MSCI Methodology Book

MSCI Small Cap Index Series Methodology

INDEX CONSTRUCTION OBJECTIVES, GUIDING PRINCIPLES AND METHODOLOGY FOR THE MSCI SMALL CAP EQUITY INDEX SERIES

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MSCI Barra develops and maintains equity, fixed income, multi-asset class, REIT and hedge fund indices that serve as benchmarks for an estimated USD 3 trillion on a worldwide basis. MSCI Barra's risk models and analytics products help the world's largest investors analyze measure and manage portfolio and firm-wide investment risk. MSCI Barra is headquartered in New York, with research and commercial office around the world. Morgan Stanley, a global financial services firm and market leader in securities, asset management, and credit services, is the majority shareholder of MSCI Barra, and Capital Group International, Inc. is the minority shareholder.

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Introduction

MSCI: A Leading Global Benchmark Provider

Morgan Stanley Capital International Inc. ("MSCI") is a leading provider of global equity, US equity, fixed income hedge fund and multi-asset class indices, and benchmark related products and services to investors worldwide.

Equity Indices

MSCI provides global equity indices, which over the last 30 years have become the most widely used international equity benchmarks by institutional investors. Almost 2,000 organizations worldwide currently use MSCI global equity benchmarks. Sector, industry groups, and industry indices are calculated based on the Global Industry Classification Standard (GICS®), developed by MSCI and Standard and Poor's. In addition, MSCI provides value and growth indices for developed and emerging markets based upon a two-dimensional, multifactor methodology for style definition and segmentation. In 2002, MSCI launched a new family of US Equity Indices to provide broad and comprehensive coverage of the US equity market. This family of indices consists of a Broad Market Index and its various capitalization, style and sector sub-indices.

Fixed Income Indices

MSCI provides a wide range of global fixed income indices for the investment community, including indices for Sovereign, Investment Grade and High Yield debt markets, as well as the Interest Rate Swaps market. The MSCI Fixed Income Indices are unique in their use of an industry classification system based on the GICS.

Hedge Fund Indices

In July 2002, MSCI launched a family of hedge fund indices based on a comprehensive classification system – The MSCI Hedge Fund Classification Standard℠ – and a growing fund database, the MSCI Hedge Fund Database℠. The MSCI Hedge Fund Indices aim to reflect the composition and performance characteristics of the entire hedge fund opportunity set and as such include open as well as closed funds. In parallel, MSCI has developed an innovative index construction and maintenance methodology for investable hedge fund indices. The MSCI investable hedge fund composite-level indices aim to reflect the aggregate performance of a diversified range of hedge fund strategies and are designed to be replicable in investment vehicles linked to the indices.

Global Capital Markets Indices

MSCI has now launched the MSCI Global Capital Markets Index. This index is designed to provide a framework for global diversification by depicting the global opportunity set of marketable, liquid and investable financial securities that are available to all international investors, irrespective of their domicile. It currently includes equity and fixed income securities which are represented by MSCI's family of equity and fixed income indices.

Executive Summary

The MSCI Equity Index Series

The objective of MSCI, with respect to its Equity Index Series, is to construct global benchmark indices that contribute to the investment process by serving as relevant and accurate performance benchmarks and effective research tools, and as the basis for various investment vehicles. As such, the MSCI Equity Index Series are designed to fulfill the investment needs of a wide variety of global institutional investors. In constructing these indices, MSCI consistently applies its equity index construction and maintenance methodology across regions and markets. This consistency of approach makes it possible to aggregate individual country and industry indices to create meaningful regional and composite benchmark indices.

MSCI has constructed its equity indices with the same objectives in mind for more than 30 years. The MSCI Small Cap Index Series was introduced in January 1998 in order to meet the growing interest in international institutional small cap investing based on a uniform, absolute market capitalization size range applied globally. Over the years, as the markets have evolved, MSCI's methodology has also evolved in order to ensure that the MSCI Equity Index Series continues to accurately represent the opportunities available to global institutional investors. Importantly, while the methodology has evolved, the index construction objectives and guiding principles have remained paramount.

Methodology and the MSCI Small Cap Index Series

The MSCI Small Cap Index Series adjusts the market capitalization of index constituents for free float and targets for index inclusion 40% of the full market capitalization of the eligible small cap universe within each industry group in each country. Currently, MSCI calculates the Small Cap Index Series for 23 countries in the developed markets. The market capitalization range that defines the small cap universe is USD 200 – 1,500 million in terms of the company's full market capitalization.

This Methodology Book describes MSCI's index construction objectives, guiding principles, and the methodology for the Small Cap Index Series. Certain specific aspects of MSCI's Small Cap Index Series methodology are treated in appendices at the end of the Methodology Book. Any updates for the methodology will be posted on the web site www.mscibarra.com. Other useful methodology guidelines can be found in the same link.

This version of the MSCI Small Cap Index Series Methodology Book is effective as of the close of March 28, 2007.

Section 1: Small Cap Index Construction Objectives and Guiding Principles

1.1 Purpose and Objectives

MSCI's objective is to construct small cap equity "benchmark indices" that contribute to the investment process in the following ways. First, they serve as a gauge for measuring the performance of the small cap segment of equity markets. In so doing, these indices also serve as performance benchmarks in the measurement and attribution of the performance of an investment strategy. Second, they may be used as a research tool for a variety of purposes, including the strategic asset allocation process. Performance benchmarks provide an important historical perspective on the various dimensions of investment performance of asset classes, such as returns, volatility of returns, and correlations. This historical perspective may serve as a useful guide in the determination of an appropriate strategic asset mix. Finally, benchmark indices may serve as a basis for investment vehicles designed to replicate the performance of a market or to implement and manage an investment policy. Given these uses, MSCI's benchmark indices are designed to fulfill the investment needs of a wide variety of global institutional investors.

1.2 Guiding Principles

MSCI strives to achieve the objective of providing global benchmark small cap equity indices by adhering to the following guiding principles in the design and implementation of its index construction and maintenance methodology.

1.2.1 Broad and Fair Market Representation

MSCI's Small Cap Index Series is constructed and managed with a view to providing broad and fair representation of a universe of opportunities defined by a fixed range of company full market capitalization size. In the abstract, a small cap total universe index, representing all listed securities of companies within that range, would achieve this goal. In practice, however, a small cap total universe index may be difficult to use as a true performance benchmark, as it will include a large number of securities, some of which are illiquid and thus difficult for international small cap investors to reflect in their portfolios. Therefore, MSCI defines broad and fair market representation as an accurate reflection in the indices of the structure and distribution of business activities and size of companies across and within industries that international small cap institutional investors can gain exposure to. MSCI strives to achieve the objective of broad and fair market representation by following a bottom-up sampling approach to index construction. This approach, which builds the indices from the industry group level up, aims to capture the structure and other characteristics of the underlying small cap range, but does so with securities that are practically replicable in global small cap institutional portfolios of reasonable size. Specifically, to implement this approach, a target of 40% of the full market capitalization of the eligible small cap universe within each industry group, within each country is used as a guideline. This guideline, given the structure of the small cap universe, strikes an appropriate balance between broad and fair market representation and investability of indices as it does not result in a disproportionate number of securities represented in the indices.

In order to achieve the 40% target representation and simultaneously ensure a good distribution of constituents by size within the targeted range, constituents within each industry group are selected in descending order of Annualized Traded Value Ratio (ATVR) rather than descending order of size. A formal definition of the ATVR is available in section 2.3.1.2. This sampling approach implies that MSCI does not target a specific number of securities in its country indices. The number of constituents included in an index is dependent on the breadth and depth of the underlying small cap equity market segment and on the distribution of securities ranked by ATVR within each industry group.

1.2.2 Investability and Replicability

MSCI's Equity Index Series is constructed and managed with a view to being investable from the perspective of international institutional investors. MSCI strives to achieve this objective by providing indices that are replicable. This includes representing constituents in the index at weights that can easily and cost effectively be reflected in global institutional small cap portfolios of reasonable size. This objective is achieved by a) free float adjusting constituent weights, taking into account any Foreign Ownership Limits (FOLs) and other restrictions that hinder the implementation of the investment process for international institutional investors and b) selecting securities with the highest ATVR for inclusion in the indices.

