF Formulas and Definitions" and Appendix II, entitled "Implementation Dates for Corporate Events".

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2 Mergers & Acquisitions (M&As)

Mergers and acquisitions are the combination of two or more companies achieved through a mutual agreement or through a tender offer. They can be structured in a wide variety of ways with unique characteristics and complexities. In a merger, the merging entities cease to exist and a new entity is created, while in an acquisition, the acquirer takes over the controlling interest in the acquired company. In the large majority of cases, the target subsequently ceases to exist as an independent entity.

For M&As involving share consideration (cash and share or share only), the changes in NOS and/or FIF of the acquirer are implemented simultaneously with the deletion or FIF change of the target. MSCI implements pending number of shares and/or free float updates simultaneously with the event. Note that if the number of shares update is smaller than +-1% on a post-event number of shares basis, it will be implemented at a subsequent Index Review. In addition, a size segment review may be performed for the acquirer security. For more information on size segment reviews, please refer to section 3.2.4 of the MSCI GIMI methodology.

Target securities are generally deleted from MSCI Indexes with at least two business days advance notification which, in some cases, may result in MSCI delaying the implementation beyond the last trading day of the security. Shorter advance notification may be provided in cases where delaying the implementation would result in replicability issues.

M&As that encompass a suspension period prior to the listing of the post-event entity are implemented as of the close of the last trading day using market prices and prior to the suspension of the merging entities. During the suspension period, the merged entity is maintained with a calculated price based on the market price of one of the merging entities and the terms of the transaction.

Cross-border transactions involving companies trading in different countries for which necessary information (such as confirmation of the date of completion, last regulatory approvals, etc.) is lacking prior to the event's completion, or for which the implementations can lead to delay in product delivery, may be implemented as of the close of the first trading day of the post-event entity. In these cases, MSCI uses a calculated price for the acquired or merging entities, based on the terms of the transaction, the price of the acquiring or merged entity and the foreign exchange rates, if applicable. When this is not possible, MSCI carries forward the market price for the acquired or merging entities for one additional business day.

2.1 Merger and acquisitions via mutual agreement

2.1.1 Implementation timing

MSCI implements mergers and acquisitions executed via mutual agreement as of the close of the last trading day of the acquired entity or the merged entities. This occurs whether the securities involved in the event are index constituents or non-index constituents and under the assumption that all necessary information is available prior to the completion of the event and provided the liquidity of the relevant constituent(s) is not expected to be significantly reduced on the day of implementation. For M&As, where the completion of the deal is conditional upon the resolution of pending shareholders' legal action, MSCI

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waits until no legal action is pending before confirming the deletion of the target company. For acquisitions via scheme of arrangement (outside the US, Canada, and Hong Kong), MSCI waits for approval from shareholders at the scheme meeting before announcing in "confirmed" status the deletion of the target security. However, MSCI does not wait for the results of the court meeting if the scheme is already approved at the scheme meeting by shareholders.

If a previously announced merger or acquisition that resulted in a security deletion from an index is subsequently cancelled, the deleted security is not immediately reinstated in the index. The security will be reconsidered for index inclusion at the next regularly scheduled Index Review.

2.1.2 Implementation price

Target securities are deleted from the MSCI Indexes at their closing market prices. When a target security in an acquisition has ceased trading prior to its deletion in the MSCI Indexes, it is maintained and subsequently deleted at a price that reflects the terms of the relevant deal. The terms for acquisitions that involve shares or a combination of cash and shares as consideration, are calculated based on the terms of the acquisition and the market price of the acquirer.

For M&As involving share consideration (cash and share or share only), changes for the acquirer, if any, are implemented using closing market prices.

2.1.3 Announcement policy

For acquisitions executed via mutual agreement, MSCI sends an announcement with an "Undetermined" status with sufficient advance notification. An "Expected" announcement is sent with ten full business days of advance notification. A "Confirmed" announcement is sent at least two full business days before the effective date of the implementation.

In a situation where new information is made publicly available and captured by MSCI after the "Confirmed" announcement has been sent, and this information would change the outcome and/or the likelihood of the acquisition to occur, MSCI may proceed with the implementation as was announced as part of the "Confirmed" notification. This is notably relevant in the situation where a reversal of announced implementation would be provided with too short a notification period to clients.

MSCI also sends an announcement in "Acknowledged" status within five business days following the public announcement by the company of the acquisition, if the impact is above one time the constituent's underlying country index Large Cap Cutoff.

2.1.4 Country Specifics

For the following countries, MSCI takes into account the market specifics described below to implement merger and acquisitions via mutual agreement in the MSCI Indexes:

- United States
- Canada
- United Kingdom

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2.1.4.1 US specific treatment

For US acquisitions (where the target has an MSCI country of classification of the USA), executed via mutual agreement and where only a shareholders' meeting approval is pending for deal completion, the resulting changes will be implemented in the MSCI Indexes as of the close of the last trading day (if publicly available) or as of the close of the shareholders' meeting date if the last trading day is not publicly available. Two full business days advance notification will be given for implementation.

For US acquisitions executed via mutual agreement, and where other regulatory approvals are still pending for deal completion, event implementation will occur with two full business days advance notification either:

- when the transaction is deemed unconditional based on the factors noted below
- or, if it is uncertain, when there is an official announcement pertaining to the completion of the transaction or to the delisting of the target security.

In cases where the delisting notification is published late (for example, during the last trading day), MSCI delays the event implementation and keeps the target security in the index for one additional day or more in order to give clients sufficient advance notification.

The main factors (not in order of importance) MSCI considers when determining whether a transaction can be deemed unconditional are:

- the required level of acceptance at a general shareholders meeting
- the major shareholders' stated intention whether to vote in favor of the transaction
- the existence of pending regulatory approvals and legal actions
- expected delisting date
- the market perception of the transaction
- additional conditions for the offer to be completed
- pending legal and/or financing conditions

For US Acquisitions executed via agreement, MSCI sends an announcement with an "Undetermined" status with sufficient advance notification. A "Confirmed" announcement is sent at least two full business days before the effective date of the implementation.

2.1.4.2 Canada specific treatment

MSCI implements Canadian acquisitions (where the target has an MSCI country of classification of Canada), executed via mutual agreement, as of the close of the expected completion date publicly announced by the company. When the expected completion date is not made publicly available, MSCI waits for the acquisition to be announced as completed to implement the event with two full business days advance notification.

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2.1.4.3 United Kingdom specific treatment

For UK acquisitions executed via mutual agreement where the target security moves to SETSqx trading service from SETS trading service before its last trading day on the London Stock Exchange, MSCI deletes such security from the MSCI Indexes as of the close of its last trading day on SETS trading service with two full business days advance notification.

2.2 Tender offers

2.2.1 Definition

Tender offers are offers to buy shares of a company, in many cases at a premium above the shares' market price for cash and/or stock, with the objective of taking control of the acquired company.

A tender offer may be a result of friendly negotiations or may be unsolicited and possibly hostile.

When an acquirer offers cash to acquire a target company in a tender offer there is no change made to the acquirer.

2.2.2 Factors considered to assess the likelihood of tender offer success

The main factors considered by MSCI when assessing the outcome of a tender offer (not in order of importance) are:

- the announcement of the offer as friendly or hostile
- a comparison of the offer price to the acquired security's market price
- the recommendation by the acquired company's board of directors
- the major shareholders' stated intention whether to tender their shares
- the required level of acceptance of shares tendered
- the existence of pending regulatory approvals and/or legal actions
- the market perception of the transaction, official preliminary results if any, and other additional conditions for the offer.

2.2.3 Implementation timing

For friendly tender offers where the offer is likely to be successful based on the factors listed in section 2.2.2 and / or if the FIF of the security is likely to decrease below 0.15 the security is deleted at the end of the initial offer period (this rule is applicable even if the offer is extended).

In hostile tender offers and in friendly tender offers where the offer's outcome is uncertain, MSCI generally waits for the results of the tender offer to be publicly announced before making any related changes to the MSCI Indexes. Once the results of the tender offer are publicly announced, and provided all required regulatory approvals have been received, with at least two full business days advance notification, the security is:

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- Deleted from MSCI Indexes if the security's FIF has decreased below 0.15
- Maintained in MSCI Indexes with changes in FIF and NOS, if applicable, if the security's FIF has not decreased below 0.15

In addition, a standard Index constituent with a FIF below 0.15 is maintained if its float-adjusted market capitalization after the event is above 2/3rds of 1.8 times one half of the Standard Index Interim Size - Segment Cut-off.

In the case of tender offers where the offer is automatically extended in case of a successful initial offer period, MSCI waits for the end of the initial offer period. Such cases are announced before the end of the initial offer period.

If a security is deleted from an index, the security is not reinstated immediately after its deletion even when the tender offer is subsequently declared unsuccessful and/or the free float of the security is not substantially reduced. The security will be reconsidered for index inclusion at the next regularly scheduled Index Review.

2.2.4 Implementation price

MSCI uses market prices for implementation, unless the target security already ceased trading. See section 2.1.2 for more details.

2.2.5 Announcement policy

MSCI reflects hostile tender offers once they are launched using an "Undetermined" announcement status, except when the target has an MSCI country of classification of the USA, where hostile tender offers are reflected using an "Acknowledge" announcement status. Once the results of the hostile tender offer have been announced, MSCI will send a "Confirmed" announcement with two full business days of advance notification before implementing any changes.

For friendly tender offers, MSCI sends an announcement with an "Undetermined" status with at least 3 weeks advance notification. A "Confirmed" announcement is sent at least two full business days before the effective date of the implementation.

NOTE: MSCI does not send an updated "Undetermined" announcement for each new tender offer period extension for friendly tender offers where the minimum acceptance level is far from being reached at the end of the first offer period and can be extended multiple times in the future.

In a situation where new information is made publicly available and captured by MSCI after the "Confirmed" announcement has been sent, and this information would change the outcome and/or the likelihood of the acquisition to occur, MSCI may proceed with the implementation as already announced in "Confirmed" status. This is notably relevant in the situation where a reversal of announced implementation would be provided with too short a notification period to clients.

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2.2.6 Country Specifics

For the following countries, MSCI takes into account the market specifics described below to implement tender offers in the MSCI Indexes.

- Brazil
- United Kingdom
- Germany and Switzerland

2.2.6.1 Brazil specific treatment

For friendly tender offers in Brazil, where the offer is likely to be successful based on the factors listed in section 2.2.2 and / or if the FIF of the security is likely to decrease below 0.15, the security is deleted as of the close of the auction date as announced by the Bovespa Stock Exchange.

2.2.6.2 United Kingdom specific treatment

A security is deleted if the offer is declared unconditional in all respects and if the acquirer owns at least 75% of the shares of the target security (threshold required to cancel the listing on the London Stock Exchange).

2.2.6.3 Germany and Switzerland specific treatment

In certain tender offers, the target security's tendered shares are trading separately from the original non-tendered shares. In such cases, MSCI switches the security's market price to the tendered shares price if at the end of the first offer period all four conditions below are met:

- The minimum acceptance level requirement is met.
- At least 50% of the shares under acquisition are tendered.
- An additional offer period (not an extension) will be launched.
- The tendered shares will continue to trade after the expiration of the additional offer period.

If all the above conditions are met, MSCI announces in "Confirmed" status, shortly after the results of the first offer period are made publicly available, the switch of the market price to the tendered line price, which will be effective at the open of the first business day following the end of the additional offer period. Subsequently, the acquired or merging security is deleted from the MSCI Indexes using the market price of the tendered line (if trading) or offer price with at least two full business days advance notification:

- At the end of the additional offer period provided all regulatory approvals are received or
- After the receipt of approvals have been officially communicated

In cases where the tender offer is later cancelled and the original shares are returned to the shareholders who had tendered, MSCI switches the security's market price back to the original non-tendered share price.

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If the above conditions to switch the security's market price to tendered line are not met and the tender offer's outcome is uncertain, MSCI generally waits for the results of the tender offer to be publicly announced before making any related changes to the MSCI Indexes. Once the results of the tender offer are publicly announced, and provided all required regulatory approvals have been received, with at least two full business days advance notification, changes, if any, are implemented using the market prices of the original line.

2.3 Acquisitions involving non-index constituents

2.3.1 Acquisitions of unlisted Securities

Changes to a security resulting from acquisitions of non-listed companies or assets are implemented at a subsequent Index Review following the completion of the event and listing of the newly issued shares, if practicable. Such cases will be subject to the rules applicable for the Index Reviews in accordance with the section 3.1.8 of the MSCI GIMI methodology.

2.3.2 Acquisitions of Listed Non-Index Constituent Securities

MSCI implements acquisitions of listed non-index constituents at the time of the event if the change in number of shares resulting from the full or partial acquisition represents at least 5%, 10% or 25% for Standard constituents (as well as securities assigned to Standard size segment but failed other investability requirements to be added to the Index), Small Caps constituents (as well as securities assigned to Small Cap size segment but failed other investability requirements to be added to the Index) and Micro Caps constituents (as well as securities which are constituents of certain non-GIMI based Indexes) respectively of the security's pre-event number of shares used in MSCI Indexes.

Changes in number of shares and FIF and/or DIF of the acquirer security are implemented coinciding with the completion of the event if all necessary information is publicly available, or as soon as practicable following the completion of the event if such information is not available prior to the completion of the event.

MSCI implements pending number of shares and/or free float updates simultaneously with the event. Note that if the number of shares update is smaller than +-1% on a post-event number of shares basis, it will be implemented at a subsequent Index Review.

Changes that do not meet the criteria for implementation at the time of the event as explained above are implemented at a subsequent Index Review following the completion of the event. Such cases will be subject to the rules applicable for the Index Reviews in accordance with the section 3.1.8 of the MSCI GIMI methodology.

2.3.3 Acquisitions of Index Constituent Securities by Non-Index Constituent Securities

Listed non-index constituents acquiring index constituents with newly issued shares or via exchange of shares are generally considered for immediate inclusion in the MSCI Indexes at the time of the event. The same treatment applies to acquisitions of index constituents by unlisted securities that are listing as part of the corporate event. For further details related to early inclusions of non-index constituents in the MSCI Indexes, please refer to section 3.2.7 of the MSCI GIMI methodology.

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2.4 Partial tender offers and buyback offers

MSCI defines partial tender offers as the acquisitions of a predefined portion of a company's shares through shares and/or cash, or as share buy-backs that are carried out by means of an offer. Open-market buy-back transactions in which shares are repurchased progressively are implemented as part of a regularly scheduled Index Review.

Share buy-backs that are only offered to shareholders that abstain and/or vote against an event are not considered an event as the buy-back is only open to select shareholders. No adjustment is applied to the security in such cases.

2.4.1 Fixed price offer

For fixed price partial tender offers opened for a pre-determined period, where the offer price (or the terms) is announced prior to the acceptance period, a Price Adjustment Factor (PAF) of 1 is applied on the ex-date of the offer. In cases where the ex-date is not available, the PAF of 1 is applied on the first business day after the end of the offer.

2.4.2 Dutch auction offer

For Dutch Auctions, where the offer price and the acquired number of shares are announced after the end of the offer, no PAF is applied on the ex-date of the offer, as the offer price is unknown prior to the offer taking place.

2.4.3 Results of partial tender offers and buyback offers

After the results of the offer have been officially communicated, and if sufficient information is publicly available to determine the post-event free float, then any changes in number of shares and FIF and/or DIF are implemented with two full business days advance notification, if results of the offer represents at least 5%, 10% or 25% for Standard constituents (as well as securities assigned to Standard size segment but failed other investability requirements to be added to the Index), Small Caps constituents (as well as securities assigned to Small Cap size segment but failed other investability requirements to be added to the Index) and Micro Caps constituents (as well as securities which are constituents of certain non-GIMI based Indexes) respectively of the security's pre-event number of shares used in MSCI Indexes.

If the shares bought back are intended to be cancelled, but the timing of the cancellation is uncertain or the cancellation will take place several weeks after the results are announced, MSCI calculates the free float of the company assuming the bought back shares are kept as treasury.

MSCI implements any pending number of shares and/or free float updates simultaneously with the implementation of the results of the offers. Note that if the number of shares update is smaller than +-1% on a post-event number of shares basis, it will be implemented at a subsequent Index Review.

Changes in number of shares following the actual cancellation of the shares and changes that do not meet the criteria for implementation at the time of the event as explained above are implemented at the next regularly scheduled Index Review, as per the rules applicable for Index Reviews in accordance with section 3.1.8 of the MSCI GIMI methodology.

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For Indian securities, MSCI waits for the complete, actual post-event shareholding structure information to be publicly released (generally several weeks after the completion of the offer) to implement any changes in number of shares and float.

2.4.4 Split Off/Exchange Offer

A split-off/exchange offer consists of a fixed price partial tender offer buyback in exchange for shares in another company. A PAF of 1 is applied on the first business day after the end of the partial buyback offer.

The exchange offer ratio is determined based on the market prices of the companies involved in the split-off. This ratio is capped by a pre-defined upper-limit.

When the calculated exchange offer ratio is uncertain or if there is no premium to the market price at the time of sending the announcement in "confirmed" status, MSCI waits for the results of the split-off before making changes, if any, in the Number of Shares and subsequent FIF and/or DIF. Changes are implemented, with sufficient advance notice, after the results of the offer have been officially communicated.

When the calculated exchange offer ratio offers a premium and is likely to remain above and therefore equal to the upper limit at the time of sending the announcement in "confirmed" status, MSCI implements the changes in Number of Shares and FIF and/or DIF, if any, on the business day following the date the PAF was applied, without waiting for the results of the exchange offer. Differences between announced implementation and exchange offer results, if any, will be implemented at the following regularly scheduled Index Review.

In both situations above, changes in Number of Shares and FIF and/or DIF, if any, are implemented only if the corresponding change in Number of Shares represents at least 5%, 10% or 25% for Standard constituents (as well as securities assigned to Standard size segment but failed other investability requirements to be added to the Index), Small Caps constituents (as well as securities assigned to Small Cap size segment but failed other investability requirements to be added to the Index) and Micro Caps constituents (as well as securities which are constituents of certain non-GIMI based Indexes) respectively of the security's pre-event number of shares used in MSCI Indexes. Changes that do not meet the criteria for implementation at the time of the event as explained above are implemented at the next regularly scheduled Index Review, as per the rules applicable for Index Reviews in accordance with section 3.1.8 of the MSCI GIMI methodology.

2.5 Conversions of Share Classes

2.5.1 Mandatory conversions

Full or partial conversions of an index constituent's share class into another share class resulting in the deletion, addition or FIF/DIF change of one or more classes of shares are implemented at the time of the event. If appropriate, historical links to existing securities are also made in cases of conversions of a share class into another share class.

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Full or partial conversions of a non-index constituent share class or an unlisted line of shares into an index constituents' share class are implemented at a subsequent Index Review in accordance with the sections 3.1.7 and 3.1.8 of the MSCI GIMI methodology.

2.5.2 Voluntary conversions

In case of voluntary full or partial conversions of an index constituent's share class into another share class resulting in the deletion, addition or FIF/DIF change of one or more classes of shares, MSCI considers several factors to determine if the event is to be implemented at the time of the event or at a subsequent Index Review. MSCI considers the following factors, among others: minimum conversion ratio required, intention of the major shareholders, recommendation of the Board of Directors, squeeze out option for the non-converted shares, whether or not the conversion terms are in line with the current market price of the other share class, whether or not there will be an additional conversion period.

2.5.3 Periodical conversions

Periodical conversions of a share class into another share class are implemented at a subsequent Index Review in accordance with the sections 3.1.7 and 3.1.8 of the MSCI GIMI methodology.

For China securities, conversions of China B shares into China H shares are implemented as of the close of the second trading day of the China H shares instead of the last trading day of the China B shares in order to provide enough advance notice for implementation considering that the B and H shares are listed on different exchanges.

2.6 Pro Forma Float Calculation for M&As

The post-event free float of an entity resulting from an M&A is estimated on a pro forma basis, unless the actual post-event free float is available prior to implementation. Resulting changes in FIFs and/or DIFs are implemented simultaneously. Pending float changes, if any, are implemented simultaneously with the event.

