

RESULTS OF MSCI 2018 MARKET CLASSIFICATION REVIEW

MSCI will include the MSCI Saudi Arabia Index in the MSCI Emerging Markets Index

MSCI will reclassify the MSCI Argentina Index to Emerging Markets status

MSCI to consult on the potential reclassification of the MSCI Kuwait Index to Emerging Markets status

London – June 20, 2018 – MSCI Inc. (NYSE: MSCI), a leading provider of indexes and portfolio construction and risk management tools and services for global investors, announced today that beginning in June 2019, it will include the MSCI Saudi Arabia Index in the MSCI Emerging Markets Index, the MSCI ACWI Index, and other global and regional indexes as applicable. This decision follows the implementation in the Saudi Arabia equity market of a number of regulatory and operational enhancements which effectively increased the opening of the market to international institutional investors. The proposal for inclusion received the support of the vast majority of international institutional investors that participated in the consultation.

MSCI will include the MSCI Saudi Arabia Index in the MSCI Emerging Markets Index, representing on a pro forma basis a weight of approximately 2.6% of the index with 32 securities, following a two-step inclusion process. The first inclusion step will coincide with the May 2019 Semi-Annual Index Review. The second step will take place as part of the August 2019 Quarterly Index Review.

Additionally, MSCI announced the reclassification of the MSCI Argentina Index from Frontier Markets to Emerging Markets status. This decision followed the broad acceptance of the reclassification proposal by market participants that took part in the consultation. In particular, international institutional investors expressed their confidence in the country's ability to maintain current equity market accessibility conditions, which is a key factor in MSCI's classification framework. However, in light of the most recent events impacting the country's foreign exchange situation, MSCI also clarifies that it would review its reclassification decision were the Argentinian authorities to introduce any sort of market accessibility restrictions, such as capital or foreign exchange controls.

The MSCI Argentina Index will be included in the MSCI Emerging Markets Index coinciding with the May 2019 Semi-Annual Index Review. MSCI will continue to restrict the inclusion in the index to only foreign listings of Argentinian companies, such as American Depositary Receipts, as the feedback from international institutional investors stated that higher liquidity across the domestic market is needed before considering a shift from offshore to onshore listings. MSCI will reevaluate this decision as liquidity conditions on the Buenos Aires Stock Exchange continue to improve.

"By supporting the inclusion of Saudi Arabia and Argentina in Emerging Markets, international institutional investors confirmed that they are now able and ready to access and operate in these markets," said Sebastien Lieblich, MSCI Managing Director and Global Head of Equity Solutions. "These inclusions will result in the expansion of the global investment opportunity set and allow for greater diversity in the MSCI Emerging Markets Index, which is important to investors."

Mr. Lieblich added, "International investors were impressed by the speed of change in the accessibility of the Saudi Arabian equity market and the level of commitment that the Capital Market Authority (CMA) and the Saudi Stock Exchange (Tadawul) have demonstrated. Their expectation now is that the current privatization effort in Saudi Arabia will continue to grow the investable opportunity set available to them and hence, all other things being equal, contribute to an increased weight of Saudi Arabia in the Emerging Markets Index in the future."

Over the past three years, the CMA and Tadawul have implemented several enhancements that further opened the domestic equity market to international institutional investors. Following the introduction of a regulation for qualified foreign financial institutions by the CMA in 2015, the means of access to the equity market evolved from indirect holdings using derivative instruments, such as P-notes and/or SWAPs, to direct holdings. This regulation has since been enhanced twice by the CMA, reflecting feedback from international institutional investors. Tadawul implemented a complete overhaul of its operating model, including the introduction of T+2 settlement and delivery versus payment, in April 2017. This important change was aimed at more closely aligning Tadawul's operating model with international best practices and further easing access to the Saudi Arabian equity markets for international institutional investors. The exchange continued its enhancement efforts with the introduction of a new closing price mechanism on May 27, 2018, moving from a value weighted average pricing to a closing auction.

MSCI already calculates the MSCI Saudi Arabia Index, a standalone index, using Emerging Markets thresholds as per the MSCI Global Investable Market Indexes methodology. This index can serve as the basis for a pro forma index which is part of the MSCI ACWI Index Series. MSCI will also launch the MSCI Argentina Provisional Index, as well as a number of global and regional provisional indexes, including the MSCI Emerging Markets Provisional Indexes, by September 1, 2018. These indexes will serve to manage the implementation of the inclusion of Saudi Arabian and Argentinian stocks in investors' portfolios on the schedule of their choosing. The list of provisional indexes to be launched will be communicated in the coming weeks. The list of constituents of the MSCI Saudi Arabia Index, as well as the simulated list of constituents of the MSCI Argentina Index, using Emerging Markets Index thresholds have been made available on <https://www.msci.com/market-classification>.

In addition, MSCI announced that it will include the MSCI Kuwait Index in its 2019 Annual Market Classification Review for a potential reclassification from Frontier Markets to Emerging Markets status.

MSCI also notes the successful effective implementation of the first inclusion phase of China A shares in the MSCI Emerging Markets Index. Feedback gathered from international institutional investors since June 1, 2018, highlight that the implementation was smooth and no major concerns were raised. As a reminder, the second implementation phase will coincide with the upcoming August 2018 Quarterly Index Review.

Finally, MSCI today also released the 2018 Global Market Accessibility Review for the 84 markets it covers.

Each June, MSCI communicates its conclusions, based on discussions with the international investment community, on the list of markets under review. At that time, it also announces markets to be reviewed for potential market reclassification in the upcoming cycle.

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