1.2.3 Consistency of Approach

MSCI's Equity Index Series is constructed and managed with a view to providing consistency of approach across all markets around the world. This objective is achieved by applying MSCI's index construction and management methodology, including its rules and guidelines, in a consistent fashion across all developed markets. The consistent application of index methodology to all markets also makes it possible to apply a "building block" approach in the construction of regional and composite indices. Under this approach, individual MSCI Small Cap country indices can be aggregated to create relevant, accurate, and comparable regional (e.g., MSCI Europe Small Cap Index) and composite (e.g., MSCI EAFE Small Cap Index) benchmark indices.

1.2.4 Continuity and Index Turnover

MSCI's Equity Index Series is managed with a view to ensuring the continuity of the indices. Continuity refers to the consistent application of index methodology over time. It also implies that the primary, but not the only, concern when considering additions and deletions is the continuity of eligible constituents in the index being reviewed. In emphasizing continuity, MSCI wishes to provide improved predictability of and greater stability to, the indices.

MSCI's Equity Index Series is also managed with the objective of keeping the level of index turnover relatively low, while at the same time reflecting the evolution of markets in a timely fashion. As such, costs associated with reflecting the changes in the MSCI Indices in a portfolio may be maintained at a reasonable level.

1.2.5 Transparency

MSCI's Equity Index Series is constructed and managed with a view to being transparent in the context of MSCI's index construction objectives, guiding principles and methodology. These objectives, guiding principles and methodology are clearly specified and published. MSCI also has a policy of announcing all significant changes to its indices in advance of implementing such changes. As a matter of policy, MSCI generally does not comment on any potential changes to the indices, including but not limited to the potential inclusion of constituents before the changes are made known to clients. In addition, MSCI does not comment in detail or provide a breakdown of the shareholder ownership of securities due to the potentially price-sensitive nature of such information.

1.2.6 Independence and Objectivity

MSCI's Equity Index Series is constructed and managed with a view to providing independent and objective editorial and content decisions. With respect to editorial decisions, MSCI operates completely independently of all interest groups, including its shareholders, and manages its family of equity indices based on publicly available information. The fact that MSCI is editorially independent and objective does not preclude MSCI from considering the views and suggestions of our clients and other users of our products and services. To the contrary, MSCI believes in engaging all stakeholders by frequently soliciting feedback, counsel, and guidance relating to all aspects of index construction and maintenance. MSCI carefully considers and analyzes all the feedback received from various constituencies, and the final decisions are taken independently of any single interest group or stakeholder and have the sole objective of preserving or enhancing the quality of the MSCI indices.

Section 2: Constructing the MSCI Small Cap Index Series

To construct relevant and accurate equity indices for global institutional investors under the Small Cap Index Series Methodology, MSCI undertakes an index construction process, which involves:

- Defining the small cap equity universe.
- Classifying the securities in the small cap equity universe under the Global Industry Classification Standard (GICS).
- Selecting securities for inclusion according to MSCI's Small Cap Index construction rules and guidelines.
- Adjusting the full market capitalization of all selected securities for free float available to foreign investors.

2.1 Defining the Small Cap Equity Universe

The index construction process starts at the country level, with the identification of the universe of investment opportunities. Currently, MSCI creates the Small Cap Index Series for all developed markets as classified by MSCI.

MSCI classifies each company and its securities in one and only one country. This allows securities to be sorted distinctly by their respective countries. In general, companies and their respective securities are classified as belonging to the country in which they are incorporated. All listed equity securities, or listed securities that exhibit characteristics of equity securities, except investment trusts[1], mutual funds, equity derivatives, and limited partnerships, are generally eligible for inclusion in the universe. Generally, only equity or equity-like securities listed in the country of classification are included in the universe. These are considered fully even if a subset serves as a basis of creation of depository receipts. For further details on domicile determination, see Appendix I, entitled "Country Classification of Securities".

All listed equity securities of companies that have a company full market capitalization in the range of USD 200 – 1,500 million comprise the small cap equity universe in each country.

2.2 Classifying Securities Under the Global Industry Classification Standard (GICS)

After determining the small cap equity universe, all securities in the universe are assigned to the industry that best describes their business activities. To this end, MSCI has designed, in conjunction with Standard & Poor's, the Global Industry Classification Standard (GICS). This comprehensive classification scheme provides a universal approach to industries worldwide and forms the basis for achieving MSCI's objective of reflecting broad and fair industry representation in its indices.

[1] Real Estate Investment Trusts (REITs) in certain countries are eligible for inclusion in the universe. Certain Income Trusts are eligible for inclusion in the MSCI Canada Equity Universe. Please refer to Appendix I for details.

2.2.1 Structure of the Global Industry Classification Standard (GICS)

The Global Industry Classification Standard (GICS) consists of 10 sectors, 24 industry groups, 67 industries, and 147 sub-industries. These four industry groupings are strictly hierarchical, as shown below.

The Global Industry Classification Standard (GICS)

10 Sectors

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24 Industry Groups

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67 Industries

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147 Sub-Industries

2.2.2 Industry Classification of Companies under the GICS

Under the Global Industry Classification Standard (GICS), each company is assigned uniquely to one sub-industry according to its principal business activity. Therefore, a company can only belong to one industry grouping at each of the four levels of the GICS.

Classifying securities into their respective sub-industries can be complex, especially in an evolving and dynamic environment. The GICS guidelines used to determine the appropriate industry classification are:

- A security is classified in a sub-industry according to the business activities that generate approximately 60% or more of the company's revenues.
- A company engaged in two or more substantially different business activities, none of which contributes 60% or more of revenues, is classified in the sub-industry that provides the majority of both the company's revenues and earnings.
- Where the above guidelines cannot be applied, or are considered inappropriate, further analysis is conducted, and other factors are analyzed to determine an appropriate classification.

For further details on the GICS, see Appendix III, entitled "Global Industry Classification Standard (GICS)".

2.3 Selecting Securities for Index Inclusion

In order to ensure a broad and fair representation in the indices of the diversity of business activities in the small cap universe, the MSCI Small Cap Index Series is built from the industry group level up using a systematic approach based on selecting for index inclusion the securities with the highest ATVR.

In its Small Cap Index Series, MSCI targets 40% of the full market capitalization of the eligible small cap universe within each industry group, within each country.

The security selection process within each industry group is based on the careful analysis of:

- Capitalization size of the company and its individual share classes.
- ATVR of the securities in the eligible market capitalization size range.
- Estimated free float of the company and its individual share classes.
- Length of trading and other index eligibility criteria.

2.3.1 Index Constituent Eligibility Rules and Guidelines

In order to ensure the investability of the MSCI Small Cap Index Series, the following index eligibility rules and guidelines for index inclusion are applied in the index construction process.

Some rules and guidelines are applied at the security level, rather than the company level. As such, the inclusion or deletion of one share class does not imply the automatic inclusion or deletion of the other share classes of the same company.

2.3.1.1 Market Capitalization Size

All new companies and securities that are considered for inclusion in the MSCI Small Cap Index Series must have a company full market capitalization in the range of USD 200 – 1,500 million and a minimum free float-adjusted security market capitalization of USD 100 million.

2.3.1.2 Liquidity Screening

All securities that are considered for inclusion or are currently included in the MSCI Small Cap Index Series must be characterized by an adequate ATVR as determined by the liquidity screening procedure described below.

Liquidity screening is carried out by ranking securities in a country's small cap universe in descending order of ATVR.

The ATVR of each security is calculated as a 3-step process described below:

- First, monthly median traded values are computed using the daily median traded value, multiplied by the number of business days in the month. The daily traded value of a security is equal to the number of shares traded during the day, multiplied by the closing price of that security. The daily median traded value is defined as the median of the daily traded values in a given month.

- Second, the monthly median traded value ratio is obtained by dividing the monthly median traded value of a security by its full market capitalization at the end of the month.

- Third, the ATVR is obtained by taking the average of the monthly median traded value ratios of the previous 12 months - or the number of months for which this data is available - and multiplying it by 12.

Only securities with an ATVR of at least 5% and that belong to the top 80% of the cumulative full market capitalization of the country's small cap universe ranked by descending order of ATVR are eligible for index inclusion.

Companies and Securities with FIF Less than 0.15

Securities of companies with an overall FIF of less than 0.15 across all share classes are generally not eligible for inclusion. In addition, an individual share class with a FIF of less than 0.15 is also generally not eligible for inclusion in the MSCI Small Cap Equity Indices.

2.3.1.3 Length of Trading

New issues become eligible for index inclusion only if they have a minimum of six months of trading history.