When subsequent public disclosure is made by the company, regarding the new shareholder structure following the event, and results in a significantly different free float estimation than that calculated at the time of the event, MSCI will update the FIFs and/or DIFs at the following regularly scheduled Index Review.

2.6.1 Pro Forma Float Calculations for M&As

2.6.1.1 Cash M&A transactions

Cash M&A transactions have no impact on the free float of the securities of the acquiring company, as no new shares are issued.

2.6.1.2 Stock-for-Stock M&A Transactions

In stock-for-stock M&A transactions, the pro forma free float of the securities of the acquiring or merged entity is calculated as a weighted average of the free float of the shares of the pre-event entities.

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2.6.1.3 Stock and Cash M&A Transactions

In M&A transactions involving cash and stock, the pro-forma free float of the securities of the acquiring or merged entity is calculated based on the information provided by the company indicating which shareholders will be receiving newly issued shares. If this information is unavailable, then the resulting pro-forma free float is calculated as a weighted average of the free float of the shares of the pre merging entities.

2.6.2 Pro Forma Float Calculations for Partial Tender Offers

2.6.2.1 Partial Acquisitions

The post-event free float of a partially acquired security is reduced by an amount corresponding to the percentage of free float shares that are acquired.

2.6.2.2 Share Buy-Backs

For share buy-backs carried out by means of an offer, MSCI assumes that all shareholders participate in the share buy-back on a pro rata basis, and as such, the post-event free float of the security does not change. When, based on publicly available information, there are shareholders that will not participate in the share buy-back, this information is taken into account to determine the post-event free float.

2.7 Mergers and acquisitions treatment in capped weighted and non-market capitalization weighted indexes

To determine post-event index constituent weighting, mergers and acquisitions event implementation within Capped Weighted and Non-Market Capitalization Weighted indexes focuses on a Constraint Factor (see Glossary of Terms) calculation that accounts for the proportion of cash and share consideration exchanged within a deal. A Number of Shares (NOS) Inflow Ratio (see Glossary of Terms) is the primary variable used to determine the appropriate weighted average calculation of post-event Constraint Factors. As illustrated below, for a merger/acquisition that involves only cash consideration, the acquirer's constituent weighting does not change. For any merger/acquisition that involves the issuance of shares (as all or part of the consideration), post-event constituent weighting would take into account the shares issued within in the deal; as determined by the NOS Inflow Ratio.

Through an accounting of proportionate share inflows related to an event and an effective 'market neutral' approach to event implementation, the methodology aims to appropriately represent an investor's participation in an event based on relevant deal terms and pre-event weighting of the index constituents that are involved.

2.7.1 GLOSSARY OF TERMS

- **Constraint Factor (CF):** A primary factor used as a component of constituent weighting in non-market capitalization weighted indexes or where weighting is adjusted by a capping mechanism. The implementation of certain types of corporate events impacts security level constraint factor calculation.

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- **Variable Weighting Factor (VWF):** The Variable Weighting Factor (VWF) is a factor that is used to offset the change to market capitalization that occurs as a result of a corporate event implementation in Non-Market Capitalization Weighted indexes. The VWF is also applied to offset any changes in post event market capitalization that may result from FIF rounding.
- **Full Market Cap Adjustment Factor (FMCAF):** A factor that is used in index constituent weighting calculation defined as (Inclusion Factor (i.e., FIF)) *(Constraint Factor)*(Variable Weighting Factor).
- **Parent Index:** The index that serves as the underlying basis for a specific Capped Weighted or Non-Market Capitalization Weighted index.
- **Number of Shares (NOS) Inflow Ratio:** The NOS inflow ratio reflects the consideration terms of the corporate event. The formula for the calculation of the NOS Inflow Ratio related to specific event types is explained in the table below.

Event type	Number of Shares (NOS) Inflow Ratio Calculation
Spin off	NOS_DISTRIBUTED/ NOS_NEEDED
Acquisition/Partial Acquisition	TARGET PERCENTAGE ACQUIRED * (ACQUIRER SHARES ISSUED/ TARGET _SHARES NEEDED)
Merger	(MERGING COMPANY 1_SHARES_OFFERED /MERGED COMPANY 1 SHARES_RECEIVED) * (MERGED COMPANY 2 SHARES_RECEIVED / MERGING COMPANY 2_SHARES OFFERED)
Conversion	NOS_AFTER CONVERSION/ NOS_BEFORE CONVERSION

- **Inflow Security:** Any security which undergoes an increase in its number of shares as a result of the corporate event implementation. Inflows are identified through corporate event terms (e.g. for an Acquisition with share consideration, Acquirer security will be treated as an Inflow Security)
- **Counterpart Security:** The security involved in a corporate event from which the inflow is originating. (e.g. for an Acquisition with share consideration, Target security will be treated as a Counterpart Security)
- **Maintenance Formula:** When the Inflow Security is already an Index constituent, the security's post event CF is calculated using the Maintenance Formula:

$$CF_{t,t+i}^{Sec} = \frac{\begin{bmatrix} ClosingNOS_{t,t+i-1}^{Sec} \times ParentFMCAF_{t,t+i-1}^{Sec} \times CF_{t,t+i-1}^{Sec} \\ + \sum_{Inflow_j} \left(NOSInflowRatio^{Inflow_j} \times ClosingNOS_{t,t+i-1}^{Inflow_j} \times ParentFMCAF_{t,t+i-1}^{Inflow_j} \times CF_{t,t+i-1}^{Inflow_j} \right) \end{bmatrix}}{\left[ClosingNOS_{t,t+i-1}^{Sec} \times ParentFMCAF_{t,t+i-1}^{Sec} + \sum \left(NOSInflowRatio^{Inflow_j} \times ClosingNOS_{t,t+i-1}^{Inflow_j} \times ParentFMCAF_{t,t+i-1}^{Inflow_j} \right) \right]}$$

Where $CF_{t,t+i}^{Sec}$ =value of the constraint factor to be used on date t+i (post-event) as calculated on date t

NOTE: For Non-Market Capitalization Weighted indexes, post event Constraint Factors take into account the pre-event VWF of the inflow security.

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In addition, for Non-Market Capitalization Weighted Indexes, the VWF of the security is re-calculated with event implementation in order to offset any change in market capitalization that may be related to FIF rounding.

The Parent Index security Constraint Factor (CF) = 0 when the Counterpart Security is in the Parent Index, but not in the Capped/Non-Market Capitalization Weighted index. In addition, Parent Index Full Market Cap Adjustment Factor (FMCAF) = 0, when Counterpart Security is not in Parent Index.

- **Addition Formula:** When the Counterpart Security is an Index constituent but the Inflow Security is not and will be added to the Index as per event implementation, the Inflow Security's post event CF is calculated using the Addition Formula

$$CF_{t,t+i}^{Sec} = \frac{\left[\sum_{Inflow_j}\left(NOSInflowRatio^{Inflow_j} \times ClosingNOS_{t,t+i-1}^{Inflow_j} \times ParentFMCAF_{t,t+i-1}^{Inflow_j} \times CF_{t,t+i-1}^{Inflow_j}\right)\right]}{\left[NOS_{t,t+i-1}^{Sec} \times ParentFMCAF_{t,t+i}^{Sec}\right]}$$

Where $\mathbf{CF_{t,t+i}^{Sec}}$ =value of the Constraint Factor to be used on date t+i (post-event) as calculated on date t

The calculation of a CF for a security that will be added to the Index is based on the CF of the securities to which it is linked (through event terms) and the shares coming into the Index from those securities. Once the NOS Inflow Ratio is calculated based on event terms, it is then multiplied by the previous closing number of shares of the security, which results in the NOS that will come into the Index.

NOTE: For Non-Market Capitalization Weighted indexes, post event Constraint Factors take into account the pre-event VWF of the inflow security.

In addition, for Non-Market Capitalization Weighted Indexes, the VWF of the security is re-calculated with event implementation in order to offset any change in market capitalization that may be related to FIF rounding.

2.7.2 EXAMPLES OF ACQUISITION TREATMENT

Example 1

CONSIDERATION:	**100% CASH**	
EVENT CONSTITUENTS:	**Company A:**	**INDEX CONSTITUENT**
	Company B:	**INDEX CONSTITUENT**

Company A acquires Company B for 100% cash consideration. Both companies are in the index of reference. Company B shareholders will receive USD 23 for each share they own. The last trading day for Company B is July 26, 2016.

Event Effective Date: July 27, 2016

NOS Inflow Ratio: Not relevant as consideration terms are 100% cash

Pre Event Information:

Company A NOS	2,123,745
Company A FIF	0.80

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Company A CF	0.45
Company A VWF	1
Company B NOS	1,621,503
Company B FIF	0.40
Company B CF	0.90
Company B VWF	1

Post Event Information (Capped Weighted & Non-Market Capitalization Weighted Indexes):

Company A – No change in NOS or FMCAF/FIF
Company B – Deleted from Index as of the close of July 26, 2016 (effective on July 27, 2016)

Treatment: Cash consideration will be reinvested across the Index as of the close of July 26, 2016 with no constituent weighting change for Company A.

Example 2

CONSIDERATION: **100% SHARES**
EVENT CONSTITUENT: **Company A: INDEX CONSTITUENT**
Company B: INDEX CONSTITUENT

Company A acquires Company B by issuing 1 share of Company A for every 2 shares of Company B. Company B will be deleted from the Index as of the close of June 15, 2016.

Event Effective Date: June 16, 2016

NOS Inflow Ratio = Percentage Acquired*(Acquirer NOS issued/Target NOS needed)
= 100 %*(1/2)
= 0.5

Pre Event Information

Company A NOS	3,457,618
Company A FIF	0.75
Company A CF	0.3
Company A VWF	1
Company B NOS	5,327,650
Company B FIF	0.4
Company B CF	0.8
Company B VWF	1

Post Event Information (Capped Weighted Indexes)

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Company A NOS 6,121,443
Company A FIF 0.6
Company A CF 0.44561
Company A VWF 1

Company B- deleted from the Index as of the close of June 15, 2016 (effective on June 16, 2016)

Post Event Information (Non-Market Capitalization Weighted Indexes)

Company A NOS 6,121,443
Company A FIF 0.6
Company A CF 0.44561
Company A VWF 0.99615

Company B- deleted from the Index as of June 15, 2016 (effective on June 16, 2016)

Treatment (Capped Weighted Indexes): As Company A (Inflow Security) is an Index constituent, the post event CF in this case will be calculated using the 'Maintenance Formula'. The value of the VWF will always be 1 for Capped Weighted Indexes.

$$CF^{Sec}_{t,t+i} = \frac{\left[\begin{array}{c} ClosingNOS^{Sec}_{t,t+i-1} \times ParentFMCAF^{Sec}_{t,t+i-1} \times CF^{Sec}_{t,t+i-1} \\ + \sum_{Inflow_j} \left(NOSInflowRatio^{Inflow_j} \times ClosingNOS^{Inflow_j}_{t,t+i-1} \times ParentFMCAF^{Inflow_j}_{t,t+i-1} \times CF^{Inflow_j}_{t,t+i-1} \right) \end{array}\right]}{\left[ClosingNOS^{Sec}_{t,t+i-1} \times ParentFMCAF^{Sec}_{t,t+i-1} + \sum \left(NOSInflowRatio^{Inflow_j} \times ClosingNOS^{Inflow_j}_{t,t+i-1} \times ParentFMCAF^{Inflow_j}_{t,t+i-1} \right)\right]}$$

= [(3,457,618*0.75*0.3)+(0.5*5,327,650*0.4*0.8)] / [(3,457,618*0.75)+(0.5*5,327,650*0.4)] = 0.44561

Treatment (Non-Market Capitalization Weighted Indexes): The post event CF calculation is the same as in the case of Capped Weighted Indexes, but the VWF of the security is recalculated.

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	3,457,618	0.75	0.3	1	777,964	64	49,789,699
B	5,327,650	0.4	0.8	1	1,704,848	32	54,555,136
						Total	104,344,835
Post Event (Capped Weighted)							
A	6,121,443	0.6	0.45	1	1,636,681	64	104,747,593
						Difference	402,758
Post Event (Non-Market Cap Weighted)							
A	6,121,443	0.6	0.45	0.99615	1,630,388	64	104,344,835
						Difference	0

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NOTE: The event implementation is neutral for both Capped Weighted and Non-Market Capitalization Weighted indexes. In Capped Weighted Indexes, the difference in post event market capitalization in the Index is attributable to FIF rounding that occurs as per MSCI GIMI methodological guidelines. In Non-Market Capitalization Weighted indexes, this difference is offset through the application of the VWF.

Example 3

CONSIDERATION: **100% SHARES**
EVENT CONSTITUENT: **Company A: INDEX CONSTITUENT**
Company B: NON-INDEX CONSTITUENT (not in parent)

Company A acquires Company B by issuing 1 share of Company A for every 5 shares of Company B. Company B will be deleted as of the close of April 11, 2017.

Event Effective Date: April 12, 2017

NOS Inflow Ratio = Percentage Acquired*(Acquirer NOS issued/Target NOS needed)
= 100 %*(1/5)
= 0.2

Pre Event Information

Company A NOS	10,000,000
Company A FIF	0.7
Company A CF	0.3
Company A VWF	1
Company B NOS	5,000,000
Company B FIF	0.8
Company B CF	0
Company B VWF	0

Post Event Information (Capped Weighted Indexes)

Company A NOS	11,000,000
Company A FIF	0.75
Company A CF	0.3
Company A VWF	1

Company B- deleted as of the close of April 11, 2017 (effective on April 12, 2017)

Post Event Information (Non-Market Capitalization Weighted Indexes)

Company A NOS	11,000,000

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Company A FIF 0.75
Company A CF 0.3
Company A VWF 0.84848

Company B- deleted as of the close of April 11, 2017 (effective on April 12, 2017)

Treatment (Capped Weighted Indexes): As Company B is not an index constituent and also not a constituent of the Parent Index, the post event CF stays unchanged. The VWF is always 1 for Capped Weighted Indexes.

Treatment (Non-Market Capitalization Weighted Indexes): The post event CF calculation is the same as in the case of Capped Weighted Indexes, but the VWF of the security is recalculated.

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	10,000,000	0.7	0.3	1	2,100,000	30	63,000,000
B	5,000,000	0.8	0	0	0	6	0
						Total	63,000,000
Post Event (Capped Weighted)							
A	11,000,000	0.75	0.3	1	2,475,000	30	74,250,000
						Difference	11,250,000
Post Event (Non-Market Cap Weighted)							
A	11,000,000	0.75	0.3	0.85	2,100,000	30	63,000,000
						Difference	0

NOTE: For Capped Weighted indexes, the CF of the acquirer stays unchanged resulting in the increase in post event market capitalization of the security in the respective index. In Non-Market Capitalization Weighted indexes, this difference is offset through the application of the VWF.

Example 4

CONSIDERATION: **100% SHARES**
EVENT CONSTITUENT: **Company A: NON-INDEX CONSTITUENT (not in parent)**
Company B: INDEX CONSTITUENT

Company A acquires Company B by issuing 1 share of Company A for every 3 shares of Company B. Company B will be deleted as of the close of April 11, 2017.

Event Effective Date: April 12, 2017

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NOS Inflow Ratio = Percentage Acquired*(Acquirer NOS issued/Target NOS needed)
= 100 %*(1/3)
= 0.3333

Pre Event Information

Company A NOS 12,000,000
Company A FIF 0.7
Company A CF 0
Company A VWF 0

Company B NOS 9,000,000
Company B FIF 0.8
Company B CF 0.4
Company B VWF 1

Post Event Information (Capped Weighted Indexes)

Company B- deleted as of the close of April 11, 2017 (effective on April 12, 2017)

Post Event Information (Non-Market Capitalization Weighted Indexes)

Company A – will not be added to the index
Company B- deleted as of the close of April 11, 2017 (effective on April 12, 2017)

Example 5

CONSIDERATION: **CASH/SHARES**
EVENT CONSTITUENTS: **Company A: INDEX CONSTITUENT**
Company B: INDEX CONSTITUENT

Company A acquires Company B by issuing 1 share of Company A and USD 10 for every 4 shares of Company B. Company B will be deleted from the Index as of the close of August 11, 2016.

Event Effective Date: August 12, 2016

NOS Inflow Ratio = Percentage acquired*(Acquirer NOS issued/Target NOS needed)
= 100 %*(1/4)
= 0.25

Pre Event Information:

Company A NOS 1,530,548
Company A FIF 0.8
Company A CF 0.25

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Company A VWF 1

Company B NOS 1,458,620
Company B FIF 0.25
Company B CF 0.5
Company B VWF 1

Post Event Information (Capped Weighted Indexes):

Company A NOS 1,895,203
Company A FIF 0.70
Company A CF 0.267324
Company A VWF 1

Company B – Deleted from Index as of the close of August 11, 2016 (effective on August 12, 2016)

Post Event Information (Non-Market Capitalization Weighted Indexes):

Company A NOS 1,895,203
Company A FIF 0.70
Company A CF 0.267324
Company A VWF 0.99168

Company B – Deleted from Index as of the close of August 11, 2016 (effective on August 12, 2016)

Treatment (Capped-Weighted Indexes): As Company A (Inflow Security) is an Index constituent, the post event CF in this case will be calculated using the 'Maintenance Formula'. The VWF is always 1 for Capped Weighted Indexes.

Treatment (Non-Market Capitalization Weighted Indexes): The post event CF calculation is the same as in the case of Capped Weighted Indexes, but the VWF of the security is recalculated.

NOTE: Cash consideration will be reinvested across the Index as of the close of August 11, 2016.

Pre Event							
Company	Number of Shares (NOS)	Parent Index FMCAF (FIF)	Constraint Factor (CF)	Variable Weighting Factor (VWF)	Security No. of shares in Index	Price (USD)	Market Cap of security in Index (USD)
A	1,530,548	0.8	0.25	1	306,110	50	15,305,480
B	1,458,620	0.25	0.5	1	182,328	15	2,734,913
						Total	18,040,393

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Post Event (Capped Weighted)							
A	1,895,203	0.7	0.27	1	354,643	50	17,732,136
						Difference	(308,257)
Post Event (Non-Market Cap Weighted)							
A	1,895,203	0.7	0.27	0.99168	351,691	50	17,584,574
						Difference	(455,819)

NOTE: The event implementation is neutral for both Capped Weighted and Non-Market Capitalization Weighted indexes and the difference in post event market capitalization is attributable to the proportionate cash consideration involved in the transaction. This cash consideration will be reinvested across the Index. For Capped Weighted indexes, there would also likely be some difference in post event market capitalization attributable to an update in number of shares and FIF rounding.

Example 6

CONSIDERATION: **CASH/SHARES**
EVENT CONSTITUENTS: **Company A: INDEX CONSTITUENT**
Company B: NON-INDEX CONSTITUENT (but is in Parent Index)

Company A acquires Company B by issuing 2 shares of Company A and USD 20 for every 1 share of Company B.

Event Effective Date: May 11, 2016

NOS Inflow Ratio = Percentage acquired*(acquirer NOS issued/Target NOS needed)
= 100 %*(2/1)
= 2

Pre Event Information:

Company A NOS 3,520,198
Company A FIF 0.5
Company A CF 0.6
Company A VWF 1

Company B NOS 621,852
Company B FIF 0.2
Company B CF 0
Company B VWF 1

Post Event Information (Capped-Weighted Indexes):

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Company A NOS 4,763,902
Company A FIF 0.45
Company A CF 0.52570
Company A VWF 1

Company B Deleted (from Parent Index)

Post Event Information (Non- Market Capitalization Weighted Indexes):

Company A NOS 4,763,902
Company A FIF 0.45
Company A CF 0.52570
Company A VWF 0.9371

Treatment (Capped Weighted Indexes): As Company A (Inflow Security) is an Index constituent, the post event CF in this case is calculated using the 'Maintenance Formula'. In addition, as Company B (Counterpart Security) is not an Index Constituent, but is part of the Parent Index, the CF of the Company B is considered to be 0.

If Company B was not part of the Parent Index, then the FMCAF (FIF) of Company B, would be considered to be 0 within the calculation as noted.

