

## Results of the MSCI 2019 Market Classification Review

**MSCI will reclassify the MSCI Kuwait Index to Emerging Markets status, subject to availability of omnibus account structures and same National Investor Number (NIN) cross trades for international investors**

**MSCI to consult on the potential reclassification of the MSCI Iceland Index to Frontier Markets status**

**London - June 25, 2019** - MSCI Inc. (NYSE:MSCI), a leading provider of critical decision support tools and services for the global investment community, announces today that it will reclassify the MSCI Kuwait Index to Emerging Markets status, subject to omnibus account structures and same National Investor Number (NIN) cross trades being made available for international institutional investors before the end of November 2019. MSCI will communicate its final decision by December 31, 2019.

“Kuwait’s Market Development Project has set the path for the seamless implementation of numerous regulatory and operational enhancements in the Kuwaiti equity market. These enhancements have significantly increased the accessibility level of the Kuwaiti equity market for international institutional investors and resulted in broad positive feedback from these investors on our reclassification proposal,” said Sebastien Lieblich, Global Head of Equity Solutions and Chairman of the MSCI Equity Index Committee.

Mr. Lieblich added, “During the consultation, international institutional investors highlighted the criticality of omnibus account structures and same NIN cross trade capabilities to avoid frictions in their investment process. We welcome the Capital Market Authority’s public commitment to deliver these market features by November 2019. We will closely monitor their implementation before making the final decision.”

On June 12, 2019 the Capital Market Authority publicly announced that omnibus structures, as well as same NIN cross trading will be made available to international institutional investors no later than November 2019. Currently, only local licensed entities are allowed to trade using omnibus accounts and same NIN trading is available for only certain exempt ‘non-discretionary’ local accounts. Assuming the above-mentioned market features are delivered by November 2019, MSCI would include the MSCI Kuwait Index in the MSCI Emerging Markets Index in one step coinciding with the May 2020 Semi-Annual Index Review. This would lead to an inclusion of nine stocks in the MSCI Emerging Market Index having a pro forma index weight of approximately 0.5%. The constituent list of the pro forma MSCI Kuwait Index as of April 17, 2019, based on the MSCI Emerging Markets Index thresholds, has been made available on <https://www.msci.com/market-classification>.

The implementation of Kuwait's Market Development Project, started in 2017, has brought numerous enhancements to the infrastructure of the market that have significantly opened the domestic equity market to international institutional investors. Among these enhancements were the removal of foreign ownership restrictions on listed banks and simplification of requirements for investor registration. In addition, the settlement cycle in the Kuwaiti equity market moved to T+3 for both local and foreign investors, a new delivery versus payment (DvP) settlement provision was introduced and a proper failed trade management process was initiated. The Project is expected to continue with the planned introduction of a central clearing counterparty and availability of stock swaps, stock lending and short selling facilities, among other improvements. These enhancements have now been reflected in the MSCI 2019 Global Market Accessibility Review report available at <https://www.msci.com/market-classification> .

MSCI also announces today the launch of a consultation to potentially reclassify the MSCI Iceland Index from Standalone Markets to Frontier Markets status. MSCI welcomes feedback from market participants on this proposal prior to October 31, 2019 and will announce the results of this consultation on or before November 29, 2019.

Finally, MSCI is announcing today that, if the MSCI Peru Index falls short of the required three constituents for the Emerging Markets, it will immediately launch a consultation to potentially reclassify the MSCI Peru Index from Emerging Markets status to Frontier Markets status. The MSCI Peru Index currently includes the minimum of three constituents.

-Ends-

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