2.3.1.4 Other Index Inclusion Criteria

After the index constituents have been initially determined through the application of liquidity screens and other rules, qualitative checks are carried out to ensure that companies in bankruptcy or under a formal takeover bid are not selected for index inclusion.

2.3.2 Target Market Representation and Constituent Selection

As mentioned above, in constructing the MSCI Small Cap Index Series, MSCI aims to achieve a uniform 40% full market capitalization representation of the eligible small cap universe within each industry group, within each country. This target coverage level is achieved by ranking all eligible securities within each industry group in descending order of ATVR and selecting securities for index inclusion until approximately 40% of the full market capitalization of the industry group is covered by the selected securities. This security selection procedure also implies that MSCI does not target a specific number of securities for inclusion in the indices.

In order to ensure the continuity of the indices and to minimize index turnover, the security selection process begins with the existing eligible constituents. Thereafter, securities are selected for index inclusion in order to come as close to the 40% target representation as possible.

2.3.2.1 Target Market Representation and Constituent Selection

The size distribution, ATVR ranking and availability of eligible securities within an industry group may lead to a representation level which may be different from the 40% target level. As a result, the realized market representation for an industry group may remain below or exceed the 40% target representation guideline. In these instances the security selection is carried out with the objective of minimizing the divergence between the 40% representation guideline and the representation level actually achieved in the indices.

Example:

<u>Over-representation</u>

Suppose that 5 securities, 4 of them eligible for index inclusion, constitute the Banks industry group in a given country. In descending order of ATVR, the eligible securities are Little Bank, Micro Bank, Medium Bank, and Small Bank, accounting for 10%, 5%, 45% and 20% of the full market capitalization of the industry group, respectively.

Including the first two securities Little Bank and Micro Bank in the index would yield an industry group representation of 15%, which is 25 percentage points below the desired target representation of 40%. Including Medium Bank in the index, in addition to Little Bank and Micro Bank, would result in the industry group representation increasing to 60%, which is 20 percentage points above the 40% targeted guideline. Therefore, it would be more appropriate to include the Little Bank, Micro Bank and Medium Bank such that the resulting industry group representation would be closer to the 40% target.

Example:

<u>Under-representation</u>

Suppose that 4 securities, 3 of them eligible for index inclusion, constitute the Capital Goods industry group in a given country. In descending order of ATVR, the eligible securities are Construction Company, Engineering Corp and Building Co, accounting for 20%, 10% and 60% of the full market capitalization of the industry group, respectively.

Including Construction Company and Engineering Corp in the index would yield an industry group representation of 30%, which is 10 percentage points below the desired target representation of 40%. In addition to these securities, if Building Co was added to the index, the industry group representation would increase to 90%, which is 50 percentage points above the 40% targeted guideline. In this case, Building Co would not be added to the index and the industry group representation would remain at 30%.

2.3.2.2 Industry Groups Represented by a Single Security

In cases where only one eligible security represents an industry group, that security will be chosen for index inclusion.

2.3.2.3 Target Market Representation Calculation

It should be noted that the calculation of the target market representation does not take into account existing index constituents that lie outside the small cap universe range of company full market capitalization of USD 200 – 1,500 million and, due to the application of buffer rules during the semi-annual index reviews, are maintained in the MSCI Small Cap Index Series. Buffer rules are size, liquidity and industry group representation criteria allowing existing constituents to remain in the indices to reduce turnover and are detailed in section 3.1.3.1. These buffer rules facilitate a relatively stable representation of the MSCI Small Cap Index Series. The calculation of the MSCI Small Cap Index representation of a given industry group within a given country is given by the following ratio:

$$\frac{\text{Full market capitalization of all securities in the MSCI Small Cap Index within the small cap range}}{\text{Full market capitalization of all securities in the small cap range}}$$

2.4 Adjusting the Full Market Capitalization of Selected Securities for Free Float

After selecting securities, MSCI calculates the free float-adjusted market capitalization of each security in order to represent the securities in the Small Cap Index Series at their investable weight. The process of free float adjusting market capitalization involves:

- Defining and estimating the free float available to foreign investors for each security, using MSCI's definition of free float.
- Assigning a free float-adjustment factor to each security.
- Calculating the free float-adjusted market capitalization of each security.

2.4.1 Defining and Estimating Free Float

MSCI Barra defines the free float of a security as the proportion of shares outstanding that are deemed to be available for purchase in the public equity markets by international investors. In practice, limitations on free float available to international investors include:

- Strategic and other shareholdings not considered part of available free float.
- Limits on share ownership for foreign investors.

MSCI Barra's estimation of free float is based solely on publicly available shareholder information obtained from multiple information sources. For each security, all available shareholdings are considered where public data is available, regardless of the size of the shareholding. MSCI Barra may consult with analysts, other industry experts and official company contacts, particularly where disclosure standards or data quality make the estimation of free float difficult.

For further details on the MSCI Barra's free float definition, see Appendix II, entitled "Free Float Definition and Estimation Guidelines".

The estimation of free float available to international investors for securities with or without foreign ownership limits is explained below.

2.4.1.1 Securities Not Subject to Foreign Ownership Limits (FOLs)

For securities not subject to FOLs, the free float of a security is estimated as its total number of shares outstanding less shareholdings classified as strategic and/or non-free float. Examples of shares excluded from free float are stakes held by strategic investors such as governments, corporations, controlling shareholders and management.

Non-Free Float Shareholdings (%) =	Number of Shares Classified as Non-Free Float divided by the Total Number of Shares

Free Float (%)	=	100% minus Non-Free Float Shareholdings (%)

2.4.1.2 Securities Subject to FOLs

For securities subject to FOLs, the estimated free float available to foreign investors is equal to the lesser of:

- Estimate of free float, as defined above.
- FOL adjusted for non-free float stakes held by foreign investors.

> Free Float for Foreign Investors (%) =
> Minimum of:
> - 100% minus Non-Free Float Shareholdings, Including Domestic and Foreign Shareholdings
> - FOL minus Foreign Non-Free Float Shareholdings

2.4.2 Assigning a Free Float-Adjustment Factor

MSCI Barra free float adjusts the market capitalization of each security using an adjustment factor referred to as the Foreign Inclusion Factor (FIF).

2.4.2.1 Securities Not Subject to FOLs

For securities not subject to FOLs, the FIF is equal to the estimated free float, rounded up to the closest 5%.

2.4.2.2 Securities Subject to FOLs

For securities subject to FOLs, the FIF is equal to the lesser of:

- Estimated free float available to foreign investors, rounded up to the closest 5%.
- FOL rounded to the closest 1%.

2.4.2.3 Securities Affected by Other Foreign Investment Restrictions

For securities affected by other foreign investment restrictions, which hinder the efficient implementation of the investment process for foreign investors, an additional adjustment factor, referred to as the Limited Investability Factor (LIF), is applied. In these special cases, the free float adjusted for limited investability is defined as the product of the available free float for foreign investors and the Limited Investability Factor.

Free Float-Adjusted for Limited Investability = Free Float for Foreign Investors times the LIF

Therefore, for securities subject to other foreign investment restrictions, the Foreign Inclusion Factor is equal to the lesser of:

- Estimated free float adjusted for limited investability, rounded up to the closest 5%.
- FOL rounded to the closest 1%.

2.4.3 Calculating the Free Float-Adjusted Market Capitalization

The free float-adjusted market capitalization of a security is calculated as the product of the FIF and the security's full market capitalization.

Free Float-Adjusted Market Capitalization = FIF times the Security's Full Market Capitalization

The following examples illustrate the calculation of the free float-adjusted market capitalization of securities with and without FOLs.

Example:
Calculating Free Float-Adjusted Market Capitalization:
Securities Not Subject to FOLs

	Company A
Total number of shares outstanding	10,000,000
Number of shares classified as non-free float	4,300,000
Non-free float shareholding (%)	43.0%
Free float (%)	57.0%
Foreign Inclusion Factor (FIF)	**0.60**
Market price ($)	50
Full market capitalization ($ mm)	500
Free float-adjusted market capitalization ($ mm)	**300**

Example:
Calculating Free Float-Adjusted Market Capitalization:
Securities Subject to FOLs

	Company B	*Company C*
Total number of shares outstanding	10,000,000	10,000,000
All shares classified as non-free float	4,000,000	4,000,000
- those held by foreign investors as strategic	-	1,000,000
Total non-free float shareholdings (%)	40.0	40.0
Free float (%)	**60.0**	**60.0**
Foreign ownership limit (%)	33.3	33.3
Foreign strategic shareholding (%)	0.0	10.0
Foreign ownership limit less the foreign strategic shareholding (%)	**33.3**	**23.3**
Foreign Inclusion Factor (FIF)	**0.33**	**0.25**
Market price ($)	50	50
Full market capitalization ($ mm)	500	500
Free float-adjusted market capitalization ($ mm)	**165**	**125**

Section 3: Maintaining the MSCI Small Cap Index Series

The MSCI Small Cap Index Series is maintained with the objective of reflecting the evolution of the underlying small cap universe on a timely basis. In maintaining the indices, emphasis is also placed on continuity and on minimizing unnecessary index turnover.