Treatment (Non-Market Capitalization Weighted Indexes): The post event CF calculation is the same as in the case of Capped Weighted Indexes, but the VWF of the security is recalculated.

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	3,520,198	0.5	0.6	1	1,056,059	12	12,672,713
B	621,852	0.2	0	1	0	44	0
						Total	12,672,713
Post Event (Capped Weighted)							
A	4,763,902	0.45	0.53	1	1,126,986	12	13,523,827
						Difference	851,115
Post Event (Non-Market Cap Weighted)							
A	4,763,902	0.45	0.53	0.937066	1,056,059	12	12,672,713
						Difference	0

NOTE: The event implementation is neutral for both Capped Weighted and Non-Market Capitalization Weighted indexes. In Capped Weighted Indexes, the difference in post event market capitalization in the

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Index is attributable to FIF rounding as per GIMI methodological guidelines. In Non-Market Capitalization Weighted Indexes, this difference is offset through the application of the VWF.

Example 7

CONSIDERATION: **100% SHARES (PARTIAL ACQUISITION)**
EVENT CONSTITUENT: **Company A: INDEX CONSTITUENT**
Company B: INDEX CONSTITUENT

Company A acquires 40% of Company B by issuing 1 share of Company A for every 3 shares of Company B. Company B will be maintained with a reduced FIF as of the close of February 22, 2017

Event Effective Date: February 23, 2017

NOS Inflow Ratio = Percentage Acquired*(Acquirer NOS issued/Target NOS needed)
= 40 %*(1/3)
= 0.13

Pre Event Information

Company A NOS	2,000,000
Company A FIF	0.5
Company A CF	0.7
Company A VWF	1
Company B NOS	1,500,000
Company B FIF	0.8
Company B CF	1.2
Company B VWF	1

Post Event Information (Capped Weighted Indexes)

Company A NOS	2,200,000
Company A FIF	0.55
Company A CF	0.77
Company A VWF	1
Company B NOS	1,500,000
Company B FIF	0.4
Company B CF	1.2
Company B VWF	1

Post Event Information (Non-Market Capitalization Weighted Indexes)

Company A NOS	2,200,000
Company A FIF	0.55
Company A CF	0.77

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Company A VWF 0.96

Company B NOS 1,500,000
Company B FIF 0.4
Company B CF 1.2
Company B VWF 1.2

Treatment (Capped Weighted Indexes): As Company A (Inflow Security) is an Index constituent, the post event CF in this case will be calculated using the 'Maintenance Formula'. VWF is always 1 for Capped Weighted Indexes.

(2,000,000*0.5*0.7*1+0.13*1,500,000*0.8*1.2*1)/((2,000,000*0.5+0.13*1,500,000*0.8)*1) = 0.77

CF of Company B is not recalculated.

Treatment (Non-Market Capitalization Weighted Indexes): The post event CF calculation is the same as in the case of Capped Weighted Indexes, but the VWF of the Inflow Security and Counterpart Security are both recalculated.

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	2,000,000	0.5	0.7	1	700,000	60	42,000,000
B	1,500,000	0.8	1.2	1	1,440,000	20	28,800,000
						Total	70,800,000
Post Event (Capped Weighted)							
A	2,200,000	0.55	0.77	1	930,448	60	55,826,897
B	1,500,000	0.4	1.2	1	720,000	20	14,400,000
						Total	70,226,897
						Difference	(573,103)
Post Event (Non-Market Cap Weighted)							
A	2,200,000	0.55	0.77	0.96	892,000	60	53,520,000
B	1,500,000	0.4	1.2	1.2	864,000	20	17,280,000
						Total	70,800,000
						Difference	0

NOTE: The event implementation is neutral for both Capped Weighted and Non-Market Capitalization Weighted indexes. In Capped Weighted Indexes, the difference in post event market capitalization in the Index is attributable to FIF rounding as per GIMI methodological guidelines. In Non-Market Capitalization Weighted indexes, this difference is offset through the application of the VWF.

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Example 8

CONSIDERATION: **100% SHARES (PARTIAL ACQUISITION)**
EVENT CONSTITUENT: **Company A: NON-INDEX CONSTITUENT (but is in parent Index)**
Company B: INDEX CONSTITUENT

Company A acquires 20% of Company B by issuing 1 share of Company A for every 2 shares of Company B. Company B will be maintained with a reduced FIF as of the close of February 14, 2018.

Event Effective Date: February 15, 2018

NOS Inflow Ratio = Percentage Acquired*(Acquirer NOS issued/Target NOS needed)
= 20 %*(1/2)
= 0.1

Pre Event Information

Company A NOS	200,000
Company A FIF	0.3
Company A CF	0
Company A VWF	1
Company B NOS	500,000
Company B FIF	0.9
Company B CF	1.2
Company B VWF	1

Post Event Information (Capped Weighted Indexes)

Company A – added to the Index

Company A NOS	250,000
Company A FIF	0.45
Company A CF	0.51
Company A VWF	1
Company B NOS	500,000
Company B FIF	0.7
Company B CF	1.2
Company B VWF	1

Post Event Information (Non-Market Capitalization Weighted Indexes)

Company A –not added to the Index

Company B NOS	500,000
Company B FIF	0.7
Company B CF	1.2

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Company B VWF 1.03

Treatment (Capped Weighted Indexes): The post event CF stays unchanged for Company B (Counterpart Security). VWF is always 1 for Capped Weighted Indexes. Company A (Inflow Security) is added to the Index, its CF is calculated using the addition formula.

Treatment (Non-Market Capitalization Weighted Indexes): The post event CF stays unchanged for Company B but VWF is recalculated. Company A is not added to the Index.

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	200,000	0.3	0	1	0	20	0
B	500,000	0.9	1.2	1	540,000	10	5,400,000
						Total	5,400,000
Post Event (Capped Weighted)							
A	250,000	0.45	0.51	1	57,857	20	1,157,143
B	500,000	0.7	1.2	1	420,000	10	4,200,000
						Total	5,357,143
						Difference	(42,857)
Post Event (Non-Market Cap Weighted)							
B	500,000	0.7	1.2	1.03	432,000	10	4,320,000
						Total	4,320,000
						Difference	(1,080,000)

NOTE: For Capped Weighted and Non-Market Capitalization Weighted Indexes, the Security No. of shares in Index of Company B is reduced regardless of whether Company A is added to the Index or not.

EXAMPLES OF MERGER TREATMENT

Example 9

CONSIDERATION: **100% SHARES**
EVENT CONSTITUENT: **Company A: INDEX CONSTITUENT**
Company B: INDEX CONSTITUENT

Company A merges with Company B to form Company C. Shareholders will receive one share of company C for every 2 shares in Company A, and every 5 shares in company B. As explained in Section

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2.9 of the methodology, MSCI will link price history of Company C with Company A. MSCI will delete Company B from the index as of the close of July 27, 2017.

Event Effective Date: July 28, 2017

NOS Inflow Ratio = (MERGING COMPANY 1_SHARES_OFFERED /MERGED COMPANY 1 SHARES_RECIEVED) * (MERGED COMPANY 2 SHARES_RECIEVED / MERGING COMPANY 2_SHARES OFFERED)
= (2/1*1/5)
= 0.4

Pre Event Information

Company A NOS	2,000,000
Company A FIF	0.70
Company A CF	0.30
Company A VWF	1

Company B NOS	4,000,000
Company B FIF	0.80
Company B CF	0.40
Company B VWF	1

Post Event Information (Capped Weighted Indexes)

Company C (renamed from A) NOS	1,800,000
Company C FIF	0.75
Company C CF	0.34776
Company C VWF	1

Company B Deleted from the Index as of the close of July 27, 2017 (effective on July 28, 2017)

Post Event Information (Non-Market Capitalization Weighted Indexes)

Company C (renamed from A) NOS	1,800,000
Company C FIF	0.75
Company C CF	0.34776
Company C VWF	0.99259

Company B Deleted from the Index as of the close of July 27, 2017 (effective on July 28, 2017)

Treatment (Capped Weighted Indexes): As Company C is linked to Company A (Inflow Security), which is an Index constituent, the post event CF in this case will be calculated using the 'Maintenance Formula'. The value of the VWF will always be 1 for Capped Weighted Indexes.

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Treatment (Non-Market Capitalization Weighted Indexes): The post event CF calculation is same as in case of Capped Weighted Indexes, but the VWF of the security is recalculated

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	2,000,000	0.7	0.3	1	420,000	30	12,600,000
B	4,000,000	0.8	0.4	1	1,280,000	12	15,360,000
						Total	27,960,000
Post Event (Capped Weighted)							
C	1,800,000	0.75	0.35	1	469,478	60	28,168,657
						Difference	208,657
Post Event (Non-Market Cap Weighted)							
C	1,800,000	0.75	0.35	0.9926	466,000	60	27,960,000
						Difference	0

NOTE: The event implementation is neutral for both Capped Weighted and Non-Market Capitalization Weighted indexes. In Capped Weighted Indexes, the difference in post event market capitalization in the Index is attributable to FIF rounding as per GIMI methodological guidelines. In Non-Market Capitalization Weighted indexes, this difference is offset through the application of the VWF.

Example 10

CONSIDERATION: **100% SHARES**
EVENT CONSTITUENT: **Company A: INDEX CONSTITUENT**
Company B: NON-INDEX CONSTITUENT (not in parent)

Company A merges with Company B to form Company C. Shareholders will receive one share of company C for every 5 shares in Company A, and every 10 shares in company B. As explained in Section 2.9 of the methodology, MSCI will link price history of Company C with A.

Event Effective Date: July 28, 2017

NOS Inflow Ratio = (MERGING COMPANY 1_SHARES_OFFERED /MERGED COMPANY 1 SHARES_RECIEVED) * (MERGED COMPANY 2 SHARES_RECIEVED / MERGING COMPANY 2_SHARES OFFERED)
= (5/1*1/10)
= 0.5

Pre Event Information

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Company A NOS 1,500,000
Company A FIF 0.65
Company A CF 0.6
Company A VWF 1

Company B NOS 800,000
Company B FIF 0.8
Company B CF 0
Company B VWF 0

Post Event Information (Capped Weighted Indexes)

Company C (renamed from A) NOS 380,000
Company C FIF 0.7
Company C CF 0.6
Company C VWF 1

Post Event Information (Non-Market Capitalization Weighted Indexes)

Company C (renamed from A) NOS 380,000
Company C FIF 0.7
Company C CF 0.6
Company C VWF 0.73308

Treatment (Capped Weighted Indexes): As Company B is not an index constituent and also not a constituent of parent index, the post event CF stays unchanged. VWF is always 1 for Capped Weighted Indexes.

Treatment (Non-Market Capitalization Weighted Indexes): CF calculation is same as in case of Capped Weighted Indexes. VWF of the security is recalculated.

Note – For Non-Market Capitalization Weighted Indexes, in cases where MSCI links price history of Company C with Company B, Company C will not be added to the Non-Market Capitalization Weighted Indexes at the time of the event.

Pre Event							
Company	Number of Shares (NOS)	Parent Index FMCAF (FIF)	Constraint Factor (CF)	Variable Weighting Factor (VWF)	Security No. of shares in Index	Price (USD)	Market Cap of security in Index (USD)
A	1,500,000	0.65	0.6	1	585,000	20	11,700,000
B	800,000	0.8	0.0	0	0	10	0
						Total	11,700,000
Post Event (Capped Weighted)							
C	380,000	0.7	0.60	1	159,600	100	15,960,000

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						Difference	4,260,000
Post Event (Non-Market Cap Weighted)							
C	380,000	0.70	0.60	0.7331	117,000	100	11,700,000
						Difference	0

NOTE: For Capped Weighted indexes, the CF of the acquirer stays unchanged resulting in the increase in post event market capitalization of the security in the respective index. In Non-Market Capitalization Weighted indexes, this difference is offset through the application of the VWF.

2.8 Spin-Offs

A spin-off is the free distribution of shares in a wholly-owned or a partially-owned company to the parent company's existing shareholders. In some countries, spin-offs are called demerger or un-bundling. Spin-offs are implemented on a pro-rata basis to all existing shareholders.

2.8.1 Treatment when spun-off trades on ex-date

On the ex-date of a spin-off, a PAF is applied to the price of the security of the parent company. The PAF is calculated based on the terms of the transaction and the market price of the spun-off security. If the spun-off entity qualifies for inclusion, it is included as of the close of its first trading day.

In cases, where the distribution of the spun-off is subject to a withholding tax, MSCI reinvests a negative cash amount in the MSCI Net DTR Indexes on the ex-date.

In order to decide whether the spun-off entity qualifies for inclusion, the full company market capitalization of the spun-off entity is estimated by MSCI prior to the spin-off being effective. These estimates are based on public information provided by the parent company, including among others the spin-off prospectus, and estimates from brokers.

In cases of spin-offs of partially-owned companies, the post-event free float of the spun-off entity is calculated using a weighted average of the existing shares and the spun-off shares, each at their corresponding free float. Any resulting changes to FIFs and/or DIFs are implemented as of the close of the ex-date.

If the spun-off security is trading on a conditional basis or with an "as-if-and-when-issued" price instead of regular way on the ex-date, MSCI uses this "when-issued" price in its implementation of the spin off on the ex-date, for example in its PAF and its estimation of the market capitalization of the spun-off. In addition, MSCI may add the spun-off security in the MSCI Indexes, provided it qualifies for inclusion, using the "when-issued" prices and then the regular price.

When the distribution date or pay date of the spin-off is at least four business days after the ex-date, shareholders do not receive the shares of the spun-off entity on the ex-date, even if the spun-off is trading on that day. In this situation, MSCI may decide to add a "detached" security in the MSCI Indexes until the distribution date. As of the close of the pay date, MSCI deletes the "detached" security and simultaneously implements changes in FIF and/or DIF of the distributed security in the MSCI Indexes.

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Note that the “detached” security is added, maintained and deleted using the closing market prices of the underlying security.

In cases of a partial spin-off of an index constituent by a non-Index constituent, changes to number of shares (if any) and FIF/DIF of the spun-off entity are implemented at the Index Review following the completion of the event and listing of the newly issued shares, if applicable. Such cases will be subject to the rules applicable for the Index Reviews in accordance with the section 3.1.7 and 3.1.8 of the MSCI GIMI methodology.

For further details on PAFs for spin-offs, see Appendix I, entitled “PAF Formulas and Definitions”.

2.8.1.1 US and Canada specific treatment

In US and Canada, when an “as-if-and-when-issued” price is available for a spun-off security prior to its admission to regular trading, MSCI may use this price as an additional source to determine the size segment of the spun-off security and to announce the implementation in the MSCI Indexes. However, MSCI does not wait for the "when-issued" price to become available before proceeding with the announcement of the implementation.

2.8.2 Spun-off not trading on the ex-date

When the spun-off security does not trade on the ex-date, a PAF is applied to the price of the parent entity and a detached security is created to avoid a drop in the free float-adjusted market capitalization of the parent entity, regardless of whether the spun-off security is added or not. The detached security is included in the MSCI Indexes as of the close of the ex-date and is maintained until the spun-off security starts trading. The value of the detached security is equal to the difference between the cum price and the ex-price of the parent security. The price of the detached security remains unchanged until the spun-off security starts trading. MSCI will delete the detached as of the close of its first trading day, using the closing market price of the spun-off security on that day. In case where the terms of the distribution are different from one for one, MSCI will apply a PAF on the detached security on the first trading date of the spun-off security. MSCI will provide at least two business days’ advance notification before deleting the detached security from the MSCI Indexes which may result in MSCI delaying the implementation beyond the first trading day of the spun-off security. In such cases, the detached security is maintained in the MSCI Indexes using the market price of the spun-off security from the spun-off security’s first trading day until the detached security’s deletion from the MSCI Indexes.

In cases where a spin-off involves multiple spun-off securities which are not trading on the ex-date and not expected to list on same day, only one detached security will be added to the MSCI Indexes as of the close of the ex-date. MSCI will apply a PAF to the price of the detached security, on the first trading day of each of the spun-off securities, as long as one or more spun-off is yet to be listed. MSCI will reduce the value of the detached security as of the close of each of the first trading days of the spun-off securities, using the closing market price of the respective spun-off security on that day (adjusted by the terms of the event), to reflect the listing of the spun-off security.

The treatment of the spun-off entity remains the same as under the section 2.8.1.

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In certain cases where the spun-off security is not trading on the ex-date and its market capitalization is estimated to be very small or there is a risk that the market price of the parent entity could potentially increase on the ex-date, the impact of the event on the parent security's market capitalization may be considered as negligible. In those situations, as the detached security cannot have a negative value and to avoid neutralizing the performance of the parent entity on the ex-date of the event, MSCI may decide not to add the detached security. Instead, MSCI would apply a PAF of 1 to the market price of the parent entity on the ex-date of the event. In addition, the spun-off security, once it starts trading on the market, would not be included in the MSCI Indexes at the time of the event.

For further details on PAFs for spin-offs, see Appendix I, entitled "PAF Formulas and Definitions".

2.8.3 Reverse spinoffs

MSCI determines if the spun-off is the continuation of the former parent entity and links the price and volume history of the parent entity to the spun-off entity based on the following factors of continuation: relative market capitalization size, industry classification, domicile and previous size segment.

When MSCI considers the spun-off entity as the continuation of the parent company, it is the spun-off entity which distributes the parent and therefore a PAF is applied to the market price of the spun-off security on the ex-date of the spin-off. The PAF is calculated based on the terms of the transaction and the market price of the parent company (considered to be the distributed asset).

When this occurs, MSCI will normally assign the market identifiers of the spun-off entity to the former parent entity on the ex-date of the event.

In cases where the spun-off entity does not trade on the ex-date, MSCI will assign a fixed price to the spun-off entity by taking the difference between the closing price on the cum-date and ex-date of the parent security. This price will remain unchanged until the spun-off entity starts trading.

For further details on PAFs related to historical links, see Appendix I, entitled "PAF Formulas and Definitions".

2.8.4 Spin-Off Treatment In Capped Weighted And Non-Market Capitalization Weighted Indexes

In general, the Constraint Factor (CF) of a spun-off security ('New-Co') within Capped Weighted and Non-Market Capitalization Weighted indexes will be the same as the CF of the primary (parent) security. The exception would be if the NOS inflow of the parent security is different than the NOS of the New-Co which is added to the index. This would only be the case if the event was not implemented as market neutral within the Parent Index. In such a case, the index event implementation would use the same CF of the New-Co that was based on the CF of the parent security (applied for the portion of shares of New-Co corresponding to the parent security inflow). A CF of 0 would be used for the remaining security market capitalization. This would result in an event implementation within the Capped Weighted or Non-Market Capitalization Weighted index that would be viewed as market neutral.

In order to minimize index turnover, all New-Cos resulting from spin offs in Non-Market Capitalization Weighted indexes will be added at the time of the event implementation (assuming they are added to the

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Parent Index). The New-Cos will be subject to reevaluation of index inclusion at the next scheduled Index Review that follows the Spin-Off.

For Capped Weighted Indexes, please refer to the respective index methodology to assess relevant spin-off related treatment in terms of New-Co inclusion.

Example 1

INDEX CONSTITUENT SPINS OFF A NEW SECURITY WHICH IS ADDED TO THE INDEX

Company A spins off Company B ('New-Co'). Shareholders of Company A will receive 2 shares of 'New-Co' for each share held in Company A. The Ex-Date of the Event is July 11, 2016. The New-Co will trade on the Ex-Date.

A PAF will be applied to Company A on July 11, 2016. Company A is maintained in Parent Index and the New-Co will be added to the Parent Index as of the close of July 11, 2016 (effective on July 12, 2016).

Event Effective Date (PAF):	July 11, 2016
Event Effective Date ('New-Co' Addition):	July 12, 2016
NOS Inflow Ratio:	= (NOS Distributed/NOS Needed) = (2/1) = 2

Pre Event Information

Company A NOS	12,000,000
Company A FIF	0.30
Company A CF	0.65
Company A VWF:	1
Company B	does not exist

Post Event Information

Company A NOS	12,000,000
Company A FIF	0.30
Company A CF	0.65
Company A VWF:	1
Company B NOS	24,000,000
Company B FIF	0.30
Company B CF	0.65
Company A VWF:	1

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Treatment: As the Counterpart Security ('New –Co') will be added as an Index constituent, the post event CF of Company B is calculated using the modification to the 'Addition Formula' below which results in a New-Co CF that is equal to the parent security CF.

