

Q&A: MSCI'S TREATMENT OF SECURITIES IMPACTED BY U.S. EXECUTIVE ORDER 13959, AS AMENDED BY EXECUTIVE ORDER 14032

December 2021

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General Questions

What has been MSCI's treatment of securities impacted by U.S. Executive Order 13959, including as amended by Executive Order 14032 on June 3, 2021?

As of the close of January 5, January 8, January 26, 2021 and July 26, 2021, MSCI deleted the securities impacted by U.S. Executive Order 13959, including as it was amended by Executive Order 14032, from the MSCI Global Investable Market Indexes (GIMI), which covers the MSCI ACWI Indexes and MSCI China All Shares Indexes, and from relevant non-market capitalization weighted indexes and custom indexes. On December 21, 2021, MSCI announced that it will delete as of the close of February 9, 2022 additional impacted securities that were included in OFAC's announcement on December 16, 2021.

What changed when Executive Order 13959 was amended by Executive Order 14032?

Executive Order 13959 was amended by Executive Order 14032 on June 3, 2021 (collectively, the amended Order). At the time, the Office of Foreign Assets Control (OFAC) published an updated Non-Specifically Designated Nationals (SDN) List of companies and related security tickers, described by OFAC as the Non-SDN Chinese Military-Industrial Complex Companies List (NS-CMIC List), which led to MSCI making changes to its indexes as described herein. See the amended Order and OFAC's Frequently Asked Questions for additional information.

How does MSCI treat securities impacted by the amended Order?

MSCI deletes securities impacted by the amended Order. Specifically, MSCI deleted securities impacted by the Order from the MSCI GIMI and relevant non-market capitalization weighted indexes and custom indexes, as of the close of January 5, January 8, and January 26, 2021.

On July 8, 2021, MSCI announced that it would delete the securities included in OFAC's updated NS-CMIC List from the MSCI GIMI and relevant non-market capitalization weighted indexes and custom indexes, as of the close of July 26, 2021 (effective July 27, 2021) in one step.

On December 21, 2021, MSCI announced that it will delete the additional securities included in OFAC's update of the NS-CMIC List announced on December 16, 2021 from the MSCI GIMI and relevant non-market capitalization weighted indexes and

custom indexes, as of the close of February 9, 2022 (effective February 10, 2022) in one step.

Which securities are excluded from the MSCI ACWI Indexes?

MSCI deletes and excludes from the MSCI ACWI Indexes the following securities that are named in OFAC's NS-CMIC List, each prior to the applicable effective date under the amended Order.

MSCI Security Code	RIC	Security Name	Deletion Date (as of close)
35946.04	601800.SH	CHINA COMMU CON A (HK-C)	1/5/2021
35946.01	1800.HK	CHINA COMMUNIC CONST H	1/5/2021
60088.03	601186.SH	CHINA RAIL CONST A(HK-C)	1/5/2021
60088.02	1186.HK	CHINA RAILWAY CONST H	1/5/2021
36812.02	600118.SH	CHINA SPACESAT A (HK-C)	1/5/2021
64314.02	002415.ZK	HANGZHOU HIKVIS A (HK-C)	1/5/2021
29098.01	0981.HK	SMIC	1/5/2021
22535.01	0941.HK	CHINA MOBILE	1/8/2021
27867.01	0728.HK	CHINA TELECOM CORP H	1/8/2021
23733.01	0762.HK	CHINA UNICOM	1/8/2021
24149.01	0883.HK	CNOOC	1/26/2021
28680.02	600879.SH	AEROSPACE TIMES A (HK-C)	7/26/2021
62650.02	600862.SH	AVIC AVIATION HI A(HK-C)	7/26/2021
61854.02	002179.ZK	AVIC JONHON OPTR A(HK-C)	7/26/2021
62140.02	600760.SH	AVIC SHENYANG A (HK-C)	7/26/2021
30206.02	000768.ZK	AVIC XI AN A (HK-C)	7/26/2021
62339.02	600372.SH	CHINA AVIONICS A (HK-C)	7/26/2021
63563.02	601989.SH	CHINA SHIPB IND A (HK-C)	7/26/2021
77520.02	603019.SH	DAWNING INFO A (HK-C)	2/9/2022

What treatment does MSCI apply to securities which had been but are no longer impacted under the amended Order?

Securities which had been but since have ceased to be impacted under the amended Order become eligible for potential inclusion in the MSCI GIMI starting from the next applicable Index Review.