Maintaining the indices involves many aspects, including additions to, and deletions from the indices and changes in number of shares and changes in FIFs as a result of updated free float estimates.

The Small Cap Index Series is fully reviewed on a semi-annual basis, at the end of May and November. During the quarterly index reviews minor adjustments are made, including changes in FIFs and updates in number of shares, which are implemented at the end of February and August. In addition, consistent with the index methodology in maintaining existing MSCI international equity indices, MSCI reflects corporate events in the indices as they occur.

Generally, index maintenance falls within the following three broad categories of implementation of changes:

- Semi-annual index reviews, intended to reconstitute the Small Cap Index Series on the basis of a new eligible small cap universe while taking buffer rules into consideration. During the May Semi-annual Index Review, the free float of all constituents is also systematically reassessed.
- Quarterly index reviews, aimed at promptly reflecting significant market events and their corresponding impact on FIFs.
- Ongoing event-related changes, which are generally implemented in the indices as they occur.

3.1 Semi-Annual Index Review

The semi-annual index review involves a comprehensive review of the Small Cap Index Series. In addition, during the May Semi-annual Index Review, the free float of all constituents is also systematically reassessed.

3.1.1 Semi-Annual Index Review Process

During each semi-annual index review, a new eligible small cap universe is identified. The index review process is based on the index construction methodology outlined in Section 2 and the application of the buffer rules, which are detailed in Section 3.1.3.1.

3.1.2 Semi-Annual Index Review Additions

Potential additions of eligible securities are considered, based on their ranking in descending order of ATVR, with a view to bringing the representation in each industry group in each country as close as possible to the targeted 40% full market capitalization of eligible securities within the small cap range.

3.1.3 Semi-Annual Index Review Deletions

During the Semi-annual Index Review, securities will be considered for deletion if they become ineligible or if the industry group representation significantly exceeds the 40% target. However, in order to avoid excessive short-term turnover, buffer rules are put in place for existing constituents. Potential deletions of securities due to excessive industry group representation are considered, starting with securities with the lowest ATVR.

3.1.3.1 Buffer Rules for Existing Constituents

Existing constituents, which satisfy the size and liquidity eligibility criteria for new constituents (sections 2.3.1.1 and 2.3.1.2) are generally maintained in the MSCI Small Cap Index unless the representation of the industry group significantly exceeds 60%.

Existing constituents, which do not satisfy the size and/or liquidity eligibility criteria for new constituents described in Sections 2.3.1.1 and 2.3.1.2 are generally maintained in the MSCI Small Cap Index, unless:

- The full market capitalization of the company
  - exceeds USD 2,500 million,
  - has exceeded USD 1,500 million for at least 9 consecutive months,
  - falls below USD 120 million,
- The free float-adjusted market capitalization of the security falls below USD 60 million
- The security's ATVR falls below 2.5% or in the bottom 10% of the market capitalization in the small cap range calculated by descending order of ATVR.

3.1.4 Semi-Annual Index Review Changes in FIFs and Number of Shares

During the November Semi-annual Index Review, significant changes in free float estimates and corresponding changes in the FIFs for constituents, related to relatively large events, are reflected in the indices. Changes may result from the following:

- Large market transactions, involving strategic shareholders, that are publicly announced (For example transactions made by way of immediate book building and other processes, e.g. block sales or block buy).
- Secondary offerings that, given the lack of sufficient notice, were not reflected immediately, and secondary offerings that represent less than 5% of the security's number of shares.
- Increases in FOLs.
- Decreases in FOLs not applied earlier as they did not oblige foreign investors to immediately sell shares in the market.
- Corrections resulting from the reclassification of shareholders from strategic to non-strategic, (and vice versa) and rectification of treasury number of shares outstanding.
- Update of FIFs following the public disclosure of the new shareholder structure for companies involved in mergers, acquisitions or spin-offs, where different from MSCI's pro forma free float estimate at the time of the event.
- Large conversions of exchangeable bonds and other similar securities into already existing shares.
- End of lock-up periods or expiration of loyalty incentives for non-strategic shareholders, which determine the reclassification of these shareholdings and result in an increase in free float.
- Changes in FIFs resulting from other events of similar nature.

In addition, during the May Semi-annual Index Reviews, MSCI conducts a detailed review of the shareholder information used to estimate free float for constituents. The review is comprehensive, covering all aspects of shareholder information.

For further details on FIF changes that are implemented during the May and November Semi-annual Index Reviews, see Appendix IV, entitled "Quarterly and Semi-Annual Index Review Changes in FIFs".

During the November Semi-annual Index Review, updates in number of shares are also implemented. They are generally small changes in a security's shares outstanding and result from, among other things:

- Exercise of options or warrants and employee stock option plans.
- Conversion of convertible bonds or other instruments, including periodical conversion of preferred stocks, and small debt-to-equity swaps.
- Periodical share buybacks and cancellation of treasury shares
- Increases in a security's number of shares resulting from acquisition of non-listed companies and conversion of unlisted shares.
- Increases of less than 5% in a security's number of shares resulting from any equity offerings.
- Other changes in number of shares resulting from events that could not be implemented on or near the effective dates, and where no price adjustment factor (PAF) is necessary.
- Share cancellations.

Updates in number of shares implemented as part of the Semi-annual Index Review could also trigger a review of the free float of the security. Any resultant change in FIF would be implemented simultaneously. The updates in number of shares policy applies to both May and November Semi-annual Index Reviews.

3.1.5 Semi-Annual Index Review Frequency and Timing of Implementation

The Semi-annual Index Review is conducted every 6 months and is implemented as of the close of the last business day of May and November.

3.2 Quarterly Index Reviews

The quarterly index review process is designed to ensure that the indices continue to be an accurate reflection of evolving equity markets. This is achieved by rapidly reflecting significant market events affecting constituents and their corresponding impacts on FIFs, which were not captured at the time of their actual occurrence.

Quarterly index reviews may result in changes in FIFs and updates in number of shares for existing constituents. There are no new additions to the Small Cap Index Series at the quarterly index review. Deletions are limited to securities that have become ineligible for inclusion.

3.2.1 Quarterly Index Review Changes in FIFs and Number of Shares

The scope of the changes in FIFs at the quarterly index reviews is equivalent to the scope of the November Semi-annual Index Review changes in FIFs, as described in Section 3.1.4 entitled "Semi-Annual Index Review Changes in FIFs and Number of Shares."

Changes in number of shares during the quarterly index reviews are those typically implemented during Semi-annual Index Reviews, as outlined in Section 3.1.4.

For further details on FIF changes that are implemented during a quarterly index review, see Appendix IV, entitled "Quarterly and Semi-Annual Index Review Changes in FIFs".

3.2.2 Quarterly Index Review Frequency and Timing

The implementation of changes resulting from a quarterly index review occurs on only two dates throughout the year: as of the close of the last business day of February and August.

3.3 Ongoing Event-Related Changes

Ongoing event-driven changes to the indices are the result of mergers, acquisitions, spin-offs, bankruptcies, reorganizations and other similar corporate events. They can also result from capital reorganizations in the form of rights issues, bonus issues, public placements and other similar corporate actions that take place on a continuing basis. These changes are generally reflected in the indices at the time of the event.

General principles that are applied in the treatment of these ongoing event-related changes are described in the following pages. The handling of ongoing event-related changes can be classified in two broad categories:

- Corporate events affecting existing index constituents.
- Corporate events affecting non-index constituents.