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	12,000,000	0.30	0.65	1	2,340,000	30	70,200,000
						Total	70,200,000
Post Event (Capped Weighted and Non-Market Cap Weighted)							
A	12,000,000	0.30	0.65	1	2,340,000	14	32,760,000
B	24,000,000	0.30	0.65	1	4,680,000	8	37,440,000
						Total	70,200,000
						Difference	0

NOTE: Event Implementation is neutral for both Capped Weighted and Non-Market Capitalization Weighted Indexes.

Example 2

INDEX CONSTITUENT SPINS OFF ANOTHER INDEX CONSTITUENT

Company A spins off an existing index constituent; Company B. Shareholders of Company A will receive 1 share of Company B for 10 shares held in Company A. The Ex-Date of the Spin Off is June 15, 2016.

A PAF will be applied to Company A on June 15, 2016. A is maintained in the Index and the FIF of B will be increased as of the close of June 15, 2016 (effective on June 16, 2016).

Event Effective Date (PAF): June 15, 2016.
Event Effective Date (Increase in FIF of Company B): June 16, 2016
NOS Inflow Ratio = (NOS Distributed/NOS Needed)
= (1/10)
= 0.10

Pre Event Information

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Company A NOS: 15,000,000
Company A FIF: 0.30
Company A CF: 0.40
Company A VWF: 1

Company B NOS: 8,000,000
Company B FIF: 0.40
Company B CF: 0.60
Company B VWF: 1

Post Event Information (Capped-Weighted)

Company A NOS: 15,000,000
Company A FIF: 0.30
Company A CF: 0.40
Company A VWF: 1

Company B NOS: 8,000,000
Company B FIF: 0.50
Company B CF: 0.57534
Company B VWF: 1

Post Event Information (Non-Market Capitalization Weighted Indexes)

Company A NOS: 15,000,000
Company A FIF: 0.30
Company A CF: 0.40
Company A VWF: 1

Company B NOS: 8,000,000
Company B FIF: 0.50
Company B CF: 0.57534
Company B VWF: 0.9125

As the Inflow Security is already an Index constituent, the post Event CF of Company B is calculated using the 'Maintenance Formula' below:

$$CF^{Sec}_{t,t+i} = \frac{\left[\begin{array}{c} ClosingNOS^{Sec}_{t+i-1} \times ParentFMCAF^{Sec}_{t,t+i-1} \times CF^{Sec}_{t,t+i-1} \\ + \sum_{Inflow_j}\left(NOSInflowRatio^{Inflow_j} \times ClosingNOS^{Inflow_j}_{t+i-1} \times ParentFMCAF^{Inflow_j}_{t,t+i-1} \times CF^{Inflow_j}_{t,t+i-1}\right) \end{array}\right]}{\left[ClosingNOS^{Sec}_{t+i-1} \times ParentFMCAF^{Sec}_{t,t+i-1} + \sum\left(NOSInflowRatio^{Inflow_j} \times ClosingNOS^{Inflow_j}_{t+i-1} \times ParentFMCAF^{Inflow_j}_{t,t+i-1}\right)\right]}$$

Pre Event

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Company	Number of Shares (NOS)	Parent Index FMCAF (FIF)	Constraint Factor (CF)	Variable Weighting Factor (VWF)	Security No. of shares in Index	Price (USD)	Market Cap of security in Index (USD)
A	15,000,000	0.3	0.4	1	1,800,000	76	136,800,000
B	8,000,000	0.4	0.6	1	1,920,000	60	115,200,000
						Total	252,000,000
Post Event (Capped Weighted)							
A	15,000,000	0.3	0.40	1	1,800,000	70	126,000,000
B	8,000,000	0.5	0.575342	1	2,301,370	60	138,082,192
						Total	264,082,192
						Difference	12,082,191
Post Event (Non-Market Cap Weighted)							
A	15,000,000	0.3	0.4	1	1,800,000	70	126,000,000
B	8,000,000	0.5	0.575342	0.9125	2,100,000	60	126,000,000
						Total	252,000,000
						Difference	0

NOTE: The event implementation is neutral for both Capped-Weighted and Non-Market Capitalization Weighted indexes. In Capped Weighted indexes, the difference in post event market capitalization in the Index is attributable to FIF rounding as per GIMI methodological guidelines. In Non-Market Capitalization Weighted indexes, this difference is offset through the application of the VWF.

Example 3

REVERSE SPIN OFF - INDEX CONSTITUENT SPINS OFF A NEW SECURITY WHICH IS ADDED TO THE INDEX

Company A spins off Company B ('New-Co'). Shareholders of Company A will receive 1 share of 'New-Co' for each share held in Company A.

It is determined that Company B should be a continuation of the former parent entity (Company A) and the event is treated as a "Reverse Spin off" as described in section 2.8.3 of the methodology book.

The Ex-Date of the Event is July 27, 2017. The New-Co will trade on the Ex-Date.

Company A will be maintained in parent Index with a change of Name and identifiers to that of Company B. and PAF will be applied to Company B on July 27, 2017.

The former parent entity Company A which is now treated as the spun-off entity is added to the parent index as of the close of July 27, 2017 (effective on July 28, 2017).

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Event Effective Date (PAF): July 27, 2017
Event Effective Date ('New-Co' Addition): July 28, 2017
NOS Inflow Ratio: = (NOS Distributed/NOS Needed)
= (1/1)
= 1

Pre Event Information

Company A NOS 1,000,000
Company A FIF 0.40
Company A CF 0.60
Company A VWF: 1

Company B Does not exist

Post Event Information (Note that Name of Company A is changed to Company B)

Company B NOS 1,000,000
Company B FIF 0.40
Company B CF 0.60
Company B VWF: 1

Company A NOS 1,000,000
Company A FIF 0.40
Company A CF 0.60
Company A VWF: 1

Treatment: As the spun-off entity is added to the index, the post event CF of Company B is calculated using the 'Addition Formula'.

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	1,000,000	0.40	0.6	1	240,000	50	12,000,000
						Total	12,000,000
Post Event (Capped Weighted and Non-Market Cap Weighted)							
B	1,000,000	0.40	0.6	1	240,000	35	8,400,000
A	1,000,000	0.40	0.6	1	240,000	15	3,600,000
						Total	12,000,000
						Difference	0

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NOTE: Event Implementation is neutral for both Capped Weighted and Non-Market Capitalization Weighted Indexes.

2.9 Historical Links and PAFs

2.9.1 Mergers

In cases of mergers, MSCI links the price and volume history of one of the merging entities with the price of the newly merged entity.

The factors of continuation prevail with the merging entity, which will provide the price and volume history to the resulting entity. These factors of continuation include: relative market capitalization size, industry classification, domicile, merging entity determined as the legal acquirer and previous size segment.

A PAF is applied on the first trading day of the merged entity to ensure that the price of the merged entity is comparable to the price of the merging entity. For mergers that encompass suspension periods, the PAF is applied on the first suspension day of the merged entity.

A PAF is required only when the terms of exchange are different from one for one. The PAF is based on the specific terms of the merger. In cases of mergers where the terms of exchange are one for one with one of the merging entities, MSCI may implement the event as an acquisition via mutual agreement for shares.

For further details on PAFs related to historical links, see Appendix I, entitled “PAF Formulas and Definitions”.

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3 Corporate Actions

Corporate actions such as splits, stock dividends and rights issues, which affect the price of a security, require a price adjustment. PAFs are applied on the ex-date of the event to allow (as per the Laspeyres' concept) security prices to be comparable between the ex-date and the cum date. To do so, MSCI adjusts for the value of the right and/or the value of the special assets that are distributed and the changes in number of shares and FIF, if any, are reflected as of the close of the ex-date. Corporate actions that require a PAF are described below.

In general, corporate actions do not impact the free float of the securities because the distribution of new shares is carried out on a pro rata basis to all existing shareholders. Therefore, MSCI does not implement any pending number of shares and/or free float updates simultaneously with the event.

If a security does not trade on the ex-date of the corporate action, the event will be implemented on the day the security resumes trading. Some exchanges (for example but not limited to: London, Xetra and Hong Kong stock exchanges) may provide a price on the ex-date, as described in Appendix VII of MSCI Index Calculation Methodology, when a security does not trade. In such cases, the index calculations will use the price provided by the exchange and the event will be implemented simultaneously. In addition, if a security trades ex on a Sunday, a PAF will be applied to the security on the following Monday, regardless of the security's trading status on Monday (including public holidays).

For further details on PAF formulas for corporate actions, see Appendix I, entitled "PAF Formulas and Definitions".

3.1 Splits / Reverse Splits /Consolidations

These events are characterized by a pro rata distribution of shares to shareholders, or a pro rata consolidation of shares held by existing shareholders. Market prices and number of shares of securities are adjusted accordingly. As no funds flow into or out of the company and its securities, the free float-adjusted market capitalization value remains unchanged.

3.2 Stock Dividends / Bonus Issues

3.2.1 Distribution of New Underlying Shares

This event is characterized by a free distribution of new shares to existing shareholders on a pro rata basis. Market prices and number of shares of securities are adjusted accordingly. As no funds flow into or out of the company and its securities, the free float-adjusted market capitalization value remains unchanged.

In rare occasions, the shares distributed by the company are existing treasury shares. In such cases, the number of shares generally remains unchanged. However, depending on the size of the distribution, the free float of the company is reviewed and the FIF may be changed following the event. Pending NOS and/or float changes, if any, are not implemented simultaneously with the event.

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In Taiwan, stock dividends can be distributed from capital surplus or retained earnings. The portion of stock dividends distributed from retained earnings is subject to the default withholding tax rate against the par value of each new share. The portion of stock dividends paid out of capital surplus is not subject to a withholding tax. In the event that stock dividends are distributed from retained earnings, to take into account this withholding tax in the MSCI Indexes, MSCI reinvests a negative amount corresponding to the withholding tax in the MSCI Net Daily Total Return (DTR) Indexes only.

This negative reinvestment is reflected simultaneously with the PAF on the ex-date of the respective stock dividend. For more information about the treatment of withholding tax on Taiwanese stock dividends, please refer to the MSCI Index Calculation Methodology, Section 2: MSCI Daily Total Return (DTR) Index Methodology.

MSCI reserves the right to extend the treatment applicable for Taiwanese stock dividends to other stock dividends with similar features in other countries.

In many cases, shares issued following stock dividends / bonus issues are entitled to forthcoming cash dividends paid by the company, however, in rare cases, the shares issued are not entitled to the forthcoming cash dividend. In cases where the shares issued are not entitled to the forthcoming dividend, if the cash dividend amount is known before the ex-date of the stock dividend and if the impact of the cash dividend is deemed significant, the market price of the security is adjusted with a PAF that takes into account the forthcoming cash dividend.

MSCI uses the gross amount of the cash dividend per share, as announced by the company, in the PAF calculation.

If the cash dividend amount is unknown at the time of the stock dividend's ex-date, then the market price of the security is adjusted with a PAF that does not take into account the forthcoming cash dividend (which is a PAF similar to the one applied in case of regular stock dividends).

3.2.2 Distribution of Other Types of Assets

In the case of a distribution of other types of assets (e.g. bonds, warrants, preferred shares, shares in another company, digital assets), the price of the underlying share is adjusted only when the value of the other asset is available on the ex-date. The number of underlying shares generally remains unchanged.

When the other asset distributed is unlisted or no market price of the other asset is available on the ex-date, MSCI applies a PAF of 1 on the ex-date.

When the distribution date or pay-date of a listed asset is at least four business days after the ex-date, MSCI adds a "detached" security in the MSCI Indexes as of the close of the ex-date. The "detached" security is maintained in the MSCI Indexes at the market price of the distributed listed asset until the pay-date. MSCI implements the changes related to the distribution as of the close of the pay-date and simultaneously deletes the "detached" security.

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3.3 Capital Repayments

A capital repayment or a return of capital is characterized by a cash distribution from the company's share capital or capital surplus to its shareholders.

Capital repayments that are deemed to be extraordinary compared to the dividend policy of the company or to the historical cash distributions are reinvested in the MSCI Indexes through an adjustment. A PAF using the gross capital repayment amount, regardless of its size, is applied to the security's market price on the ex-date.

Capital repayments, paid in lieu of a regular cash dividend or in line with the dividend policy of the company or with the historical cash distributions, are treated in the same manner as regular cash dividends paid out of retained earnings, and are therefore reinvested on their ex-date in the MSCI Daily Total Return (DTR) Indexes, regardless of their size. Provided that the capital repayment is not subject to withholding tax, the reinvestment in the DTR Indexes is free of withholding tax. For more information about the treatment of such "regular" capital repayments, please refer to MSCI Index Calculation Methodology, Section 2: MSCI Daily Total Return (DTR) Index Methodology.

In Taiwan, a cash distribution paid out of capital surplus is considered as regular unless specified by the company that the distribution is deemed to be extraordinary. The cash distribution is reinvested in the MSCI DTR Indexes. Regarding the withholding tax treatment, please refer to Sub-Section "Country Exceptions" under the Section "Withholding Tax" in the MSCI Index Calculation Methodology.

3.4 Special Cash Dividends

A special cash dividend is a distribution of cash made by a company to its shareholders. The funds are paid out of annual profits, capital and/or reserves.

Special cash dividends that are smaller than 5% of the market price of the underlying security are not adjusted on the ex-date, but are reinvested in the MSCI DTR Indexes.

Special dividends that are greater than or equal to 5% of the market price of the underlying security on the date the event is announced in "confirmed" status are reinvested in the MSCI Indexes through an adjustment on the ex-date. A PAF using the gross dividend amount is applied to the MSCI Price Indexes, the MSCI Gross DTR Indexes and the MSCI Net DTR Indexes. Note that MSCI will not cancel the PAF implementation if the size of the special dividend becomes smaller than 5% after it has been announced in "confirmed" status.

For special cash dividends that are greater than or equal to 5% of the market price and subject to withholding taxes, MSCI reinvests a negative amount corresponding to the withholding tax in the MSCI Net DTR Indexes only. This negative amount is reflected simultaneously with the PAF on the ex-date of the special cash dividend. For more information about the treatment of special dividends subject to withholding taxes, please refer to section 2.2.4 of the MSCI Index Calculation Methodology.

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3.5 Optional Dividends

In the case of an optional dividend, the company offers shareholders the choice of receiving the dividend either in cash or in shares.

MSCI implements optional dividends assuming that investors elect the default distribution.

When cash is the default option, MSCI reinvests the cash amount in the MSCI DTR Indexes on the ex-date and if some shareholders choose to take the stock option, when it is confirmed, the number of shares will be increased accordingly at the next regularly scheduled Index Review.

When stock is the default option, MSCI applies a Price Adjustment Factor (PAF) on the ex-date and increases the number of shares as of the close of the ex-date, similarly to a stock dividend. If some shareholders choose to take the cash option, when it is confirmed, the number of shares will be decreased accordingly at the next regularly scheduled Index Review. In such cases, the cash dividend amount option is not reinvested in the MSCI DTR Indexes, but is taken into account for the company's yield calculations.

If no default distribution is specified, MSCI assumes that investors elect the cash option and treats the dividend as a regular cash dividend in the MSCI DTR Indexes.

Optional Dividends do not impact the free float of the securities because the distribution of new shares is assumed to be carried out on a pro rata basis to all existing shareholders.

3.5.1 Country Specifics

For the following countries, MSCI takes into account the market specifics described below to implement optional dividends in the MSCI Indexes:

- United States
- Hong Kong and Netherlands

3.5.1.1 US specific treatment

Optional dividends in the US are subject to election (cash or shares) and pro-ration (cash amount is capped), which determine the final combination of cash and shares received by shareholders.

The terms of the optional dividend are calculated assuming that the cash component is equal to the cap announced by the company and that the remaining part will be paid in new shares.

If the total dividend amount is greater or equal than 5% of the security's market price, MSCI applies a PAF on the ex-date reflecting the cash and the shares components and increases the security's number of shares as of the close of the ex-date.

If the total dividend amount is smaller than 5% of the security's market price, MSCI applies a PAF on the ex-date reflecting only the shares component, increases the security's number of shares as of the close of the ex-date and reinvests the cash component in the MSCI DTR Indexes.

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3.5.1.2 Hong Kong and Netherlands specific treatment

For optional dividends in Hong Kong and the Netherlands, in cases where stock is the default option, the stock ratio terms are not available prior to the ex-date, MSCI reinvests the cash option in the MSCI DTR Indexes.

3.6 Rights Issues

In a rights issue, the company offers existing shareholders the right to purchase new shares, in many cases, at a cost below the current market price. Rights issues result in capital inflow, and increase both the number of shares and the free float-adjusted market capitalization of a security.

If a security does not trade for any reason on the ex-date of the rights issue, the event will be implemented on the day the security resumes trading.

MSCI applies a PAF to the market price of the security on the ex-date of a rights issue. The PAF applied depends on the market price of the security on the ex-date compared to the subscription price of the rights issue. The number of shares is increased as of the close of the ex-date, except for rights issues which are offered at a premium to the market price and which are not fully underwritten (see section 3.6.3 below). The decision whether or not to increase the number of shares of the security as of the close of the ex-date is announced by MSCI before the ex-date based on current market prices compared to the subscription price, among other factors. MSCI re-assesses this decision based on the closing price of the security on the cum-date.

Rights issues that are expected to increase the company's full market capitalization by at least 50% trigger a size review that can result in downward migration. In such cases, provided that MSCI can provide at least two full business days advance notification, the migration is implemented as of the close of the cum date of the rights issue. When two full business days advance notification cannot be provided, such migrations are considered for implementation as part of the next regularly scheduled Index Review (for which the price cut off date as defined in the MSCI GIMI methodology is following the ex-date of the rights issue) in accordance with the Index Review rules stated in the MSCI GIMI methodology.

Note that treatment of upward migrations due to rights issues is described in section 3.6.5.

Most of the time, shares issued following rights issues are entitled to forthcoming dividends paid by the company, however, in certain cases, the shares issued are not entitled to the forthcoming dividend and the PAF applied to the security on the right issue's ex-date is different as explained below.

3.6.1 Rights for New Underlying Shares with Normal Dividend Entitlement

3.6.1.1 Rights for new underlying shares (Discount to market Price)

A PAF is applied to the market price of the security on the ex-date of the rights issue if the subscription price of the new shares is below the market price on the ex-date.

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3.6.1.2 Rights for new underlying shares (Premium to market price)

If the subscription price of the new shares is greater than or equal to the market price on the ex-date, MSCI reflects the rights issue on the ex-date by applying a PAF of 1.

3.6.2 Rights for New Underlying Shares Not Entitled to Forthcoming Dividend

In the case of a rights issue where the new shares to be issued following the rights issue are not entitled to the forthcoming known dividend paid by the company, the market price of the security is adjusted with a PAF that takes into account the forthcoming dividend.

If the dividend amount is unknown at the time of the rights issue's ex-date, then the market price of the security is adjusted with a PAF that does not take into account the forthcoming dividend (which is a PAF similar to the one applied in case of rights issues where new shares are entitled to forthcoming dividend).

For the dividend reinvestment in the MSCI Daily Total Return (DTR) Indexes on the dividend ex-date, MSCI reinvests the full dividend amount as announced by the company, using the number of shares on the cum-date of the dividend, in accordance with the MSCI Index Calculation Methodology. This is the number of shares post-rights issue for cases where the number of shares is increased as of the close of the ex-date of the rights issue (see section 3.6.3).

3.6.2.1 Rights for new underlying shares not entitled to forthcoming dividend (Discount to Market Price)

A PAF is applied to the market price of the security on the ex-date of the rights issue if the subscription price of the new shares not entitled to the forthcoming dividend is below the market price on the ex-date minus the dividend per share, provided that the dividend amount is available. MSCI uses the gross amount of the dividend per share, as announced by the company, in the PAF calculation.