Any addition of such securities in the MSCI GIMI as part of the Index Review is subject to the securities meeting all necessary requirements for new companies, as described in the GIMI Methodology.

Which securities previously deleted from the MSCI ACWI Indexes are no longer impacted by the amended Order?

MSCI Security Code	RIC	Security Name	Prior Deletion Date (as of close)
28348.02	600050.SH	CHINA UTD NETWK A (HK-C)	1/5/2021
61687.03	601766.SH	CRRC CORP A (HK-C)	1/5/2021
61687.02	1766.HK	CRRC CORP H	1/5/2021

Are MSCI China All Shares Indexes subject to the same treatment as the MSCI ACWI Indexes?

Yes. MSCI deleted securities impacted by the Order from the MSCI China All Shares Indexes, as of the close of January 5, January 8, and January 26, 2021. MSCI deleted the securities included in OFAC's NS-CMIC List from the MSCI China All Shares Indexes as of the close of July 26, 2021 (effective July 27, 2021) in one step and will delete the securities included in OFAC's update of the NS-CMIC List announced on December 16, 2021 from the MSCI China All Shares Indexes as of the close of February 9, 2022 (effective February 10, 2022) in one step.

In addition, securities which had been but have ceased to be impacted under the amended Order become eligible for potential inclusion in the MSCI China All Shares Indexes starting from the next applicable Index Review. Any addition of such securities in the MSCI China All Shares Indexes as part of the Index Review is subject to the securities meeting all necessary requirements for new companies, as described in the GIMI Methodology.

Which securities are excluded from the MSCI China All Shares Indexes?

MSCI deletes and excludes the following securities from the MSCI China All Shares Indexes that are part of OFAC's NS-CMIC List, prior to the applicable effective dates.

MSCI Security Code	RIC Code	Security Name	Deletion Date (as of close)
35946.03	601800.SS	CHINA COMMUNIC CONST A	1/5/2021
35946.01	1800.HK	CHINA COMMUNIC CONST H	1/5/2021
60088.01	601186.SS	CHINA RAILWAY CONST A	1/5/2021
60088.02	1186.HK	CHINA RAILWAY CONST H	1/5/2021
36812.01	600118.SS	CHINA SPACESAT A	1/5/2021
64314.01	002415.SZ	HANGZHOU HIKVISION DIG A	1/5/2021

34563.02	600775.SS	NANJING PANDA ELECTRS A	1/5/2021
29098.01	0981.HK	SMIC	1/5/2021
29098.03	688981.SS	SMIC A	1/5/2021
22535.01	0941.HK	CHINA MOBILE	1/8/2021
27867.01	0728.HK	CHINA TELECOM CORP H	1/8/2021
23733.01	0762.HK	CHINA UNICOM	1/8/2021
24149.01	0883.HK	CNOOC	1/26/2021
28680.01	600879.SS	AEROSPACE TIMES ELECTR A	7/26/2021
36809.01	600501.SS	AEROSUN CORP A	7/26/2021
96793.01	601606.SS	ANHUI GREATWALL A	7/26/2021
62650.01	600862.SS	AVIC AVIATION HIGH A	7/26/2021
61789.01	600765.SS	AVIC HEAVY MACHINERY A	7/26/2021
61854.01	002179.SZ	AVIC JONHON OPTRONIC A	7/26/2021
62140.01	600760.SS	AVIC SHENYANG AIRCRAFT A	7/26/2021
30206.01	000768.SZ	AVIC XI AN AIRCRAFT A	7/26/2021
97327.01	300474.SZ	CHANGSHA JINGJIA A	7/26/2021
62339.01	600372.SS	CHINA AVIONICS SYSTEMS A	7/26/2021
61986.01	600482.SS	CHINA SHIPBUILDING A	7/26/2021
63563.01	601989.SS	CHINA SHIPBUILDING IND A	7/26/2021
62385.01	002189.SZ	COSTAR GROUP CO A	7/26/2021
78349.01	603678.SS	FUJIAN TORCH ELECTRON A	7/26/2021
62229.01	002025.SZ	GUIZHOU SPACE APPL A	7/26/2021
36805.01	600316.SS	JIANGXI HONGDU AVIAT A	7/26/2021
16904.01	003009.SZ	SHAANXI ZHONGTIAN A	7/26/2021
97646.01	300114.SZ	ZHONGHANG ELECT A	7/26/2021
77520.01	603019.SS	DAWNING INFORMATION A	2/9/2022
97724.01	300603.SZ	LEON TECHNOLOGY CO A	2/9/2022
97257.01	300188.SZ	XIAMEN MEIYA PICO INFO	2/9/2022

Which securities previously deleted from the MSCI China All Shares Indexes are no longer impacted by the amended Order?