3.3.1 Corporate Events Affecting Existing Index Constituents

Corporate events can affect existing index constituents in various ways:

- Changes in Foreign Inclusion Factors (FIFs), number of shares or industry classification for existing index constituents
- Early inclusions of non-index constituents
- Early deletions of existing index constituents

3.3.1.1 Changes in FIFs, Number of Shares or Industry Classification for Existing Constituents

In order to ensure that the index accurately reflects the investability of the underlying securities, it is a policy to coordinate changes in number of shares with changes in FIFs.

Therefore, when two companies merge, or a company acquires or spins-off another company, the free float of the resulting entity is estimated on a pro forma basis, using pro forma number of shares if applicable, and the corresponding FIF is applied simultaneously with the event. Other corporate events, which result in changes in shareholder structure, and therefore the FIFs, are typically reflected in the indices simultaneously with the implementation of the event in the index. Any other pending shareholder information updates or reclassifications are generally also reflected in the pro forma free float estimations related to the event. In addition, when appropriate, the number of shares changes resulting from the corporate event also incorporates any pending updates in number of shares.

Other corporate events, which result in a change in shareholder structure or FOLs and therefore the FIFs, will typically be reflected in the indices simultaneously with the implementation of the event in the index. Any other pending shareholder information updates or reclassifications will generally also be reflected in the pro forma free float estimation related to the event.

In the cases of a decrease in FOLs in which foreign investors are obliged to immediately sell shares in the market, such change will be implemented in the indices as soon as possible.

Changes in number of shares and FIF resulting from primary equity offerings representing more than 5% of the security's number of shares are generally 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. A primary equity offering involves the issuance of new shares by a company.

Changes in number of shares and FIF resulting from primary equity offerings representing less than 5% of the security's number of shares are deferred to the next regularly scheduled Quarterly Index Review following the completion of the event.

For public secondary offerings of existing constituents representing more than 5% of the security's number of shares, where possible, MSCI Barra will announce these changes and reflect them shortly after the results of the subscription are known. Secondary public offerings that, given lack of sufficient notice, were not reflected immediately will be reflected at the next Quarterly Index Review. Secondary offerings involve the distribution of existing shares of current shareholders' in a listed company and are usually pre-announced by a company or by a company's shareholders and open for public subscription during a pre-determined period.

For US securities, increases in number of shares and changes in FIF resulting from primary equity offerings and from secondary offerings representing at least 5% of the security's number of shares will be implemented as soon as practicable after the offering is priced. Generally, implementation takes place as of the close of the same day that the pricing of the shares is made public. If this is not possible, the implementation will take place as of the close of the following trading day.

Changes in industry classification resulting from a corporate event are generally implemented simultaneously with the event. Other changes in industry classifications are implemented at the end of the month.

3.3.1.2 Early Inclusion of Non-Index Constituents

When there is a corporate event affecting index constituents, non-index constituents that are involved in the market event are generally considered for immediate inclusion in the MSCI indices as long as the post-event company's full market capitalization is in the range of USD 120 – 2,500 million and its free float-adjusted security market capitalization is above USD 60 million.

For example, if a non-constituent company acquires a constituent company, the constituent company's securities may be replaced by the securities of the acquiring company. Similarly, if a constituent company merges with a non-constituent company, the merged company may replace the constituent company. In addition, securities spun-off from existing constituents may be considered for early inclusion at the time of the event.

3.3.1.3 Early Deletion of Existing Index Constituents

MSCI will remove from the Small Cap Index Series as soon as practicable, securities of companies that file for bankruptcy, companies that file for 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.

When the primary exchange price is not available, MSCI will delete securities at an over the counter or equivalent market price when such a price is available and deemed relevant. If no over the counter or equivalent price is available, the company will be deleted at the smallest price (unit or fraction of the currency) at which a security can trade on a given exchange.

Securities may also be considered for early deletion in other significant cases, such as decreases in free float and FOLs, resulting in FIFs falling below 15%, or other corporate events resulting in significant changes in a constituent's market capitalization. In particular, a constituent will be considered for early deletion if its full company market capitalization exceeds USD 2,500 million or falls below USD 120 million, or if its security free float-adjusted market capitalization falls below USD 60 million, as a result of a corporate event (other than a simple rights issues).

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

3.3.2 Corporate Events Affecting Non-Index Constituents

3.3.2.1 IPOs and Other Early Inclusions

Newly listed equity securities with at least six months of trading history and which are available to foreign investors are considered for inclusion in the MSCI Small Cap Index Series only at the time of the Semi-annual Index Review.

3.4 Announcement Policy

3.4.1 Semi-Annual Index Review

The results of the Semi-annual Index Reviews are announced at least two weeks in advance of their effective implementation dates as of the close of the last business day of May and November.

3.4.2 Quarterly Index Review

The results of the quarterly index reviews are announced at least two weeks in advance of their effective implementation dates as of the close of the last business day of February and August.

3.4.3 Ongoing Event-Related Changes

All changes resulting from corporate events are announced prior to their implementation in the MSCI indices.

The changes are typically announced at least ten business days prior to these changes becoming effective in the indices as an "expected" announcement, or as an "undetermined" announcement, when the effective dates are not known yet or when aspects of the event are uncertain. MSCI sends "confirmed" announcements at least two business days prior to events becoming effective in the indices, provided that all necessary public information concerning the event is available. The full list of all new and pending changes is delivered to clients on a daily basis, at 5:30 PM US Eastern Standard Time (EST) through the Advance Corporate Events (ACE) File.

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

In the case of secondary offerings representing more than 5% of a security's number of shares for existing constituents, these changes will be announced prior to the end of the subscription period when possible and a subsequent announcement confirming the details of the event (including the date of implementation) will be made as soon as the results are available.

Both primary equity offerings and secondary offerings for US securities, representing at least 5% of the security's number of shares, will be confirmed through an announcement during market hours for next day or shortly thereafter implementation, as the completion of the events cannot be confirmed prior to the notification of the pricing.

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

3.4.4 Global Industry Classification Standard (GICS)

Non-event related changes in industry classification at the sub-industry level are announced at least two weeks prior to their implementation as of the close of the last business day of each month.
MSCI announces GICS changes twice a month, the first announcement being made on the first US business day of the month and the second being made at least ten US business days prior to the last US business day of the month. All GICS changes announced in a given month will be implemented as of the close of the last US business day of the month.

Appendices

Appendix I: Country Classification of Securities

This appendix outlines the guidelines MSCI Barra uses to determine the country classification of equity securities.

General framework

Each of the securities followed in the MSCI index universe is classified in one and only one country.

The country classification of a security is generally determined by the country of incorporation of the issuing company and the primary listing of the security. This approach determines the country classification of the vast majority of securities.

In the few cases where a company is incorporated in one country while its securities have a primary listing in a different country, additional factors need to be considered to determine the country classification.

Companies may choose to incorporate in a different country than the country of primary listing to benefit from tax, legal, and/or regulatory advantages. These companies often incorporate in countries with limited, if any, public domestic equity markets, such as the Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Channel Islands, Luxembourg, Marshall Islands, Netherlands Antilles, and Panama. In some other cases, companies may seek to benefit from tax, legal and/or regulatory advantages by incorporating in a different country than their country of primary listing where such country of incorporation is one of the countries in the MSCI All Country World Index (ACWI). In both of these cases of special benefit incorporations, MSCI Barra will generally classify the company in the country of the primary listing of its securities.

Companies incorporated outside of the US which have their securities' primary listing in the US may be included in the USA index universe, provided that they file a Form 10-K/10-Q.

Companies incorporated in a European Developed Market country (including Luxembourg) which have their securities' primary listing in a different European Developed Market country are generally classified in the country of primary listing.

Other cases

In the few remaining cases where the general framework proves to be insufficient, an additional analysis may be performed to determine the company's country classification. In such circumstances, MSCI Barra uses a set of rules, the most important of which are:

- The company's primary listing, secondary listings, if any, and the geographic distribution of its shareholder base;
- The geographical distribution of its operations (in terms of assets and production);
- The location of its headquarters; and
- The country in which investors consider the company to be most appropriately classified.

The outcome of that analysis may lead to some companies not being eligible for any MSCI country index if the country of classification resulting from the analysis remains different from the country of listing. This may happen in particular, but not exclusively, for companies incorporated in an Emerging Market country and having their only listing in a Developed Market country.

Country specific cases

China, Russia, and Israel have a number of large companies incorporated within them but with securities listed only outside of them. MSCI Barra considers such companies for inclusion in the index universe of the country of incorporation subject to the following:

Israel: The MSCI Israel universe includes companies incorporated in Israel with a listing on either the Tel-Aviv Stock Exchange or a US stock exchange.