3.6.2.2 Rights for new underlying shares not entitled to forthcoming dividend (Premium to Market Price)

If the subscription price of the new shares not entitled to the forthcoming dividend is greater than or equal to the market price on the ex-date minus the dividend per share, MSCI reflects the rights issue on the ex-date by applying a PAF of 1.

For further details on PAF formulas, see Appendix I, entitled "PAF Formulas and Definitions".

3.6.3 Number of Shares, FIF and/or DIF Changes Following Rights for New Underlying Shares

In cases of rights of new underlying shares, the decision whether or not to increase the number of shares of the security as of the close of the ex-date is announced by MSCI before the ex-date based on current market prices compared to the subscription price, among other factors. MSCI re-assesses this decision based on the closing market price of the security on the cum-date.

3.6.3.1 Rights Issues offered at a discount to market price

If the subscription price of the new shares is below the market price of the security at the time MSCI confirms the implementation of a rights issue, the rights issue is assumed to be fully subscribed on a pro

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rata basis and the number of shares of the security is increased accordingly as of the close of the ex-date.

The treatment above is also applied if a strategic investor publicly announces prior to the ex-date its intention to not participate on a pro-rata basis in a rights issue or when treasury shares are not entitled to receive the new shares. Changes in NOS/FIF/DIF on account of the results of the rights issue are implemented at a following regularly scheduled Index Review in accordance with sections 3.1.7 and 3.1.8 of the MSCI GIMI Methodology book.

3.6.3.2 Rights Issues offered at a premium to market price

If the subscription price of the new shares is greater than or equal to the market price of the security at the time MSCI confirms the implementation of a rights issue, then the number of shares and the FIF and/or DIF of the security is not changed as of the close of the ex-date unless the rights issue is fully underwritten (see next paragraph). If the rights issue is not fully underwritten, MSCI implements changes in the number of shares and subsequent FIF and/or DIF changes, with at least two full business days advance notification, after the results have been officially communicated, provided that the number of new shares issued is at least 5%, 10% or 25% for Standard constituents (as well as securities assigned to Standard size segment but failed other investability requirements to be added to the Index), Small Caps constituents (as well as securities assigned to Small Cap size segment but failed other investability requirements to be added to the Index) and Micro Caps constituents (as well as securities which are constituents of certain non-GIMI based Indexes) respectively of the security's pre-event number of shares used in MSCI Indexes. MSCI implements pending number of shares and/or free float updates simultaneously with the event. Note that if the number of shares update is smaller than +-1% on a post-event number of shares basis, it will be implemented at a subsequent Index Review.

Changes that do not meet the criteria for implementation at the time of the event as explained above are implemented at a subsequent Index Review. Such cases will be subject to the rules applicable for the Index Reviews in accordance with the section 3.1.8 of the MSCI GIMI methodology.

3.6.3.3 Fully underwritten Rights Issues

For rights issues which are fully underwritten, the securities' number of shares of the company making the right issue is increased as of the close of the ex-date, regardless of the rights issue being offered at a premium or discount to the market price.

For rights issues which are fully underwritten and are offered at a premium to market price, in case the underwriter is a government or a shareholder or group of shareholders of a strategic nature, the new shares issued following the rights issue are considered as non-free float and the securities' FIF and/or DIF of the company making the rights issue are adjusted at the time of the event. In case the underwriters are investment bankers and/or brokers, the new shares issued following the rights issue are considered on a pro rata basis.

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3.6.3.4 Rights issues with incomplete information on the ex-date

For rights issues where the subscription price is not known on the ex-date, MSCI does not apply a PAF on the ex-date but waits until the subscription price is announced by the company.

MSCI compares the subscription price on the day it is publicly announced with the security's closing market price.

In cases where the subscription price is below the closing market price, MSCI applies a PAF and increases the security's number of shares providing two full business days advance notification.

In cases where the subscription price is above the closing market price (and not fully underwritten), MSCI applies a PAF of 1 and implements changes in NOS/FIF/DIF, if any, after the results of the rights issue are publicly announced, similar to rights issues offered at a premium (see section 3.6.3.2).

In cases where the subscription price is above the closing market price and the rights issue is fully underwritten, MSCI applies a PAF of 1 and implements changes in NOS/FIF/DIF providing two full business days advance notification.

Note that for the above scenarios, PAF and NOS/FIF/DIF changes, if applicable, are implemented no later than the last day of the subscription period, which in some cases may shorten the advance notification to less than two full business days notification.

If the subscription price is not available before the end of the subscription period, MSCI does not apply a PAF. Changes in NOS/FIF/DIF, if any, are implemented after the results of the rights issue are publicly announced, similar to rights issues offered at a premium (see section 3.6.3.2).

3.6.3.5 Rights issues for securities with several classes of shares

For rights issues affecting a company with several classes of shares that are all index constituents and where they are all given the rights to subscribe to new shares for only one class of shares, MSCI reflects the change in the NOS and/or FIF/DIF at the time of the event.

For rights issues where one class of shares, not an index constituent, is given the right to subscribe to new shares of an index constituent class of shares, MSCI will defer the changes in NOS and/or in FIF/DIF coming from the non-index constituent class of shares to the next regularly scheduled Index Review following the completion of the event.

For example, a company with 2 classes of shares A and B, where A is an index constituent and B is not an index constituent, is doing a right issue where both A and B shares are given the right to subscribe to A shares only. MSCI implements the event by taking into consideration the rights given to holders of the A shares only. Changes in the NOS and/or FIF/DIF coming from the B shares holders participation in the rights issue will be implemented as part of the next regularly scheduled Index Review following the completion of the event.

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3.6.4 Rights issues for other types of assets

In the case of a rights issue entitling the purchase of assets other than the underlying share (e.g. bonds, warrants, preferred shares, shares in another company), the price of the underlying share is adjusted only if the value of the right is available on the ex-date. The number of underlying shares remains unchanged.

In certain countries (Hong Kong, Australia) preferential offerings provide a preferential right to investors to purchase assets (shares of another company, notes, convertible preference shares for example) at an offer price. MSCI does not apply a PAF to reflect such preferential offerings.

3.6.5 Highly Dilutive or Large Rights Issues

MSCI defines highly dilutive or large rights Issues as rights issues with terms 5 for 1 or more or rights issues that trigger an upward size segment migration. The rights and subscription cash are added to the index for such rights issues.

When the subscription price is below the market price, highly dilutive and large rights issues are implemented as below:

- MSCI applies the PAF to the market price of the security on ex-date using the value of the rights.
- MSCI adds both the rights and subscription cash to the index as of the close of the ex-date (effective next trading day).
- MSCI deletes both right and subscription cash from the index as of the close of the pay-date (effective next trading day).
- MSCI increases NOS resulting from the rights issue as of the close of pay-date (effective next trading day).

MSCI defines pay-date as the first trading day of new shares resulting from the rights issue.

The price of the rights, used for addition, maintenance and deletion of the rights as well as to apply PAF on the ex-date, is determined as follows. If the rights trade, MSCI will use the market price for the price of the rights. If the rights do not trade, MSCI will use the intrinsic value for the price of the rights. However, if the intrinsic value of the rights is less than or equal to zero, MSCI will use the lowest system price of 0.00001 for the price of the rights. Please refer to Appendix I for more details on the calculation of the intrinsic value of the rights.

The price of the subscription cash, used for addition, maintenance and deletion of the subscription cash, will be equal to the subscription price of the new shares in the rights issue. If the intrinsic value of the rights is less than or equal to zero, the price of the subscription cash will be adjusted by the difference between the subscription price of the new shares and the market price of the security.

When the subscription price is equal to or above the market price at the time of confirming the event, rights and subscription cash are not added to the Index, even if the rights issue is fully underwritten. The changes in NOS and FIF, if any, are postponed to the pay-date and implemented after the results have been publicly communicated, but no earlier than the pay-date.

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For large rights issues that trigger an upward migration, the migration will be implemented as of the close of the cum-date (ex-date -1) if all necessary information is publicly available such that MSCI is able to provide at least two full business days prior to the migration becoming effective in the indexes. Otherwise, such migrations are considered for implementation as part of the Index review following the pay-date of the rights issue in accordance with the Index Review rules stated in the MSCI GIMI methodology[1].

MSCI will cover only the securities belonging to the IMI as per the above implementation. For Micro cap constituents, MSCI applies a PAF to the market price of the security on ex-date using the value of rights if trading on ex-date and increases NOS as of close of ex-date.

3.6.6 Country specifics

For the following countries, MSCI takes into account the market specifics described below to implement rights issues in the MSCI Indexes.

Country specifics		
Country	**Rights issue type**	**Treatment**
Australia, China, New Zealand	Rights issues with subscription period before the ex-date	Certain rights issues have their subscription period end-date before security starts to trade on an ex-rights basis. The security is generally suspended during the subscription period. In such cases, when a security is suspended, MSCI maintains the security using the theoretical ex price from the effective date (date on which PAF is applied) of rights issue until the date security resumes trading. Additionally, MSCI applies a Price Adjustment Factor (PAF) to the theoretical ex-price of the security during the suspension period but no later than the last day of the subscription period. MSCI implements the event using the methodology applicable for Highly Dilutive Rights Issue (as defined in section 3.6.5 above). MSCI will cover only the securities belonging to the IMI as per the above implementation. For Micro cap constituents, implementation will be in accordance with Section 3.6.1, 3.6.2 and 3.6.3.
India	Rights issue of partly paid shares	For certain rights issues in India, the subscription payment is due in multiple instalments, entitling shareholders to intermediate partly paid shares ineligible for inclusion into the MSCI Indexes. In such cases, MSCI applies a Price Adjustment Factor (PAF) using the price of the rights, if the rights are trading on the ex-date, else a PAF of 1.

[1] Security's migration will be evaluated using Index review rules if the pay date is before the price cut off date or using the corporate events rules (section 3.2.4 of GIMI methodology) if the pay-date is after the price cut-off date (provided the pay date is at least 3 business days prior to the Index Review effective date.

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		Changes in NOS/FIF/DIF due to the conversion of partly paid shares into fully paid shares are implemented at a subsequent Index Review subject to conditions stated in sections 3.1.7 and 3.1.8 of the MSCI GIMI Methodology or at the time of subsequent corporate events outside Index Reviews.
Italy	Rights issues of right of withdrawal shares	MSCI generally does not apply a Price Adjustment Factor (PAF) for rights issues in which the shares offered to shareholders are shares that were bought back by the company due to the exercise of the right of withdrawal by some shareholders.
Norway	Repair issues	MSCI generally does not apply a Price Adjustment Factor (PAF) for repair issues in Norway. Changes resulting from repair issues or subsequent offerings are implemented after the results of both the offering and the subsequent offering are made publicly available. Please refer to section 4.3 for additional details.

3.6.7 Rights issue treatment in Capped Weighted and non-market capitalization weighted indexes

In the case of a rights issue, where the subscription price of the new shares is lower than the market price on the ex-date, the outstanding number of shares of a security will increase based on the terms of the event. In Non-Market Capitalization Weighted indexes, this change in the number of shares will be offset by the application of the VWF; resulting in a post event number of shares equal to pre-event number of shares for the security. The following example provides guidance for treatment of rights issues in Capped Weighted and Non-Market Capitalization Weighted Indexes.

Example 1

EVENT CONSTITUENT: Company A: INDEX CONSTITUENT

For every 2 shares held in Company A, shareholders can acquire 1 additional share at a subscription price of USD 6.

Event Effective Date: February 21, 2017

Pre Event Information

Company A NOS	6,000,000
Company A FIF	0.35
Company A CF	0.3
Company A VWF	1

Post Event Information

Company A NOS	9,000,000

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Company A FIF 0.35
Company A CF 0.3
Company A VWF 0.67

Treatment: As no Inflow is generated, the CF of the security will stay unchanged. The VWF of the security is recalculated.

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	6,000,000	0.35	0.3	1	630,000	10	6,300,000
Post Event (Capped Weighted)							
A	9,000,000	0.35	0.3	1	945,000	8.67	8,190,000
Post Event (Non-Market Cap Weighted)							
A	9,000,000	0.35	0.3	0.67	630,000	8.67	5,460,000

Post event price of USD 8.67 is theoretical ex-price calculated based on the terms of the event.

NOTE: For Capped Weighted indexes, the Security Number of shares in the Index increases based on the terms of the event. In Non-Market Capitalization Weighted indexes, the security number of shares in the index stays unchanged.

In addition, for rights issues classified as highly dilutive, where treatment includes the addition of a cash and rights line to the Parent Index, a cash and rights line is also simultaneously added to Capped Weighted and Non-Market Capitalization Weighted indexes. The above treatment for rights issue resulting in calculation of VWF is thus postponed and will occur with the deletion of rights and cash line, along with the concurrent increase in the number of shares of the security.

3.7 Redemptions

Redemptions are characterized by a mandatory pro rata buy back of shares held by existing shareholders. The market price of the security is adjusted on the ex-date by the redemption consideration offered to shareholders in exchange of their shares. The number of shares is decreased as of the close of the ex-date, accordingly. The post-event free float of the security does not change.

If the redemption is optional for the shareholders, MSCI treats the corporate event as a partial buyback. The market price of the security is adjusted on the ex-date similarly to partial tender offers (see Appendix V for details on the MSCI policy on Partial Tender Offers). The number of shares and free float of the security may change, whether the bought back shares are cancelled or kept as treasury by the company.

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4 Other Events Resulting in Changes in Number of Shares and FIFs and/or DIFs

Changes in number of shares (NOS)/FIF/DIF can also result from other events such as:

- Primary equity offerings involving the issuance of new shares.
- Public offering or public placement of new shares placed by underwriters to institutional or other non-strategic investors.
- Primary private placements involving direct placement of new shares by one company to another company, an individual investor, or a group of investors. This direct placement of shares is generally accomplished without an underwriter.
- Secondary offerings or block sales that do not involve issuance of new shares but involve the distribution of current shareholders' existing shares. Block sales and secondary offerings are treated the same way in the MSCI Indexes.
- Debt-to-equity swaps involving a change in NOS following the conversion of debt into equity originally not convertible at the time of issue.
- Settlement of a derivative contract; conversions of convertible bonds or other convertible instruments, including periodical conversions of preferred stocks and debt-to-equity swaps

4.1 Implementation Timing

Primary equity offerings and debt-to-equity swaps that meet the implementation thresholds defined in section 4.2 are implemented as of the close of the first trading day of the new shares if all necessary information is available at that time. Otherwise, the event is implemented as soon as practicable after the relevant information is made available.

Secondary offerings/block sales that meet the implementation thresholds defined in section 4.2 are implemented at the time of the event with two full business days advance notification provided that sufficient post-event information is publicly available.

Primary equity offerings, block sales, and secondary offerings that qualified for immediate implementation and that were not captured at the time of completion are reflected at a following regularly scheduled Index Review in accordance with the section 3.1.7 and 3.1.8 of the MSCI GIMI methodology.

Changes to NOS and FIF/DIF resulting from settlement of a derivative contract, conversions of convertible bonds or other convertible instruments, including periodical conversions of preferred stocks and debt-to-equity swaps are implemented at the Index Review following the completion of the event and listing of the newly issued shares, if applicable. Such cases will be subject to the rules applicable for the Index Reviews in accordance with the section 3.1.7 and 3.1.8 of the MSCI GIMI methodology.

If a security does not trade for any reason on the as of the close date of the corporate event effective date, the event will be implemented on the day after the security resumes trading.

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If a security trades only partially for any reason on the as of the close date of the corporate event effective date, MSCI will determine the implementation on a case-by-case basis, considering factors such as the time and duration of the trading period(s).

4.2 Implementation Thresholds

Changes in NOS/FIF/DIF related to primary equity offerings, secondary offerings/block sales, or debt-to-equity swaps originally not convertible at the time of issue representing at least 5%, 10% or 25% for Standard constituents (as well as securities assigned to Standard size segment, but having failed other investability requirements to be added to the Index), Small Cap constituents (as well as securities assigned to Small Cap size segment but having failed other investability requirements to be added to the Index) and Micro Cap constituents (as well as securities which are constituents of certain non-GIMI based Indexes) respectively of the security's pre-event NOS used in MSCI Indexes, are implemented with two full business days advance notification.

In case of a simultaneous primary offering and private placement, if the combined size of the primary offering and private placement represents at least 5%, 10% or 25% of the security's pre-event NOS based on the respective size segment, the corresponding changes (from both events) in NOS/FIF/DIF are implemented with at least two full business days advance notification.

In case of a simultaneous primary and secondary equity offering, if either the primary or secondary equity offering represents at least 5%, 10% or 25% of the security's pre-event NOS based on respective size segment, the corresponding changes (from both events) in NOS/FIF/DIF are implemented with two full business days advance notification.

In cases, where the overallotment is fully exercised and completed simultaneously with the offering and the information is publicly disclosed, MSCI considers the overallotment size in assessing if the size is above 5%, 10% or 25% of the security's pre-event NOS based on respective size segment.

Events that do not meet the above conditions at the time of the event are considered for implementation at a subsequent Index Review subject to conditions stated in sections 3.1.7 and 3.1.8 of the MSCI GIMI Methodology book or at the time of subsequent corporate events outside Index Reviews.

4.3 Country Specifics

For the below countries, MSCI takes into account the market specifics described below to implement primary equity offerings or block sales/secondary offerings in the MSCI Indexes in conjunction with the implementation thresholds defined in section 4.2.

Country specifics		
Country	**Event type**	**Treatment**
Australia	Primary Equity Offerings	Changes are implemented once the relevant Appendix 2A filing is made publicly available by the company on the Australian Securities Exchange (ASX).

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Canada	Primary Equity Offerings, Secondary Offerings, and Block sales	Changes resulting from offerings of subscription receipts are implemented following the conversion of subscription receipts. Changes are implemented on the settlement date of the offering or shortly after, when such information is already publicly available.
Hong Kong	Primary Equity Offerings, Secondary Offerings, and Block sales	Changes are implemented once the below relevant filings are made publicly available on the Hong Kong Stock Exchange: • Next day Disclosure Filing for primary equity offerings • Disclosure of Interests Filing for secondary offerings and block sales • If no disclosure of interests is released, the relevant changes are implemented at a subsequent Index Review. When a secondary offering is followed by a private placement (for example top-up subscription) of the same size only open to the selling shareholder, changes are implemented collectively after completion of both events, if the placement size is above implementation threshold.
India	Primary Equity Offerings, Secondary Offerings, and Block sales	Changes are implemented after the complete actual post-event shareholding structure is publicly disclosed.
Japan	Secondary Offerings and Block Sales	Changes are implemented as of the close of the settlement date, provided there is sufficient advance notification.
Latin America	Primary Equity Offerings, Secondary Offerings, and Block sales	Changes are implemented on the settlement date of the offering or shortly after, when such information is already publicly available.
Norway	Primary Equity Offerings	Changes resulting from repair issues or subsequent offerings are implemented after the results of both the offering and the subsequent offering are made publicly available. Only the original offering is considered to assess the implementation threshold. MSCI generally does not apply a Price Adjustment Factor (PAF) for repair issues in Norway.
United States	Primary Equity Offerings, Secondary	Changes are announced at the end of day they are priced through an SEC filing or a press release from the Company.

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	Offerings, and Block sales	

4.4 Index Review Treatment

To reduce the risk of reverse turnover, for securities that are announced as an addition/deletion or size-segment migration within MSCI Indexes at a scheduled Index Review, MSCI may delay the implementation of such NOS/FIF/DIF changes to coincide with the Index Review effective date, unless such changes result in an addition/deletion or size-segment migration at the time of the event.

Such changes are evaluated using the thresholds applicable to the larger size-segment as per section 4.2. For example: if a Standard Index constituent is announced as a migration to the Small Cap Index or vice-versa, thresholds applicable to Standard Index constituents will apply.

4.5 Pro Forma Float Calculation for Share Placements and Offerings

The post-event free float is calculated as per appendix VI of the MSCI GIMI Methodology on a case-by-case basis along with the following assumptions:

- In general, shares offered in primary equity offerings and secondary offerings are assumed to be sold to institutional or other non-strategic investors, unless stated otherwise. If the shares are sold to institutional or other non-strategic investors, they are considered as free float.
- Shares issued in debt-to-equity swaps are assumed to be issued to strategic investors, unless stated otherwise.
- If insufficient information is available as to whom the shares are issued to, MSCI may wait for post-event float information before announcing changes to the MSCI Indexes.