MSCI Security Code	RIC Code	Security Name	Deletion Date (as of close)
28348.01	600050.SS	CHINA UTD NETWK COMMU A	1/5/2021
61687.01	601766.SS	CRRC CORP A	1/5/2021
61687.02	1766.HK	CRRC CORP H	1/5/2021
99078.01	688012.SS	ADV MICRO FABRICATION A	3/12/2021

Are securities impacted by the amended Order excluded from the MSCI Factor, ESG, Thematic and Capped Indexes?

Yes. The securities impacted by Executive Order 13959, as amended by Executive Order 14032, are excluded from the MSCI Factor, ESG, Thematic and Capped Indexes that have the MSCI ACWI Indexes or the MSCI China All Shares Indexes as underlying or parent index, applying the same timeframes for deletion and exclusion.

Does MSCI apply the same treatment in MSCI Factor, ESG, Thematic and Capped Indexes for securities which had been but are no longer impacted under the amended Order?

Securities which had been but are no longer impacted under the amended Order become eligible for potential inclusion in the MSCI Factor, ESG, Thematic and Capped Indexes that have the MSCI ACWI Indexes or the MSCI China All Shares Indexes as underlying or parent index, subject to the relevant index inclusion methodology and starting from the next applicable Quarterly Index Review.

Are securities impacted by the amended Order excluded from MSCI's custom indexes?

Yes. The securities impacted by the amended Order generally are excluded from the custom indexes that have the MSCI ACWI Indexes or the MSCI China All Shares Indexes as underlying or parent index.

If another treatment is requested, parallel versions of current custom indexes will also be available upon request. MSCI reminds users of its indexes for any purpose, including both indexed and active management, that they are responsible for ensuring compliance with all applicable sanctions and any other rules, regulations, prohibitions, laws and other restrictions applicable to their portfolios, trading and other investment activity.

Is the same treatment applied to the MSCI China A and China A RMB Indexes?

Yes. The securities impacted by the amended Order are excluded from the MSCI China A and China A RMB Indexes.

Similarly, securities which had been but have ceased to be impacted under the amended Order become eligible for potential inclusion in the MSCI China A and China A RMB Indexes starting from the next applicable Quarterly Index Review.

Is same treatment applied to the MSCI China A Onshore Indexes?

No. MSCI will not delete securities from the MSCI China A Onshore Indexes in connection with the amended Order. MSCI reminds users of its indexes for any purpose, including both indexed and active management, that they are responsible for ensuring compliance with all applicable sanctions and any other rules, regulations, prohibitions, laws and other restrictions applicable to their portfolios, trading and other investment activity.

Has MSCI separately made available a list of impacted indexes?

Yes. The list of impacted MSCI Indexes is available on: <https://www.msci.com/index-consultations>

What will MSCI do should there be further updates to the securities impacted by Executive Order 13959, as amended by Executive Order 14032?

Any updates to the above referenced list of securities, made through a communication released by OFAC will also result in any added securities being deleted from the MSCI GIMI, from related non-market capitalization weighted indexes and from relevant custom indexes. MSCI would issue a separate announcement detailing the treatment related to any such updates.

Did MSCI seek feedback from clients with regards to Executive Order 13959?

MSCI extended a broad outreach and collected feedback from market participants globally from November 20 to December 4, 2020 in relation to the Order.

More than 100 U.S. and non-U.S. market participants provided feedback and indicated generally that the Order has a significant impact on the investment processes of global investors. Consultation participants highlighted that the Order challenges the investability of the impacted securities from the perspective of institutional investors.

Does MSCI provide indexes that include securities excluded from the MSCI GIMI due to Executive Order 13959, as amended by Executive Order 14032?

MSCI publishes global, regional and country indexes (e.g., ACWI, Emerging Markets, China) that continue to retain the securities deleted from the MSCI GIMI due to the Order. Parallel versions of custom indexes are also available upon request.

MSCI reminds users of its indexes for any purpose, including both indexed and active management, that they are responsible for ensuring compliance with all applicable sanctions and any other rules, regulations, prohibitions, laws and other restrictions applicable to their portfolios, trading and other investment activity.

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