Russia: The MSCI Russia universe includes companies incorporated in Russia with a listing in either Russia, London or New York. Companies with incorporation in a special benefit country, as described above, may also be included in the Russia universe if they have a listing in Russia.

China: The MSCI China universe includes companies incorporated in the People's Republic of China (PRC) and listed in the form of B shares on the Shanghai Stock Exchange (in US$) or Shenzhen Stock Exchange (in HK$), or H shares in Hong Kong (in HK$). The MSCI China universe also includes companies not incorporated in the PRC or the Hong Kong Special Administrative Region, provided that they satisfy both of the following conditions:

- The company is listed on the Hong Kong Stock Exchange; and
- The company's majority shareholders (directly or indirectly) are at least one of the following:
  - organizations or enterprises owned by the state, provinces, or municipalities of the PRC, or companies incorporated in the PRC, or
  - PRC individuals.

The MSCI China universe excludes companies which satisfy these two conditions but derive more than 80% of their revenues and profits from the Hong Kong Special Administrative Region. Those companies will be included in the MSCI Hong Kong universe.

Change of Incorporation

In the event that a company that is already classified in one of the countries in the MSCI All Country World Index (ACWI) changes its incorporation to another country, it generally will remain in the initial country of classification. However, it may be re-classified if the company's geographical profile fundamentally differs following the reincorporation.

A change in the country classification of a company generally takes place at a Semi-Annual Index Review, except if the change is the result of a corporate event. In that case the company may be reclassified simultaneously with the change in country of incorporation or at a Quarterly Index Review following the corporate event.

When MSCI Barra changes a company's country classification, the company's equity securities are not automatically included in the index of the new country classification even if the company was a constituent of its original country's index. The securities would have to meet all constituent selection criteria for the index of the new country.

Review and Maintenance

MSCI periodically reviews the country classification of companies not classified into their country of incorporation.

Appendix II: Free Float Definition and Estimation Guidelines

MSCI defines the free float of a security as the proportion of shares outstanding that is deemed to be available for purchase in the public equity markets by international investors. In practice, limitations on the investment opportunities available to international institutional investors include:

- **Strategic and other non-free float shareholdings**: Stakes held by private or public shareholders whose investment objectives or other characteristics suggest that those holdings are not likely to be available in the market. In practice, disclosure requirements generally do not permit a clear determination of these investment objectives. Therefore, MSCI primarily classifies shareholdings as free float or non-free float based on a categorization of investor types into non-strategic and strategic respectively.
- **Limits on share ownership for foreign investors**: Limits on the proportion of a security's share capital that is authorized for purchase by non-domestic investors. Where they exist, these foreign share-ownership limits are set by law, government regulations, company by-laws and other authoritative statements.
- **Other foreign investment restrictions**: Investment restrictions, other than those described above, which materially limit the ability of international investors to freely invest in a particular equity market, sector or security. There is typically no simple way to account for these limitations in a benchmark, as these restrictions tend to be more subtle and complex, and may affect different market participants in different ways.

Classification of Shareholder Types

MSCI primarily classifies shareholdings as free float or non-free float based on a categorization of investor types.

STRATEGIC SHAREHOLDER TYPES (NON-FREE FLOAT)	
Governments	Shareholdings owned by governments and affiliated entities are generally classified as non-free float.
Companies	Shares owned by companies, including treasury shares owned by the company itself. [2]
Banks	Shareholdings by banks are considered as strategic, excluding shareholdings held in trust on behalf of third parties that are deemed to be non-strategic. (Shareholding by Trust banks in Japan are considered non-strategic).
Principal officers and Board Members	Shares owned by the company's principal officers or members of the Board of Directors, including shares owned by individuals or families that are related to or closely affiliated

[2] For most countries, treasury shares are included in the total shares outstanding used in the calculation of the indices, and therefore MSCI Barra takes them into account in its calculation of free float. In other countries, where treasury shares are excluded from the determination of the total shares outstanding, they are accordingly not taken into consideration for the free float calculation..

	with the company's principal officers, members of the Board of Directors, or founding members deemed to be insiders.
Employees	Shares of the employing companies, held by both officers and non-officers, which are held in a variety of ways including plans sponsored by the employer for the purpose of retirement and savings plans, incentive compensation programs and other deferred and employee pension funds
NON-STRATEGIC SHAREHOLDER TYPES (FREE-FLOAT)	
Individuals	Shares owned by individuals, excluding shares owned by individuals or families that are related to or closely affiliated with the company's principal officers or members of the Board of Directors or founding members deemed to be insiders, and, also excluding those shareholdings held by individuals, the significant size of which suggests that they are strategic in nature.
Investment funds, mutual funds and unit trusts	Shares owned in investment funds, mutual funds and unit trusts, including shares owned in passively managed funds.
Security brokers	Non-strategic interests held by broker dealers (e.g., trades in the process of settlement, holdings in the process of being transferred, as part of underwriting activity etc), unless held within the same group or the nature of holding is deemed strategic.
Pension funds	Shares owned in employee pension funds, excluding shares of the employing company, its subsidiaries or affiliates.
Insurance companies	In principle, all stakes held by insurance companies are part of free float. For exceptions to this general principle, please refer to the additional discussion on insurance companies presented below.
Social security funds	Shares owned in social security funds, unless the fund's management is deemed to exert influence over the management of the company.

In the event that the above categories should not appropriately capture the nature of a specific shareholding, its classification as free float or non-free float will be determined based on a more extensive analysis.

Special Cases

The following guidelines will be applied in analyzing the special cases set forth below:

- **Nominees or trustees:** Shareholdings registered in the name of a nominee or trustee are classified as strategic or non-strategic based on an analysis of who the ultimate beneficial owner of the shares is, according to the shareholder types described above.

- **Government agencies and government-related investment funds:** Shareholdings of government agencies and government-related investment funds are classified based on an analysis of the objective of the investment and the extent of government involvement in managing the companies.

- **Insurance companies:** Shareholdings by insurance companies are considered as non-free float, when analysis shows that these holdings are unlikely to be made available as free float in the market. This analysis typically looks at the nature of the insurance business in each country, a company's business practices with its group-related or other companies, and the regulatory environment in the country, including fiscal incentives. These factors, individually or combined, could restrict the insurance company's shareholdings from being made freely available in the stock market. Therefore, the treatment of stakes held by insurance companies may differ from country to country. Because of the structure of equity ownership and the importance of financial alliances for the control of companies in some countries, insurance companies' stakes in other companies may be treated as strategic. This is the case in France, Germany, Italy and Japan, where stakes above 2% (FR, DE, IT) and above 5% (JP) are treated as strategic.

- **Depositary Receipts:** Shares that are deposited to back the issuance of depositary receipts such as ADRs and GDRs are classified as non-strategic, unless it is established that a specific stake held in depository receipts is strategic in nature.

- **Shares with "loyalty" incentives:** In a public offering, special incentives are sometimes provided to retail investors and are subject to a minimum holding period. These shares will not be considered as part of the free float during the minimum holding period if the incentives are deemed to be material. In general, a conditional share bonus in a ratio of 1 to 5 (or an equivalent price discount of 1/6th), or more, will be considered as material.

- **Lock-up periods:** Any shares that are subject to lock up periods will be considered as non-free float during the lock-up period. At the end of the lock-up period, these shares will be classified as strategic or non-strategic based on the nature of the shareholder.

Foreign Ownership Limits (FOLs)

For the determination of the FOLs, the following guidelines are used:

- For companies that impose ownership restrictions for non-European Union investors, such restrictions are fully taken into account in the calculation of the FOL.

- Regulatory requirements governing the ownership of shares by foreign investors in the country where the security is included

- In countries where companies are allowed to issue depository receipts such as ADRs or GDRs in exemption of the outstanding foreign ownership restrictions, the FOL calculation includes the percentage represented by the depository receipts.

- Similarly, if a company exceptionally permits certain foreign shareholders to own shares in excess of the maximum stated in the company's by-laws and the exception is publicly disclosed, this is taken into account in the calculation of the FOL.

- When a company's foreign ownership restriction is defined as a proportion of the company's total share capital and the company has multiple listed share classes with no specific limit set for any one class, MSCI applies the company's FOL equally to each of the company's listed share classes.