MSCI implements pending NOS and/or free float updates simultaneously with the event. Note that if the NOS update is smaller than +-1% on a post-event number of shares basis, it will be implemented at a subsequent Index Review.

4.6 Share Placements and Offerings treatment in non-market capitalization weighted indexes

In case of an event that results in a change in number of shares or free float of a security such as a share placement, or block sales and secondary offerings, the full or free float adjusted market capitalization of the company changes to reflect the impact of the event. For Non-Market Capitalization Weighted indexes, this change is offset through the application of Variable Weighting Factor (VWF). The following example provides guidance for treatment of share placements and offerings within Non-Market Capitalization Weighted Indexes.

Example 1

EVENT CONSTITUENT: Company A: INDEX CONSTITUENT

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Company A places 1 million shares to certain Investors. There is a change in NOS and FIF of the security as a result of the event.

Event Effective Date: February 21, 2017

Pre Event Information

Company A NOS 15,000,000
Company A FIF 0.7
Company A CF 0.3
Company A VWF 1

Post Event Information (Non-Market Capitalization Weighted Indexes)

Company A NOS 16,000,000
Company A FIF 0.8
Company A CF 0.3
Company A VWF 0.82

Treatment (Non-Market Capitalization Weighted Indexes): As no Inflow is generated, the CF of the security will stay unchanged and the VWF of the security is recalculated

NOTE: Similar treatment is applied for Block Sales and Secondary Offerings.

Pre Event							
Company	**Number of Shares (NOS)**	**Parent Index FMCAF (FIF)**	**Constraint Factor (CF)**	**Variable Weighting Factor (VWF)**	**Security No. of shares in Index**	**Price (USD)**	**Market Cap of security in Index (USD)**
A	15,000,000	0.7	0.3	1	3,150,000	10	31,500,000
Post Event (Non-Market Cap Weighted)							
A	16,000,000	0.8	0.3	0.82	3,150,000	10	31,500,000
						Difference	0

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5 Suspensions, Bankruptcies, Delistings and Country Classification Review

5.1 Suspensions

For securities that are suspended, MSCI carries forward the market price prior to the suspension during the suspension period.

Corporate events (with or without a PAF) occurring during a suspension period are implemented on the day the security resumes trading.

In case of technical suspension, either ordered by the stock exchange or requested by the company, where only a temporary freeze of the market price applies while there is still trading volume activity, corporate events without PAF, such as private placements and secondary offerings, are implemented on the effective date of the event, whereas corporate events with PAF are implemented on the day the technical suspension is lifted.

5.1.1 Prolonged suspension

MSCI evaluates securities under prolonged suspension for deletion from the MSCI Equity Indexes on a daily basis.

MSCI defines prolonged suspension as 50 consecutive business days[2] of suspension for constituents of the GIMI and 100 consecutive business days for constituents of the Global Micro Cap Indexes[3]. The calculation of number of business days of suspension will be based on the suspension status for the security received from MSCI's sources on a daily basis and not based on trading volumes.

MSCI evaluates and announces the implementation the day following the suspension reaches the above mentioned thresholds and implements deletion with two full business days advance notification.

MSCI deletes securities that exceed the above thresholds regardless of the reasons for suspension. MSCI deletes securities under prolonged suspension using the lowest system unit (0.00001 of the security's price currency), also known as the lowest system price.

MSCI does not revert deletions of securities due to prolonged suspension which have been already announced in "confirmed" status, even if the resumption date is announced by the company or if the security resumes trading between the announcement date and the implementation date. In the event that securities under prolonged suspension resume trading after they are announced for deletion from

[2] MSCI only considers Monday to Friday business days for the purpose of calculating the days of suspension, even if the security's exchange is opened on Sunday.

[3] Where there is an overlap between size-segments, MSCI applies the larger size-segment for deletion after 50 business days of suspension.

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the MSCI Indexes, MSCI will amend the deletion price from lowest system price to market price provided the securities are trading the day prior to the effective date of the deletion.

Securities (ex-China Equity Universe) which are deleted from the MSCI Indexes due to prolonged suspension and subsequently resume trading are treated as new companies for the purpose of considering the security for addition to the Indexes at the following Index Review, as described in Section 3.1.6 of the MSCI GIMI Methodology.

As described in section 2.2.5 of the MSCI GIMI Methodology, securities in the MSCI China Equity Universe are not eligible for inclusion in the Market Investable Equity Universe if the securities have been suspended for 50 consecutive days or more in the past 12 months.

5.2 Price Limit

In certain countries, stock exchanges apply price limit mechanisms to avoid single stocks to trade beyond a certain price range on a daily basis.

When such volatility occurs, the security's trading status becomes uncertain posing potential replicability issues on the implementation date of a corporate event.

MSCI systematically postpones by two full business days the implementation of selected index changes on account of corporate events (see below) when the trading is impacted by a price limit mechanism at 12PM time[4] of the stock exchange where the security is followed.

Index changes subject to postponement are:

- Addition to the MSCI Standard Indexes
- Deletion and Migration from the MSCI Standard Indexes[5]
- Spun-off not added to the MSCI Standard Indexes where the parent security is a constituent of the MSCI Standard Indexes

If a confirmed corporate event involving addition/deletion in the Parent Index is postponed due to change in market conditions, newly discovered information, etc. after the results of Index Review for the Derived Indexes have been announced, the announced changes coinciding the Index Review for that security in the Derived Indexes will not be implemented.

The above treatment will continue even if the postponed change is implemented in the Parent Index at or prior to the effective date of the Index Review.

[4] or at 11AM for stock exchanges that close before 2PM local time.

[5] MSCI does not postpone the implementation of a deletion from an index constituent of the MSCI Standard Indexes related to acquisition, delisting or bankruptcy. In these cases, MSCI maintains the announced implementation but will delete the security at the price deemed most appropriate (e.g. offer consideration, OTC, lowest system price) instead of the market price.

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If the postponed change is implemented for that security after the effective date of the Index Review in the Parent Index, the changes for that security in the Derived Indexes will be based on the rules applied to the treatment of securities in the Derived Indexes outside of the regular Index Reviews.

5.3 Bankruptcies

MSCI removes from the MSCI Equity Indexes as soon as possible companies which file for bankruptcy or protection from their creditors and/or are suspended and for which a return to normal business activity and trading is unlikely in the near future. MSCI treats in the same way companies that fail stock exchange listing requirements with announcements of delisting from the stock exchanges.

In cases where the company is still trading, MSCI deletes the company on the same day at its last trading price, if feasible, and sends an intraday announcement.

When the primary exchange price is not available, MSCI deletes securities at an over the counter or equivalent market price when such a price is available and deemed relevant. If no such price is available, the security will be deleted at the lowest system price.

If MSCI decides to delete a company at the lowest system price with more than one full business day advance notice, the company may be maintained in the MSCI Indexes at the lowest system price, instead of carrying forward its last trading price, until its deletion.

5.4 Delistings from Primary Exchange

Companies may delist their shares on the primary exchange covered by MSCI but maintain another existing listing or start a new listing on a different stock exchange.

In such cases, MSCI will maintain the company in the MSCI Indexes and change the price source to take the price from the other exchange provided that the change of listing does not result in the company becoming ineligible for inclusion in the MSCI Indexes. The country classification of that company will be reviewed as part of the Index Review following the completion of the change of listing.

5.5 Country Classification Review

MSCI reviews index constituent's country of classification (COC) at the time of a change of listing, a change of country of incorporation as part of a corporate event or a delisting from primary exchange. When such changes result in the index constituent becoming ineligible for inclusion to the MSCI Indexes or if its post-event geographical profile fundamentally differ, MSCI changes the COC coinciding with the event implementation.

When a scenario above does not change the fundamental geographical profile or result in the security remaining eligible for inclusion to the MSCI Indexes, MSCI reviews the COC as part of a subsequent Index Review following the corporate event, in accordance with the section 3.1.9 of the MSCI GIMI methodology.

Changes that are not part of a corporate event are implemented at relevant Index Reviews in accordance with the Appendix III of the MSCI GIMI methodology.

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Note that MSCI reviews the country of classification for all newly listed securities, such as for example spun-offs, IPOs, mergers.

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6 IPOs and Other Early Inclusions

In many cases, newly listed equity securities are considered for inclusion in the MSCI Equity Indexes at the time of the Index Reviews. However, in the case of certain MSCI Indexes (including the MSCI GIMI), IPOs which are significant in size may be considered for an early inclusion (at the time of the event, i.e. outside of the Index Reviews), depending on the inclusion criteria applying to the relevant MSCI Indexes.

In order for an IPO to qualify for an early inclusion to the Standard Index, a security must meet the index constituent eligibility rules and guidelines described in section 2.2 of the MSCI GIMI Methodology with the exception of the length of trading and liquidity screens and must have a company full market capitalization of at least 1.8 times the Interim Market Size-Segment Cutoff and free float-adjusted market capitalization of at least 1.8 times one-half of the Interim Market Size-Segment Cutoff as of the close of its first or second trading day.[6]

Any over-allotment (also called green shoe) publicly announced as exercised prior to MSCI's announcement on the first or second trading day is included in the IPO's market capitalizations calculations.

If the decision is made to include an IPO early, the inclusion will be implemented as of the close of the security's tenth day of trading[7]. However, in certain cases, another date may be chosen for the inclusion to reduce turnover. For example, IPOs for which the effective date of inclusion is either 5 days before the effective date of a regularly scheduled Index Review or 3 days after, will be made effective to coincide with the Index Review.

For companies trading on a conditional basis (when-issued trading) prior to their unconditional trading, MSCI intends to assess the inclusion of the company in the MSCI Indexes on its first day of conditional trading.

Companies which start trading publicly via direct listing route can be considered for early inclusion as per the above stated rules only if sufficient information is publicly available in order to accurately estimate the security's free float-adjusted market capitalization on the security's first or second trading day. Otherwise, such securities are considered for inclusion to the MSCI Equity Indexes at a subsequent Index Review in accordance with the Index Review rules as per the MSCI GIMI methodology.

Change of listing from an Over-The-Counter (OTC) market to a market segment eligible for inclusion to the MSCI Indexes are not considered for early inclusion to the MSCI Indexes at the time of the change of listing (except in Vietnam).

Securities are also considered for early inclusion in other significant cases, including but not limited to those resulting from mergers and acquisitions giving rise to a large new company or a large primary or

[6] IPOs with a FIF of less than 0.15 would have to meet the same criteria for early inclusion as IPOs with a FIF of 0.15 or higher.

[7] Sundays are included for Sunday trading securities. However, if the tenth day of trading falls on a Sunday, the inclusion would be implemented as of the close of the following Monday for indexes calculated Monday to Friday.

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secondary public offering[8] of an already listed security. The size of the offering must exceed the IPO threshold of 1.8 times one-half of the Interim Market Size-Segment Cutoff at the close of the offering subscription period. In the case of a large public offering (primary or secondary), the size of the offering is calculated by multiplying the issue price applicable to institutional investors with the number of shares offered. Such cases will be assessed in the same way as IPOs of significant size i.e. the security must have a post event company full market capitalization of at least 1.8 times the Interim Market Size-Segment Cutoff and free float-adjusted market capitalization of at least 1.8 times one-half of the Interim Market Size-Segment Cutoff as of the close of its offering subscription period. MSCI's decision will be based on information regarding the results of the offering and overallotment (exercised partially or fully), if any, made publicly available within up to 2 business days after the close of the subscription period. If the decision is made to early include a security, MSCI will include the security by giving 10 business days' notice.

For further details on the rules on IPOs and other early inclusions in the MSCI Equity Indexes, please refer to the methodology book of each MSCI Index since each MSCI Index has its own separate index construction and maintenance methodology. In the case of the MSCI GIMI, please refer to the following sections of the MSCI GIMI Methodology.

- Rules on early inclusions of IPOs and other early inclusions
  - See Section 3.2.7 "Early Inclusions of Non-Index Constituents and IPOs"
- Rules on inclusion of new companies to the Market Investable Equity Universes (including IPOs that were not added earlier) at Index Reviews
  - See Section 3.1.2 "Updating the Market Investable Equity Universes"
- Rules on inclusion of new securities with a FIF lower than 0.15 (including IPOs that were not added earlier) at Index Reviews
  - See Section 2.2.6 "Global Minimum Foreign Inclusion Factor Requirement"
- Rules on additions of significant new companies to the Standard Index (including large IPOs that were not added earlier) at Light Rebalancings
  - See Appendix VIII, subsection "Addition of Companies Currently not constituents of the Investable Market Indexes during Light Rebalancings"

[8] Any event that is offered only to select investors, such as a company, an individual investor, or a group of investors, falls outside the scope of Section 6.

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7 Share freeze

During each Quarterly Index Review, a “share freeze” will be implemented. The share freeze will commence 5 business days (as defined in Sub-section 3.1.9 of the MSCI GIMI methodology) prior to an Index Review effective date. Changes related to corporate events such as secondary offerings, private placements, and block sales that would require a NOS/FIF adjustment and have effective dates that occur within the share freeze period, will be cumulatively implemented on the effective date of the Index Review.

All M&A activity and corporate events which include stock splits, bonus issues/stock dividends, reverse splits or consolidations, rights offerings, share dividend payable events and the array of other ‘market neutral’ corporate events are implemented as per usual policy on their actual effective dates regardless of the share freeze. Deferred event implementation due to suspensions will also not be affected by the share freeze.

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8 General Announcement Policy for Corporate Events

8.1 Client Announcements

All changes resulting from corporate events affecting constituents of the MSCI Global Investable Market Indexes are announced to clients prior to their implementation.

MSCI uses mainly four statuses to announce these changes: “acknowledged”, “undetermined”, “expected” and “confirmed”. The sequence of the announcements reflects the different stages of a corporate event implementation.

MSCI sends an announcement in “acknowledged” status within five business days following the public announcement by the company of the corporate event, if the impact is above one time the constituent’s underlying country index Large Cap Cutoff.

MSCI sends an announcement in “undetermined” status when the effective date is not yet known and/or certain aspects of the events are uncertain at least 3 weeks prior to the expected completion of the corporate event.

MSCI sends an announcement in “expected” status at least 10 business days prior to the effective date of corporate events to describe the implementation and changes that are intended to be made when the effective date is known and when the event is likely to be successful, provided that the necessary public information concerning the event is available. Note that announcements in “acknowledged”, “undetermined” or “expected” status are not final.

For example, in the situation where new public information would change the outcome and/or the likelihood of the corporate event to happen as anticipated, MSCI could revise its implementation and change its “expected” announcement to an “undetermined” announcement. Similarly, MSCI can change an “acknowledged” announcement to an “undetermined” announcement; or an “undetermined” announcement to an “expected” announcement.

MSCI sends an announcement in “confirmed” status at least 2 business days prior to the effective date provided that all necessary public information concerning the event is available.

In addition to the four statuses described above, in case a “confirmed” announcement needs to be amended, MSCI would send a “correction” announcement.

For certain events, MSCI only sends “confirmed” announcements, especially due to insufficient or lack of publicly available information or late company disclosure. In addition, for the MSCI World Micro Cap Index, the MSCI Frontier Markets Small Cap Index and Small Cap constituents of MSCI Standalone Market Indexes, MSCI only sends “confirmed” announcements at least two business days prior to events becoming effective in the index, provided that all necessary public information concerning the event is available.

For an exhaustive list of statuses, please refer to Appendix V “Announcement Status and Timing”.

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The full list of all new and pending changes is delivered to clients on a daily basis, between 4:00 PM and 6:00 PM US Eastern Standard Time (EST) through the Advance Corporate Events (ACE) File.

8.1.1 Intraday Announcements

In some cases, events are announced during market hours for same or next day implementation. Announcements made by MSCI during market hours are linked to late company disclosure of corporate events or unexpected changes to previously announced corporate events.

When it is not feasible to provide approximately three hours' notice to clients before market closes, MSCI may delay the implementation of non-neutral corporate events effective on the next day. An intraday text announcement will be sent in such cases.

Early deletions of constituents due to bankruptcy or other significant cases are announced as soon as practicable prior to their implementation in the MSCI indexes.

8.1.2 Descriptive Text Announcements

A more descriptive text announcement is sent to clients according to the below criteria for corporate events that are:

- Announced with a same day implementation
- Announced with less than two business days' advance notification except for:
  - Events where PAF of 1 is applied
  - For market neutral events for companies listed in the US
- Announced in "correction" status
- Affecting MSCI Global Standard Index constituents and meeting any of the following criteria:
  - Additions and deletions of constituents
  - Changes in free float-adjusted market capitalization equal to or larger than USD 5 billion
  - Changes with an impact of at least 1% of the constituent's underlying country index, except for constituents of the MSCI Frontier Markets Indexes or MSCI Standalone Market Indexes
- Complex in nature and for which additional clarification could be beneficial

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8.1.3 IPOs and other early inclusions Announcements

Early inclusions of large IPOs in the MSCI Global Standard Indexes are announced no earlier than the first day of trading and no later than before the opening of the third day of trading in the market where the company has its primary listing[9].

Early inclusions of already listed securities following large secondary offerings of new and/or existing shares are announced no earlier than shortly after the end of the offer period.

It is MSCI policy not to comment on the potential inclusion of equity securities to be listed in the future, including their industry classification under the Global Industry Classification Standard (GICS), their country classification and their potential inclusion in an MSCI index. The same applies to non-index constituents that are already listed which have pending large events.

8.2 Public Announcements

All additions and deletions of constituents of the MSCI Global Investable Market Indexes resulting from corporate events are publicly announced prior to their implementation.

Other changes resulting from corporate events that affect constituents of the MSCI Global Investable Market Indexes, such as changes in the Foreign Inclusion Factor (FIF) and/or in the number of shares of a constituent, are not publicly announced but are announced only to clients.

If warranted, MSCI reserves the right to make public announcements related to corporate events for special cases, such as the ineligibility of a security in the MSCI Global Investable Market Indexes.

The changes are typically announced at least two business days prior to events becoming effective in the indexes. Public announcements are a summary of the “confirmed” announcements that are made to clients. Public announcements are made shortly before a “confirmed” client announcement is made.

MSCI posts the announcements on its web site, www.msci.com. In addition, announcements are posted on Reuters public pages MSCIA for MSCI Global Standard Index constituents and MSCI Domestic Standard Index constituents.

[9] Early inclusion of STAR Market securities in MSCI Indexes will be announced no earlier than the second day of trading and no later than before the opening of the third day of trading after listing, provided the security meets the market capitalization thresholds as of the close of either the first or second trading day.

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Appendices

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Appendix I: PAF Formulas and Definitions

Event type	Comments	PAF = [Cum Price Formula] / [Ex Price Formula]
Capital Repayment		[P(t) + Cash] / [P(t)]
Consolidation		[Shares Issued] / [Shares Before]
Conversion	Exchange of Shares (PAF applied for historical link when terms are <> 1 for 1)	[Other Asset Issued] / [Shares Before]
Merger	Exchange of Shares (PAF applied for historical link when terms are <> 1 for 1)	[Other Asset Issued] / [Shares Before]
Merger	Exchange of Cash and Shares	[(P(t) * Other Asset Issued + Cash) / Shares Before] / [P(t)]
Reverse Split		[Shares Issued] / [Shares Before]
Redemption		[((Shares Before – Shares Acquired) * P(t) + Shares Acquired * Offer P) / Shares Before] / [P(t)]
Rights Issue	Right of New Underlying Shares	If Issue P is < P(t) then [(P(t) * (Shares Before + Shares Issued) – Shares Issued * Issue P) / Shares Before] / [P(t)] else PAF=1 or for highly dilutive or large rights issues If Issue P is < P(t) then [P(t) + Right P(t)] / [P(t)] else PAF=1
Rights Issue	Right of New Underlying Shares Not Entitled to Forthcoming Dividend	If Forthcoming Gross Dividend is available and Issue P >= [P(t) – Forthcoming Gross Dividend] then PAF=1 or if Forthcoming Gross Dividend is available and Issue P < [P(t) – Forthcoming Gross Dividend] then [(P(t) * (Shares Before + Shares Issued) – Shares Issued * Issue P – Shares Issued * Forthcoming Gross Dividend) / Shares Before] / [P(t)] or

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		if Forthcoming Gross Dividend is not available and Issue P >= P(t) then PAF=1 or if Forthcoming Gross Dividend is not available and Issue P < P(t) then [(P(t) * (Shares Before + Shares Issued) – Shares Issued * Issue P) / Shares Before] / [P(t)]
Rights Issue	Right of New Underlying Shares with Another Asset (bond, warrant, preferred, etc.) attached	If Right P(t) is available then [P(t) + Right per Share P(t)] / [P(t)] or If Right P(t) is not available and Issue P is < P(t) then [(P(t) * (Shares Before + Shares Issued) – Shares Issued * Issue P) / Shares Before] / [P(t)] or if Right P(t) is not available and Issue P >= P(t) then PAF=1
Rights Issue	Right of Another Type of Asset (bond, warrant, preferred, etc.)	if Right P(t) is available then [P(t) + Right per Share P(t)] / [P(t)] or if Right P(t) is not available then PAF=1
Rights Issue	Right of Shares in Another Listed Security	If Issue P < Other Security P(t) then [P(t) + (Other Security P(t) - Issued P) * Other Security Shares Issued / Shares Before] / [P(t)] else PAF=1
Special Dividend	PAF is applied for special dividends when the impact of dividend on the price on the cum date is greater than or equal to 5%.	If impact of Special Div on P(t-1) >=5%, then [P(t) + Special Div] / [P(t)]
Spin-off	Spun-off traded on the ex-date	[P(t) + Spun-Off P(t) * Spun-Off Shares Issued / Shares Before] / [P(t)]
Spin-off	Spun-off NOT traded on the ex-date (creation of a 'detached' security)	[P(t-1)] / [P(t)]

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Split		[Shares Issued] / [Shares Before]
Stock dividend	Stock Dividend / Bonus / Scrip Issue	[Shares Issued + Shares Before] / [Shares Before]
Stock dividend	Stock Dividend Not Entitled to Forthcoming Dividend	[[(Shares Issued + Shares Before) * P(t) - (Shares Issued * Forthcoming Gross Cash Dividend)] / Shares Before] / [P(t)]
Stock dividend	Distribution of Another Type of Asset (bond, warrant, preferred, etc.)	If Other Asset P(t) is not available then PAF=1 else [(P(t) * Shares Before + Other Asset P(t) * Other Asset Issued) / Shares Before] / [P(t)]

Stock dividend	Distribution of New Underlying Shares with Warrants attached	If Other Asset P(t) is not available then
		[Shares Issued + Shares Before] / [Shares Before]
		else
		[(P(t) * (Shares Issued + Shares Before) + Other Asset P(t) * Other Asset Issued)/ Shares Before] / [P(t)]

Terms/abbreviations	Definitions
Cash	Amount shareholders are entitled to
Cum Date	Business Day prior to the ex-date
Ex-Date	Day on which a security is traded without a previously declared dividend, distribution, or other right
Pay-date	First trading day of new shares resulting from the rights issue
Issue P	Issue price
Offer P	Offer price
Other Asset Issued	Number of other asset distributed (e.g. warrant, convertible bond)
Other Asset P(t)	Closing price of the other asset on the ex-date
P(t)	Closing price on the ex-date

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P(t-1)	Closing price on the cum date (ex-date -1)
Premium	[(Offer price - P(t-1)) / P(t-1)] * 100
Right P(t)	Closing right price on the ex-date
Intrinsic value of Rights	[Closing price of security * Shares Issued - Issue P * Shares Issued)] / [Shares Before]
Shares Before	Number of shares shareholders need to hold before the event
Shares Issued	Number of shares distributed
Shares Acquired	Number of shares acquired
Forthcoming Gross Dividend	Gross dividend per share paid by the company following another event. In certain cases of rights issues and stock dividends, the newly issued shares are not entitled to the dividend which is ex after the rights issue / stock dividend ex-date.
Special Div	Amount shareholders are entitled to
Spun-Off P(t)	Closing price of the spun off security on the ex-date
Spun-Off Shares Issued	Number of spun-off security shares distributed

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Appendix II: Implementation Dates for Corporate Events

MSCI uses several terms to specify the timing of corporate events implementation:

As of the close of date (t-1) indicates that the changes are implemented after the close on day t-1. For example, if a security is deleted as of the close of t-1, the security still appears in the index on the day t-1.

Effective date/Ex-date (t) indicates the date on which the changes are reflected. For example, if a security is deleted as of the close of t-1, the security no longer appears in the index on the effective date (t). It also indicates the date on which a security is traded without a previously declared dividend, distribution, or other right.

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Appendix III: Clarification Regarding Effective Dates in Index email Announcements

The effective date in header of the Index email announcement means that all related changes are reflected in the indexes as of the open of the specified date, unless indicated otherwise in the text of the announcement. This is the case for all changes (NOS, FIF, VIF, addition, deletion, etc.) implemented as part of corporate events or Index Reviews.

For events such as rights issues, stock dividends or splits, where PAFs are applied on the ex date (t), the effective date in the header of the Index email announcement represents the ex-date of the event (and not the effective date of the NOS changes associated to the event). The associated NOS changes are implemented as of the close of that date i.e. “as of the close of t” (effective t+1).

All the details of the event implementation, including all the implementation dates (i.e. “as of the close of” date and effective date), are provided in the descriptive text, below the header.

For more details regarding “as of the close of”, “ex-date” or “effective date”, please refer to Appendix II entitled “Implementation Dates for Corporate Events” in the MSCI Corporate Events Methodology Book.

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Appendix IV: Corporate Events Implementation in Sunday Intermediary Index Calculation for Monday - Friday Index Calculation methodology

A selected list of MSCI Indexes is calculated on Sundays to reflect the performance of the markets open on this day. The Sunday index performances capture the price changes and reflect corporate events effective on these days. In case of corporate events occurring on Sundays and where a PAF is needed, the PAF is applied to the market price of the security on Sunday and Monday. If the security does not trade on Monday, the Sunday closing market price is carried forward to Monday, including the PAF.

Changes in the security's number of shares, FIFs and/or DIFs due to corporate events occurring on Sundays are implemented as of the close of Monday, regardless of whether the corporate event requires the application of a PAF on Sunday or not.

For details on the Sunday Index Calculation Methodology, refer to Appendix I of the MSCI Index Calculation Methodology.

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Appendix V: Announcement Status and Timing

All changes resulting from corporate events affecting constituents of the MSCI Equity Indexes are announced prior to their implementation. The changes can have the following status:

Status	Description	Timing
Acknowledged	The "Acknowledged" status is used to indicate that MSCI is aware of an upcoming event. With this status, MSCI does not disclose any details of the treatment of the corporate event. The "Acknowledged" status is used for all corporate events having impact of above 1 time constituent's underlying country index Large Cap Cutoff. The examples of event types include acquisitions, mergers, spin offs, rights issues, public offerings, private placements etc. An "Acknowledged" won't be sent for events like block sales, secondary offerings, stock splits, consolidations, stock dividends, buybacks, partial acquisitions etc. An "Expected" or "Undetermined" announcement will be sent for these events. For IPOs, a "Confirmed" announcement is sent.	Within 5 business days of the actual event announcement by the company.
Undetermined	The "Undetermined" status is used when the event is conditional upon uncertain events (e.g.: the outcome of the tender offer is uncertain), or the effective date is not known. MSCI describes the event and how it intends to implement it if and when the event becomes effective.	Undetermined announcements are sent when there is some uncertainty that the event will take place.
Expected	MSCI sends an "expected" announcement to describe the implementation and changes that are intended to be made when the effective date is known and when MSCI considers that an event is likely to be successful, provided that the necessary public information concerning the event is available	Generally 10 business days before the effective date.
Confirmed	The "Confirmed" status is used when all details for the implementation of the security's change have been finalized.	Confirmed announcement is generally sent at least 2 days before the effective date.

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Implemented	The “Implemented” status is used when the change has been implemented in the index.	The event remains in the Advance Corporate Events (ACE) file 2 days after its effective date.
Canceled	The “Canceled” status is used when a previously announced event does not occur.	As early as practicable.
Correction	The “Correction” status is used when a modification needs to be made to an event that was previously “Confirmed”.	As early as practicable.

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Appendix VI: Additional Corporate Events Rules Applying to the MSCI GIMI

Corporate events can have different implications depending on the specificities for constructing and maintaining each MSCI Index. Such specificities, if any, are described in the respective methodology book of each MSCI Index.

Corporate events rules used for the maintenance of the MSCI GIMI include the rules described in this methodology book as well as the rules described in Section 3 "Maintaining the MSCI Global Investable Market Indexes" of the MSCI GIMI Methodology. Please refer to the following sections, among others, of the MSCI GIMI Methodology.

- Changes in FIF, NOS and GICS due to corporate events
  - See Section 3.2 (changes made at the time of the event) and Section 3.1 (changes made at Index Reviews)
- Size and style segment reviews due to corporate events
  - See Section 3.2 (at the time of the event) as well as Section 3.1 (at Index Reviews)
- Deletions of securities from the MSCI GIMI Indexes due to corporate events
  - See Section 3.2
- Announcement policy
  - See Section 3.3

For details on rules for the treatment of IPOs in the MSCI GIMI, see Section 6 of this methodology book "IPOs and Other Early Inclusions".

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Appendix VII: Implementation for stock connect A-Share securities

MSCI announced the conclusions from its recent consultation with the investment community on specific topics in the context of the upcoming partial inclusion of China A shares in the MSCI Emerging Markets Index. The conclusion of the consultation results in modifications to the methodology, in particular rules related to treatment of suspended securities and implementation of corporate events in case of "Stock Connect" holidays.

For more information, please refer to the consultation conclusion documents available at https://www.msci.com/index-consultations.

Ongoing Event Related Changes

The ongoing event-related changes to the Stock Connect A-share security primarily follow the MSCI GIMI Methodology and the MSCI Corporate Events Methodology. In order to align all Indexes related to China A Share component, corporate actions will be implemented on both onshore security and the stock-connect security, even if the corporate action is not applicable for one of the two securities. However, a Price Adjustment Factor (PAF), if required, would only be applied to the security for which the corporate action is applicable.

Implementation of Corporate Events except Early Inclusions

In order to reflect accessibility of securities trading on Stock Connect and keep the MSCI Indexes replicable, methodologies need to be enhanced in order to more accurately reflect the investment process of Stock Connect investors, especially for cases when Stock Connect is closed but the onshore Chinese domestic market is trading.

Below is the treatment of corporate events in case where Stock Connect is closed on the implementation date:

1 Market neutral Events for China A Stock Connect securities

Market neutral events will be implemented on ex-date for Stock Connect A-share and onshore securities irrespective of holiday. In this case, MSCI implementation date for both Onshore and Stock Connect A-share securities will be same. (For example but not limited to: Stock Dividend, Split, Consolidation, PAF due to buyback/Partial Acquisition, rights issue of non-trading asset, etc.)

3-for-10 stock dividend – Ex on July 28				
	25-July	28-July (Connect holiday and Onshore Trading)		
	Onshore-Index, Stock Connect-Index, Onshore – Portfolio and Stock Connect - Portfolio	Onshore-Index and Stock Connect - Index	Onshore - Portfolio	Stock Connect - Portfolio
Price	2.2	1.69	1.69	1.69
PAF	-	1.3	-	-
NOS	1000	1000	1300	1300
MCap	2200	2200	2200	2200

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2 Non-Market neutral Events for China A Stock Connect securities

a) Events with Price Adjustment Factor (PAF): The event implementation will be postponed to the next Stock Connect trading day. Price on the ex-date will be carried forward for the Stock connect A-share securities. In this case, MSCI implementation date for both Onshore and Stock Connect A-share securities will be different. (For example but not limited to: Rights issue of trading asset, Spin off, Merger, Conversion, redemption, special dividends above 5%, capital repayment, etc.)

Special dividend of RMB 2 per share - Ex on May 28													
	27-May	28-May (Connect Holiday and Onshore Tarding)				29-May (Connect and Onshore Trading)				30-May (Connect and Onshore Trading)			
	Onshore - Index, Stock Connect - Index, Onshore - Portfolio and Stock Connect - Portfolio	Onshore - Index	Stock Connect -Index	Onshore - Portfolio	Stock Connect - Portfolio	Onshore - Index	Stock Connect -Index	Onshore - Portfolio	Stock Connect - Portfolio	Onshore - Index	Stock Connect -Index	Onshore - Portfolio	Stock Connect - Portfolio
Price	6	4.1	6	4.1	6	4.2	4.2	4.2	4.2	4.5	4.5	4.5	4.5
PAF	-	1.4878	-	2000 (cash)	-	-	1.476	-	2000 (cash)	-	-	-	-
NOS	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Mcap	6000	6100	6000	6100	6000	4200	6200	4200	6200	4500	4500	4500	4500

The reinvestment for onshore Index will be on 28th May whereas for Stock connect Index will be postponed to 29th May

b) Events without any Price Adjustment Factor (PAF): The implementation will either be postponed or preponed. In this case, MSCI implementation date for both Onshore and Stock Connect A-share securities will be same. (For example but not limited to: Delisting, Private placement, Acquisition, deletion due to prolonged suspension etc.)

3 IPOs

A shares" IPOs are only considered for inclusion at subsequent Index Reviews following the event.

4 Other Early Inclusions

Other early inclusion of A shares (For example but not limited to spin off, merger, acquisition) will only be considered if the eligibility of Stock Connect is announced on or before the day of MSCI sending "Confirmed" corporate event announcement for the relevant event. Otherwise, such securities will be considered for index inclusion at subsequent Index Reviews.

5 Cash Dividend Reinvestment for China A Stock Connect Securities

In case where Stock Connect has trading holiday on the ex-date of a dividend but the onshore Chinese domestic market is trading, MSCI will postpone the reinvestment of the dividend to the next Stock Connect trading day for Stock connect A-share securities. However, MSCI will continue to use the ex-date market price for the Stock connect A-share securities from exchange for index calculations.

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Appendix VIII: Policy Regarding Trading Suspensions in the MSCI Derived Indexes during the Index Reviews

The below section refers to indexes constructed from a parent index that follows GIMI methodology but apply an alternative weighting methodology and/or additional screening methodology (Derived Indexes), such as MSCI Factor, ESG or Capped Indexes.

The treatment for securities suspended two days prior to effective date of the Derived Index Review is as follows.

TREATMENT OF ADDITIONS TO DERIVED INDEXES

When the implementation of an addition to a Parent Index is postponed, the implementation of the addition to an index derived from that Parent Index will also be postponed. When the addition is implemented in the Parent Index after the security resumes trading, the security will be considered for inclusion in the Derived Index based on the rules applied to additions outside Index Reviews for that Derived index. Those rules are described in the respective index methodologies.

In case of a suspension of a security that has been identified as an addition to a Derived Index at the time of the Index Review without being an addition to the Parent Index, the addition will not be implemented and the inclusion of the security will be re-evaluated at the next Index Review.

TREATMENT OF DELETIONS FROM DERIVED INDEXES

When the implementation of a deletion from a Parent Index is postponed, the implementation of the deletion from the indexes derived from that Parent Index will also be postponed. For Derived Indexes where a constraint factor is applied on the weight (i.e. indexes that are not free float-adjusted market cap weighted), the security will be maintained with the same constraint factor that was applied prior to the Index Review. When the deletion is implemented in the Parent Index after the security resumes trading, the security will be simultaneously deleted from the Derived Index.

In the case of a suspension of a security that has been identified as a deletion from a Derived Index as part of the Index Review, without being a deletion from the Parent Index, the deletion will not be implemented and the deletion of the security will be re-evaluated at the next Index Review. For Derived Indexes where a constraint factor is applied to the weight (i.e. indexes that are not free float-adjusted market cap weighted), the security will be maintained with the same constraint factor as prior to the Index Review.

TREATMENT OF SECURITIES WITH CONSTRAINT FACTOR CHANGE

In case of a suspension of a security where a constraint factor change has been identified as part of the Index Review, the change will be reverted and the constraint factor will remain constant until the following Index Review.

TREATMENT FOR CAPPED INDEXES

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Note that if, as a result of not implementing a change on a security suspended in an MSCI 10/40 Index, MSCI 25/50 Index or an MSCI 35/65 Index, the Index were not to be compliant with the concentration constraints described in the MSCI 10/40, MSCI 25/50 and MSCI 35/65 Index methodologies, respectively, the change will be implemented regardless of the suspension.

The above treatment is applicable to all MSCI Indexes at their regular rebalancing schedule, including indexes which follow a rebalancing schedule that does not coincide with the MSCI Quarterly Index Review dates.

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Appendix IX: Corporate Events Implementation in Sunday - Thursday Index Calculation methodology

MSCI also provides a different series of Indexes, that are calculated from Sunday to Thursday and reflect the performances of markets that follow a Sunday to Thursday trading calendar. These Indexes are not calculated on Friday and Saturday.

The Sunday index performances capture the price changes and reflect corporate events effective on this day. In case of corporate events occurring on Sundays and where a Price Adjustment Factor (PAF) is needed, the PAF is applied to the market price of the security on Sunday.

Changes in the security's number of shares, FIFs and/or DIFs, Additions/deletions to and from Index due to corporate events can be implemented as of the close of Sunday, regardless of whether the corporate event requires the application of a PAF or not.

For evaluating deletion under prolonged suspension, MSCI calculates the thresholds as described under Section 5.1.1 considering Sunday to Thursday as business days.

For details on the Sunday – Thursday Index Calculation Methodology, refer to Appendix XII of the MSCI Index Calculation Methodology.