- When a company's foreign ownership restriction is defined as a proportion of the company's total share capital and the company has multiple share classes but only one share class is listed, MSCI calculates the FOL by applying the total shares available to foreign investors (after taking into consideration foreign non-free float shareholdings of non-listed shares, if any) on the listed shares only.

Example:
Calculating Foreign Ownership Limit (FOLs)

	Listed	Non-Listed	Total
Number of shares outstanding	500	500	1,000
Foreign non-free float shareholdings		100	100
Foreign ownership limit applied to the company	= 40%		
Foreign Ownership Limit (FOL) applied to listed shares	**= ((0.40*1,000) – 100)/500**		
	= 0.60		

Other Foreign Ownership Restrictions

In the case where other foreign investment restrictions exist, which materially limit the ability of international investors to freely invest in a particular equity market, sector or security, a Limited Investability Factor (LIF) may be applied to ensure that the investability objectives of the MSCI Indices can be achieved.

There is typically no simple way to account for these types of investability limitations in a benchmark, as they tend to be subtle and complex, and may affect different market participants in different ways.

For example, such restrictions may involve a complex process of investor validation and qualification, restrictions on funds transfer, individual investment quota limits and various complex administrative requirements. While instituted at a country level these restrictions may have different consequences depending on the characteristics of the investor, including legal status, size of assets under management or date of application.

In the case of individual companies with Foreign Ownership Limits, it may happen that the maximum ownership by non-national investors is reached while depository receipts may continue to be available to foreign investors. In such cases, the depository receipts typically trade at a persistent premium relative to the domestic shares, highlighting the difficulties for international investors to replicate the security's weight in the index.

Therefore, where deemed necessary, a LIF will be determined and applied based on an extensive case-by-case analysis. The application of this LIF permits a more accurate comparison of constituent markets and securities that have more complex and subtle restrictions on the investment process to markets and securities where investment limitations can be appropriately reflected in their standard FIFs.

Appendix III: Global Industry Classification Standard (GICS)

Introduction

The Global Industry Classification Standard (GICS) was developed by MSCI in collaboration with Standard & Poor's (S&P) to provide an efficient, detailed and flexible investment tool. It is designed to respond to the global financial community's need for a global, accurate, complete and widely accepted approach to defining industries and classifying securities by industry. Its universal approach to industry classification aims to improve transparency and efficiency in the investment process.

Key Features of GICS

The key features of GICS are that it is:

- Universal: the classification applies to companies globally.
- Accurate: the structure precisely reflects the state of industries in the equity investment universe.
- Flexible: the classification consists of four levels of analysis, ranging from the most general to the most specialized sub-industry.
- Evolutionary: annual reviews are conducted to ensure that the classification remains fully representative of the universe.

To provide the level of precision critical in the investment process, GICS is designed with four levels of classifications:

The Global Industry Classification Standard (GICS)

10 Sectors

⇧

24 Industry Groups

⇧

67 Industries

⇧

147 Sub-Industries

GICS has 10 sector classifications:

- Energy
- Materials
- Industrials
- Consumer Discretionary
- Consumer Staples
- Health Care
- Financials
- Information Technology
- Telecommunication Services
- Utilities.

Philosophy and Objectives of GICS

The way in which securities are classified into asset classes forms the basis of many important investment decisions. The relative merits of each security are judged primarily within these asset classes, and investment decisions are taken within this framework.

Approaches to Industry Classification Schemes

While grouping securities by country and regions is relatively straightforward, classifications by industries are more difficult. There are many approaches to developing industry classification schemes, some of which are discussed below.

At one extreme is the purely statistical approach, which is solely financial market-based and backward looking, using past returns. Aggregations are formed around correlation, often yielding unintuitive groupings that are dissimilar across countries and regions. Another approach attempts to define a priori financial market-oriented groups or themes, such as cyclical, interest rate sensitive, etc. The difficulty, however, lies in finding widely accepted and relatively stable definitions for these themes.

Two other approaches begin with an economic perspective on companies. The first focuses on a production orientation while the other adopts a market or demand orientation. The production-oriented approach was effective in the past in its analysis of the microstructure of industries from the producers' standpoint. For instance, it segregated goods and services on the premise that it was a different set of companies that provided each to consumers. As the structure of the global economy evolved, limitations of this approach became increasingly obvious. The ever-increasing share of discretionary income brought about by economic development, emergence of the service era, and the availability and accessibility of information with the advent of new communication technology has moved the emphasis from producers to consumers.

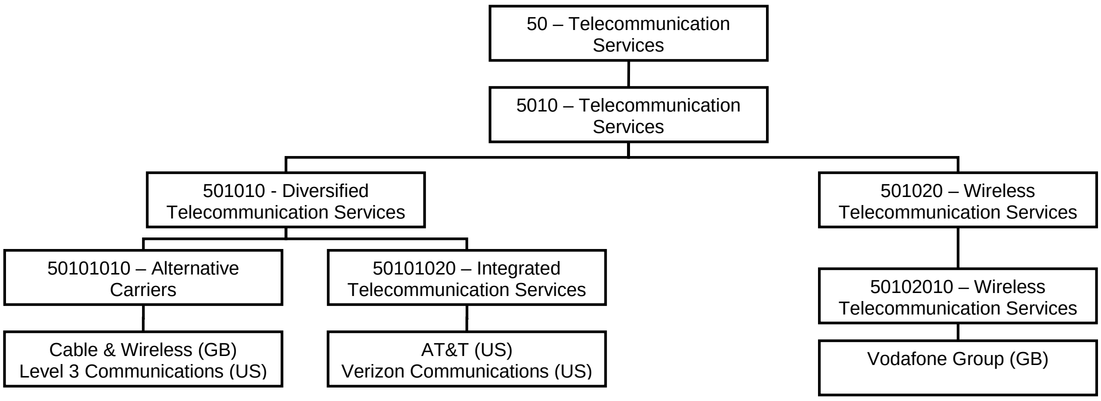
GICS: Market Demand-Oriented

The Global Industry Classification Standard (GICS) is designed to be market demand-oriented in its analysis and classification of companies. For example, drawing the line between goods and services is becoming increasingly arbitrary as they are now commonly sold together. This distinction between goods and services is replaced by adopting the more market-oriented sectors of "Consumer Discretionary" and "Consumer Staples", which group goods and services sub-industries. In addition, the creation of large stand-alone sectors such as Health Care, Information Technology and Telecommunication Services accurately represents industries that provide significant value to the consumer in today's global and integrated economy. This further contributes to a more uniform distribution of weights among the 10 sectors.

GICS Company Classification

The Global Industry Classification Standard (GICS) is used to assign each company to a sub-industry according to its principal business activity. Since the GICS is strictly hierarchical, a company can only belong to one grouping at each of the four levels.

An Illustration of the GICS – Telecommunication Services Sector:



Classification by Revenue

In order to provide an accurate, complete and long-term view of the global investment universe, a company's revenues often provide a more stable and precise reflection of its activities than earnings. Furthermore, industrial and geographical breakdowns of revenues are more commonly available than earnings broken down the same way for most companies. Nevertheless, company valuations are more closely related to earnings than revenues. Therefore, earnings remain an important secondary consideration in a company's industry classification.

General Guidelines for Classification

The primary source of information used to classify securities is a company's annual reports and accounts. Other sources include brokers' reports and other published research literature. As a general rule, a company is classified in the sub-industry whose definition most closely describes the business activities that generate at least 60% of the company's revenues.

Example: Nokia (FI)

2006 Results	Mobile Phones	Multimedia	Enterprise Solutions	Networks
Revenues	60%	19%	3%	18%
Earnings	75%	24%	0%	15%

Classified as:

GICS Level	GICS Code	Code Description
Sector	45	Information Technology
Industry Group	4520	Technology Hardware & Equipment
Industry	452010	Communications Equipment
Sub-Industry	45201020	Communications Equipment

However, a company engaged in two or more substantially different business activities, none of which contribute 60% or more of revenues, is classified in the sub-industry that provides the majority of both the company's revenues and earnings. When no sub-industry provides the majority of both the company's revenues and earnings, the classification will be determined based on further MSCI research and analysis. In addition, a company significantly diversified across three or more sectors, none of which contributes the majority of revenues or earnings, is classified either in the Industrial Conglomerates sub-industry (Industrial Sector) or in the Multi-Sector Holdings sub-industry (Financials Sector).