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Changes to the Methodology Book

The following sections have been modified since May 2013:

May 2013 updates:

Section 2.1.4.2: Dutch Auction offer

- update for changes in NOS less than 5%

Section 2.3: Conversion of share classes

- update of the paragraph

Section 3.2.1: Stock dividends: distribution of new underlying shares

- treatment of stock dividend of treasury shares

Section 3.3: Capital repayments

- clarification on tax treatment

Section 4.1.1.2: Share placements and offerings: country specifics

- update on forward sale agreements, Japanese secondary offerings and HK & China block sales

Section 4.3: Optional dividends

- update on treatment in countries ex-US

August 2013 updates:

Section 2.1.4.2: Dutch Auction offer

- wording

Section 2.3: Conversion of share classes

- wording

Section 3.2.1: Distribution of new underlying shares

- wording

Appendix III: Corporate Events occurring on Sundays

- removed mention of the treatment of Saturdays

November 2013 updates:

Section 2.1: Treatment of M&As in the MSCI Universe

- updates on page 6, 7, 8 and 9

Section 3.2: Stock Dividends

- update on page 15

Section 4.1.1: Implementation of Share Placements and Offerings in the MSCI Universe

- update on page 21 (+footnote) and page 22

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Section 5: Suspensions, Delisting and Bankruptcies

- update page 24-25

Appendix V: Clarification Regarding Effective Dates in Index email Announcements

- updates

Appendix VI: Announcement Status and Timing

- update

February 2014 updates:

Section 2.3: Conversion of Share Classes

- treatment for China securities

Section 3.3: Capital Repayments

- update

Section 3.4: Special Cash Dividends

- update

May 2014 updates:

Section 2.1.4: Partial tender offers and buyback offers

- update

Section 4.1.1.2: Country specifics

- Treatment of primary and secondary equity offerings

Section 4.3: Optional Dividends

- Treatment for Hong Kong optional dividends

August 2014 updates:

Section 2.1: Treatment of M&As in the MSCI Universe

- update of the advance notice

Section 3.5: Optional Dividends

- treatment for the Netherlands

Section 5: Suspensions, Bankruptcies and Delisting

- update for Bankruptcies

Section 7.1: Client Announcements

- clarification of minimum advance notice for non-neutral events

Appendix I: PAF Formulas and Definitions

- update for very highly dilutive rights issue

Appendix III: Clarification Regarding Effective Dates in Index email Announcements

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- update

November 2014 updates:

Section 2.1.3: Tender Offers

- clarification of deletion rules for existing constituents

Section 2.6.2: Reverse Spinoffs

- clarification of reverse spinoffs implementation

Section 3.6.3: Number of Shares, FIF and/or DIF Changes Following Rights for New Underlying Shares

- clarification for fully underwritten rights issues offered at a premium to market price

December 2014 update:

Section 2.1: Treatment of M&As in the MSCI Universe

- Canadian M&As

January 2015 updates:

Section 5: Suspensions, Bankruptcies and Delistings

- updates including treatment of prolonged suspensions

Section 3: Highly dilutive or large rights issues

- updates including new treatment of highly dilutive or large rights issues

February 2015 updates:

Section 4: Other events Resulting in Changes in Number of Shares and FIFs and/or DIFs

- updates including new treatment of block sales and secondary offerings (outside the US)

Section 3: Highly dilutive or large rights issues

- updates in treatment of highly dilutive or large rights issues

March 2015 update:

Section 4: Other events Resulting in Changes in Number of Shares and FIFs and/or DIFs

- clarification and updates including new treatment of block sales and secondary offerings (outside the US)

May 2015 update:

Section 2.5.1: Treatment when spun-off trades on ex -date

- clarification for cases subject to withholding tax

August 2015 update:

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Section 4.1.2.1 General Treatment

- clarification for block sales and secondary offerings not considered for immediate implementation

November 2015 update:

Section 1 Introduction

- clarification for country specific treatment

February 2016 update:

Section 2.1 Treatment of M&As in the MSCI Universe

- clarification of implementation criteria for M&As

May 2016 updates:

Section 2: Mergers & Acquisition (M&As)

- clarification for general treatment

Section 2.1: Merger and Acquisitions via Mutual Agreement

- treatment of US acquisitions via agreement
- general clarification

Section 2.2: Tender Offers

- treatment of US tender offers
- general clarification

Section 4.1.1.1: General Treatment

- treatment for US securities

Section 4.1.1.2: Country Specifics

- treatment for US securities

Section 4.1.2.2: Country Specifics

- treatment for US securities

August 2016 updates:

Section 4.1.1.2: Country Specifics

- clarification for Canadian offerings treatment

Section 8.1: Client Announcements

- clarification for general treatment
- advance notification for announcement in undetermined status

Section 7: Share Freeze

- New section

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September 2016 updates:

Section 2.7: Mergers & Acquisition (M&As)

- addition of treatment in capped weighted and non-market capitalization weighted indexes

Section 2.8.3: Spin-Offs

- addition of treatment in capped weighted and non-market capitalization weighted indexes

November 2016 updates:

Section 2.3.1: Acquisition of Listed Non-Index Constituents Securities

- clarification of the implementation threshold for Micro caps

Section 2.4.2: Dutch Auction Offer

- clarification of the implementation threshold for Micro caps

Section 2.4.3: Split off/Exchange offer

- clarification of treatment of split off

Section 2.8.1.1: US and Canada Specific Treatment

- clarification of announcement policy

Section 2.9.1: Mergers

- clarification of factors of continuation

Section 3.2.2: Distribution of Other Type of Assets

- clarification of distribution of listed assets with late pay date

Section 3.6.2: Number of Shares, FIF and/or DIF Changes Following Rights for New Underlying Shares

- clarification of the implementation threshold for Micro caps

Section 4.2: Debt-to-Equity Swaps

- clarification of the implementation threshold for Micro caps

February 2017 updates:

Section 5.3: Delisting from Primary Exchange

- clarification of the current treatment

Section 5.4: Country Classification Review

- new section clarifying current treatment

May 2017 updates:

Section 2.4.1.1: Results of Partial Tender Offers and Buyback Offers

- clarification of the current treatment

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Section 2.5: Conversion of Share Classes

- clarification of the current treatment for periodical conversions

Section 3.6.3.1: Rights Issue Offered at a Discount to Market Price

- clarification of the treatment of rights issues where strategic shareholders do not intend to subscribe pro-rata

June 2017 updates:

Section 1 - Introduction

Section 2.7: Mergers and Acquisitions Treatment in Capped Weighted and Non-Market Capitalization Weighted Indexes

- Glossary of terms
- Examples of treatments in capped weighted and non-market capitalization weighted indexes

Section 2.8.4: Spin-off Treatment in Capped Weighted and Non-Market Capitalization Weighted Indexes

- Examples of treatments in capped weighted and non-market capitalization weighted indexes

Section 3.6.6: Rights Issue Treatment in Capped Weighted and Non-Market Capitalization Weighted Indexes

- New section with example of treatments in capped weighted and non-market capitalization weighted indexes

Section 4.3: Share Placement and Offerings Treatment in Non-Market Capitalization Weighted Indexes

- New section with example of treatments in non-market capitalization weighted indexes.

August 2017 updates:

Section 2.2.5: Announcement Policy

- clarification of the communication of tender offers with multiple offer periods

Section 2.4: Partial Tender Offers and Buyback Offers

- clarification of the current treatment for periodical conversions

Section 2.7: Mergers and Acquisitions Treatment in Capped Weighted and Non-Market Capitalization Weighted Indexes

- Additional examples of treatments in capped weighted and non-market capitalization weighted indexes

Section 2.8.3: Reverse Spinoffs

- clarification of the current treatment for reverse spinoff where the spun-off does not trade on the ex-date

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Section 2.8.4: Spin-off Treatment in Capped Weighted and Non-Market Capitalization Weighted Indexes.

- Additional examples of treatments in capped weighted and non-market capitalization weighted indexes

Section 3.6.3.1: Rights Issue Offered at a Discount to Market Price

- clarification of the treatment when treasury shares are not entitled to a rights issues

Section 4: Other Events Resulting in Changes in Number of Shares and FIFs and/or DIFs

- clarification of the treatment when a security does not trade on the as of the close date of a corporate event effective date

October 2017 updates:

Section 2: Mergers & Acquisitions, 3.5 Optional Dividends, 3.6.2 Rights Issues Offered at a Premium to Market Price and 4. Other Events Resulting in Changes in Number of Shares and FIFs and/or DIFs

- number of shares updates smaller than +-1% are not implemented at the time of the event but at a subsequent Index Review

Section 3.4: Special Cash Dividends

- new treatment of special cash dividends becoming smaller than 5% after being announced in "confirmed" status.

Section 3.6: Rights Issues and 3.6.3 Number of Shares, FIF and/or DIF Changes Following Rights for New Underlying Shares

- number of shares change resulting from rights issues are re-assessed on the cum-date

November 2017 updates:

Section 2.1.1: Implementation Timing

- clarification of the implementation timing for acquisitions via scheme of arrangement ex US and Canada.

Section 2.8.2: Spun-off Not Trading on the Ex-date

- clarification of the current treatment of detached securities

Section 5.1.1.1: China Specific Treatment

- new treatment for prolonged suspension

Section 6: IPOs and Other Early Inclusions

- clarification of early inclusions following large offerings

Section 8.1: Client Announcements

- new treatment for "acknowledged" announcement status

Appendix 6: Announcement Status and Timing

- new treatment for "Acknowledged" announcement status

Appendix 8: Implementation for Stock Connect A-Share Securities

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- new appendix

January 2018 updates:

Section 2.2.7: Tender Offers with Tendered Line of Shares Trading Separately

- new treatment for target security's market price switch between non-tendered shares to tendered share market price

Section 2.8.1: Treatment When Spun-Off Trades on Ex-date

- new window to trigger the addition of a "detached" security when the pay-date is later than the ex-date

Section 3.2.2: Distribution of Other Type of Assets

- new window to trigger the addition of a "detached" security when the pay-date is later than the ex-date

February 2018 updates:

Introduction

- clarification of corporate events treatment for indexes created as a combination of different component indexes

Section 2.2.7: Tender Offers with Tendered Line of Shares Trading Separately

- clarification of conditions for a switch of a security's market price from non-tendered shares to tendered shares

Section 2.4.1.1: Results of Partial Tender Offers and Buyback Offers

- clarification for implementation of results of buyback tender offers in India

Section 3.6.4: Rights for Other Types of Assets

- clarification of adjustments of rights of other type of assets when the rights do not trade on the ex-date

Appendix I: PAFs Formulas and Definitions

- clarification of PAFs for right of new underlying shares with another asset
- clarification of PAFs for right of another type of asset

March 2018 updates:

Introduction

- clarification of corporate events treatment when securities trade at their price limit on the ex-date/effective date of a corporate event

Section 2.3.1: Acquisitions of Unlisted Securities

- treatment of acquisitions of unlisted securities

Section 2.3.2: Acquisitions of Listed Non-Index Constituents Securities

- change of implementation thresholds at the time of the event

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Section 2.4.3: Results of Partial Tender Offers and Buybacks Offers

- change of implementation thresholds at the time of the event

Section 3.6.3.2: Rights Issues Offered at a Premium to Market Price

- change of implementation thresholds at the time of the event

Section 4.1.1.1: General Treatment

- change of implementation thresholds at the time of the event
- clarification of treatment for public and secondary offerings announced simultaneously
- clarification of treatment for public offering and private placement announced simultaneously

Section 4.1.1.2: Country Specifics

- change of implementation thresholds at the time of the event for US, Latin American, Canadian, Australian, and Norwegian securities
- change of implementation timing and thresholds for Canadian subscription receipts
- clarification of treatment of top-up subscription in Hong-Kong

Section 4.2: Debt-To-Equity Swaps

- change of implementation thresholds at the time of the event for conversion of originally non-convertible debt

Section 5.1.1: Prolonged Suspension

- change of treatment for prolonged suspension of all index constituents ex-China Equity Universe

May 2018 updates:

Section 2.2.7: Tender offers with tendered line of shares trading separately

- clarification of the second condition

Section 2.7: Mergers and Acquisitions Treatment in Capped Weighted and Non-Market Capitalization Weighted Indexes

- Addition of example 8 for partial acquisitions

Section 3.6: Rights issues

- clarification of the treatment of downward migrations

Section 6: IPOS and Other Early Inclusions

- clarification of the treatment of over-allotment

August 2018 updates:

Section 3.3: Capital Repayments

- Update in language

Section 3.4: Special Cash Dividends

- Update in language

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Section 3.7: Redemptions

- Update in language

November 2018 updates:

Section 2.5: Conversions of Share Classes

- new section structure and clarifications of the treatment of conversions

Section 3.6.5: Highly Dilutive or Large Rights Issues

- clarification regarding the timing of upward migrations

Section 6: IPOs and Other Early Inclusions

- clarification of the direct listing route treatment

December 2018 updates:

Section 2.1.2: Deletion Price

- new price to maintain already delisted index constituents in the MSCI Indexes

Section 2.1.5: Canada Specific Treatment

- new methodology

Section 2.8.1: Treatment When Spun-off Trades on Ex-date

- clarification of the treatment of detached security for delayed pay date spinoffs

Section 3.6.3.4: Rights Issues with Incomplete Information on the Ex-Date

- new methodology

Section 3.5.1: US Specific Treatment

- new methodology for US optional dividends

January 2019 updates:

Section 4.1.1.1: General Treatment

- clarification on implementation thresholds at the time of the event

Section 4.1.2.1: General Treatment

- clarification on implementation thresholds at the time of the event

February 2019 updates:

Section 2.1.4: US Specific Treatment

- clarification on implementation timing

Section 2.3.2: Acquisition of Listed Non-Index Constituents Securities by Index Constituents Securities

- clarification of the current treatment

May 2019 updates:

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Section 2.1.6: United Kingdom Specific Treatment

- clarification on implementation when target securities move to SETSqx trading service

Section 2.2.3: Deletion Timing

- clarification on tender offers implementation in the United Kingdom

Section 2.3.2: Acquisitions of Listed Non-Index Constituents

- clarification on implementation thresholds at the time of the event

Section 3.6: Rights Issues

- clarification on implementation of preferential rights

Section 3.6.3.2: Rights Issues Offered at a Premium to Market Price

- clarification on implementation thresholds at the time of the event

Section 4.1.1.2: Country Specifics

clarification on implementation thresholds at the time of the event

- clarification on repair offering in Norway

Section 4.1.2.2: Country Specifics

- clarification on implementation thresholds at the time of the event
- clarification on implementation of public offerings in India

Section 4.2: Debt-To-Equity Swaps

- clarification on implementation thresholds at the time of the event

Section 5.4: Country Classification Review

- clarification on review and implementation timing of COC change

Section 6: IPOs and Other Early Inclusions

- clarification on the implementation of change of listing from OTC to listed market
- clarification of the implementation of early inclusions due to large offerings

Section 8.1: Client Announcements

- clarification on intraday announcements

<u>July 2019 updates:</u>

Section 5.2: Price Limit

- new treatment for selected corporate events trading beyond daily price limit on their implementation day

<u>August 2019 updates:</u>

Section 4.1.2.1: General Treatment

- clarification of implementation timing for block sales and secondary offerings not considered for immediate implementation

Section 4.1.2.2: Country Specifics

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- clarification on implementation timing of block sale and secondary offering for Latin American and Canadian securities

Section 5.1.1: Prolonged Suspension

- clarification on suspension period

Section 5.2: Price Limit

- clarification of implementation in the Derived Indexes for the postponed corporate events involving addition and deletion from the Parent Index

Appendix IX: Policy Regarding Trading Suspensions in the MSCI Derived Indexes during the Index Reviews

- Newly added section for handling suspended securities in the Derived Indexes during the Index Reviews

January 2020 updates:

Appendix IV: rename to Corporate Events Implementation in Sunday Intermediary Index Calculation for Monday - Friday Index calculation methodology

Appendix X: Corporate Events Implementation in Sunday - Thursday Index calculation methodology

February 2020 updates:

Appendix VIII: Implementation for stock connect A-Share securities

clarification of implementation to align all indexes related to China A Share component

March 2020 updates:

Section 3.2.1: Stock dividends: distribution of new underlying shares

- new treatment of Indian stock dividend

May 2020 updates:

Section 2.4.3: Results of Partial Tender Offers and Buybacks Offers

- Number of shares updates smaller than +-1% are not implemented at the time of the event but at a subsequent Index Review

Section 4.2: Debt-To-Equity Swaps

- Number of shares updates smaller than +-1% are not implemented at the time of the event but at a subsequent Index Review

Section 4.1.1.2: Country Specifics

- Update on filings referred for Australian offerings

January 2021 updates:

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Section 2.4.1: Fixed price offer

- New treatment for application of PAF in partial acquisition and buyback

Section 2.4.3: Results of partial tender offers and buyback offers

- Change of implementation thresholds at the time of the event

Section 2.4.4: Split Off/Exchange Offer

- New treatment for application of PAF in split off/exchange offer
- Change of implementation thresholds at the time of the event

Section 3.6: Rights issues

- Change of the treatment of downward migrations

Section 3.6.5: Highly Dilutive or Large Rights Issues

- Change of the treatment for rights and subscription cash price

February 2021 updates:

Section 2.3.3: Acquisitions of Index Constituent Securities by Non-Index Constituent Securities

- Clarification of the current treatment for unlisted securities

May 2021 updates:

Section 2.8.2: Spun-off Not Trading on the Ex-date

- Update on treatment of detached securities with multiple spun-off

June 2021 updates:

Section 3.6.6: Rights Issues with subscription period before ex-date

- New section for rights issues with subscription period before ex-date

August 2021 updates:

Section 3.6: Rights Issues

- Removed mention of Australia specific treatment

Section 8.1: Client Announcements

- Clarification on announcements with less than 48 hours' notice

February 2022 updates:

Appendix IX: Corporate Events Implementation in Sunday - Thursday Index Calculation methodology

- New treatment for evaluating prolonged suspension in Sunday - Thursday Indexes

August 2022 updates:

Section 2.2.7: Tender offers with tendered line of shares trading separately

- Clarification on treatment when approvals are not received

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Section 2.7: Mergers and Acquisitions Treatment in Capped Weighted and Non-Market Capitalization Weighted Indexes

- Correction of values in example

Section 8.1: Client Announcements

- Correction of appendix number

November 2022 updates:

Section 2.8.1: Treatment When Spun-off Trades on Ex-date

- Clarification of the treatment non-index constituent spins off index constituent

Section 3: Corporate Actions

- Update on implementation for events with updated prices

Section 4: Other Events Resulting in Changes in Number of Shares and FIFs and/or DIFs

- Clarification of the treatment involving derivative contracts

Section 4.1.1.2: Share placements and offerings: country specifics

- Removing treatment for forward sale agreements and moving to section 4

Section 7: Share Freeze

- Clarification on definition of business days

January 2023 updates:

Methodology book was updated to reflect the transition of the MSCI GIMI to Quarterly Comprehensive Index Reviews.

- References to the MSCI GIMI Methodology have been updated.
- All references to "Semi-Annual Index Reviews" and "Quarterly Index Reviews" of the MSCI GIMI were replaced with "Index Reviews."

Appendix VIII: Policy Regarding Trading Suspensions in the MSCI Derived Indexes during the Index Reviews

- Clarification

May 2023 updates:

Section 4: Other Events Resulting in Changes in Number of Shares and FIFs and/or DIFs

- Restructured the entire section for a more concise view

Section 4.4: Index Review Treatment

- Clarifying rules for proforma addition/deletion/migration securities during Index Reviews

November 2023 updates:

- Clarified meaning of "pre-event number of shares"

Section 1: Introduction

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- Clarified language for country specifics

Sections 2.1 & 2.2: Merger and acquisitions via mutual agreement & Tender offers

- Standardized wording and restructured sub-sections
- Clarified treatment of tender offers where FIF does not decrease below 0.15

Section 3.6.6: Rights issues country specifics

- Section added & clarified country specifics for Italy and Norway

May 2024 updates:

Section 2.3.2, 2.4.3 & 2.4.4

- Clarification on the treatment of non-index constituents

Section 3: Corporate actions

- Clarification on the treatment of events ex on Sunday and not trading on Monday

Section 3.6.3.2: Rights Issues offered at a premium to market price

- Clarification on the treatment of non-index constituents

Section 3.6.5: Highly dilutive or large rights issues

- Section restructured for clarity

Section 3.6.6: Rights issues country specifics

- Clarified country specific for India

Section 4.2: Implementation Thresholds

- Clarification on the treatment of non-index constituents

August 2024 updates:

Sections 3.6.2, 3.6.3.1, 3.6.3.4: Rights issues

- Clarified the treatment of certain types of rights issues

Section 3.2.1: Distribution of New Underlying Shares

- Updated capital gains tax rate for India

May 2025 updates:

Section 5.2: Price limits

- Clarification on the applicability of price limits to corporate events

Section 6: IPOs and other early inclusions

- Clarification on the timing of inclusion of Sunday trading securities

August 2025 updates:

Section 3.2.1: Stock dividends: distribution of new underlying shares

- Removal of capital gain tax treatment for Indian stock dividends

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November 2025 updates:

Section 8: General announcement policy for corporate events

- Restructured the section for clarity and included existing guidelines only present in the MSCI GIMI methodology

February 2026 updates:

Section 2.4.3: General announcement policy for corporate events

- Clarification on the timing of changes in Float & NOS due to results of Partial Tender Offer for Indian securities

Section 2.8.2: General announcement policy for corporate events

- Clarification on the advance notification and timing of deletion of detached security once the spun-off security starts trading

Section 3.2.2: Distribution of Other Types of Assets

- Addition of digital assets to the list of examples of distributed asset types

August 2026 updates:

Section 2.2.1: Implementation timing

- Clarification on the deletion timing of target Hong Kong securities in a scheme of arrangement.

Section 2.2.3: Implementation timing

- Clarification on the deletion conditions of target securities in hostile tender offers

Section 2.2.6.1: Brazil specific treatment

- Clarification on the deletion conditions of target Brazilian securities in tender offers.

Section 2.2.6.3: Germany and Switzerland specific treatment

- Clarification on the conditions and timing of deleting German and Swiss target securities in acquisition cases.

Section 2.8.1.1: US and Canada specific treatment

- Clarification on the use of “as-if-and-when-issued” price of a spun-off security.

Section 6: IPOs and Other Early Inclusions

- Clarification on the events triggering the early inclusion of already listed security.

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