Example: General Electric (US)

2006 Results	Infrastructure	Industrial	Healthcare	NBC Universal	Commercial Finance	Consumer Finance
Revenues	30%	21%	10%	10%	15%	14%
Earnings	34%	10%	12%	11%	19%	13%

Classified as:

GICS Level	GICS Code	Code Description
Sector	20	Industrials
Industry Group	2010	Capital Goods
Industry	201050	Industrial Conglomerates
Sub-Industry	20105010	Industrial Conglomerates

In the case of a new issue, the classification will be determined based primarily on the description of the company's activities and pro forma results as given in the prospectus.

Review of Sub-Industry Classification

A company's sub-industry classification will be reviewed either when a significant corporate restructuring occurs or when the new annual report is made available. In any case, in order to provide a stable sub-industry classification, when reviewing a company's classification, changes will be minimized in the sub-industry classification to the extent possible by disregarding temporary fluctuations in the results of a company's different activities.

In the event that the above guidelines should not appropriately capture a particular company's business activity, its classification will be determined based on a more extensive analysis.

GICS (Global Industry Classification Standard)

Effective after close of business (US, EST) Friday April 28, 2006

Sector	Industry Group	Industry	Sub-Industry
10 - Energy	1010 - Energy	101010 - Energy Equipment & Services	10101010 - Oil & Gas Drilling
			10101020 - Oil & Gas Equipment & Services
		101020 - Oil, Gas & Consumable Fuels	10102010 - Integrated Oil & Gas
			10102020 - Oil & Gas Exploration & Production
			10102030 - Oil & Gas Refining & Marketing
			10102040 - Oil & Gas Storage & Transportation
			10102050 - Coal & Consumable Fuels
15 - Materials	1510 - Materials	151010 - Chemicals	15101010 - Commodity Chemicals
			15101020 - Diversified Chemicals
			15101030 - Fertilizers & Agricultural Chemicals
			15101040 - Industrial Gases
			15101050 - Specialty Chemicals
		151020 - Construction Materials	15102010 - Construction Materials
		151030 - Containers & Packaging	15103010 - Metal & Glass Containers
			15103020 - Paper Packaging
		151040 - Metals & Mining	15104010 - Aluminum
			15104020 - Diversified Metals & Mining
			15104030 - Gold
			15104040 - Precious Metals & Minerals
			15104050 - Steel
		151050 - Paper & Forest Products	15105010 - Forest Products
			15105020 - Paper Products
20 - Industrials	2010 - Capital Goods	201010 - Aerospace & Defense	20101010 - Aerospace & Defense
		201020 - Building Products	20102010 - Building Products
		201030 - Construction & Engineering	20103010 - Construction & Engineering
		201040 - Electrical Equipment	20104010 - Electrical Components & Equipment
			20104020 - Heavy Electrical Equipment
		201050 - Industrial Conglomerates	20105010 - Industrial Conglomerates
		201060 - Machinery	20106010 - Construction & Farm Machinery & Heavy Trucks
			20106020 - Industrial Machinery
		201070 - Trading Companies & Distributors	20107010 - Trading Companies & Distributors
	2020 - Commercial Services & Supplies	202010 - Commercial Services & Supplies	20201010 - Commercial Printing
			20201030 - Diversified Commercial & Professional Services
			20201040 - Human Resource & Employment Services
			20201050 - Environmental & Facilities Services
			20201060 - Office Services & Supplies
	2030 - Transportation	203010 - Air Freight & Logistics	20301010 - Air Freight & Logistics
		203020 - Airlines	20302010 - Airlines
		203030 - Marine	20303010 - Marine
		203040 - Road & Rail	20304010 - Railroads
			20304020 - Trucking
		203050 - Transportation Infrastructure	20305010 - Airport Services
			20305020 - Highways & Railtracks
			20305030 - Marine Ports & Services
25 - Consumer Discretionary	2510 - Automobiles & Components	251010 - Auto Components	25101010 - Auto Parts & Equipment
			25101020 - Tires & Rubber
		251020 - Automobiles	25102010 - Automobile Manufacturers
			25102020 - Motorcycle Manufacturers
	2520 - Consumer Durables & Apparel	252010 - Household Durables	25201010 - Consumer Electronics
			25201020 - Home Furnishings
			25201030 - Homebuilding
			25201040 - Household Appliances
			25201050 - Housewares & Specialties
		252020 - Leisure Equipment & Products	25202010 - Leisure Products
			25202020 - Photographic Products
		252030 - Textiles, Apparel & Luxury Goods	25203010 - Apparel, Accessories & Luxury Goods
			25203020 - Footwear
			25203030 - Textiles
	2530 - Consumer Services	253010 - Hotels, Restaurants & Leisure	25301010 - Casinos & Gaming
			25301020 - Hotels, Resorts & Cruise Lines
			25301030 - Leisure Facilities
			25301040 - Restaurants
		253020 - Diversified Consumer Services	25302010 - Education Services
			25302020 - Specialized Consumer Services
	2540 - Media	254010 - Media	25401010 - Advertising
			25401020 - Broadcasting & Cable TV
			25401030 - Movies & Entertainment
			25401040 - Publishing
	2550 - Retailing	255010 - Distributors	25501010 - Distributors
		255020 - Internet & Catalog Retail	25502010 - Catalog Retail
			25502020 - Internet Retail
		255030 - Multiline Retail	25503010 - Department Stores
			25503020 - General Merchandise Stores
		255040 - Specialty Retail	25504010 - Apparel Retail
			25504020 - Computer & Electronics Retail
			25504030 - Home Improvement Retail
			25504040 - Specialty Stores
			25504050 - Automotive Retail
			25504060 - Homefurnishing Retail

Sector	Industry Group	Industry	Sub-Industry
30 - Consumer Staples	3010 - Food & Staples Retailing	301010 - Food & Staples Retailing	30101010 - Drug Retail
			30101020 - Food Distributors
			30101030 - Food Retail
			30101040 - Hypermarkets & Super Centers
	3020 - Food, Beverage & Tobacco	302010 - Beverages	30201010 - Brewers
			30201020 - Distillers & Vintners
			30201030 - Soft Drinks
		302020 - Food Products	30202010 - Agricultural Products
			30202030 - Packaged Foods & Meats
		302030 - Tobacco	30203010 - Tobacco
	3030 - Household & Personal Products	303010 - Household Products	30301010 - Household Products
		303020 - Personal Products	30302010 - Personal Products
35 - Health Care	3510 - Health Care Equipment & Svcs	351010 - Health Care Equipment & Supplies	35101010 - Health Care Equipment
			35101020 - Health Care Supplies
		351020 - Health Care Providers & Services	35102010 - Health Care Distributors
			35102015 - Health Care Services
			35102020 - Health Care Facilities
			35102030 - Managed Health Care
		351030 - Health Care Technology	35103010 - Health Care Technology
	3520 - Pharma., Bio. & Life Sciences	352010 - Biotechnology	35201010 - Biotechnology
		352020 - Pharmaceuticals	35202010 - Pharmaceuticals
		352030 - Life Sciences Tools & Services	35203010 - Life Sciences Tools & Services
40 - Financials	4010 - Banks	401010 - Commercial Banks	40101010 - Diversified Banks
			40101015 - Regional Banks
		401020 - Thrifts & Mortgage Finance	40102010 - Thrifts & Mortgage Finance
	4020 - Diversified Financials	402010 - Diversified Financial Services	40201020 - Other Diversified Financial Services
			40201030 - Multi-Sector Holdings
			40201040 - Specialized Finance
		402020 - Consumer Finance	40202010 - Consumer Finance
		402030 - Capital Markets	40203010 - Asset Management & Custody Banks
			40203020 - Investment Banking & Brokerage
			40203030 - Diversified Capital Markets
	4030 - Insurance	403010 - Insurance	40301010 - Insurance Brokers
			40301020 - Life & Health Insurance
			40301030 - Multi-line Insurance
			40301040 - Property & Casualty Insurance
			40301050 - Reinsurance
	4040 - Real Estate	404020 - Real Estate Investment Trusts (REITs)	40402010 - Diversified REIT's
			40402020 - Industrial REIT's
			40402030 - Mortgage REIT's
			40402040 - Office REIT's
			40402050 - Residential REIT's
			40402060 - Retail REIT's
			40402070 - Specialized REIT's
		404030 - Real Estate Management & Development	40403010 - Real Estate Management & Development
45 - Information Technology	4510 - Software & Services	451010 - Internet Software & Services	45101010 - Internet Software & Services
		451020 - IT Services	45102010 - IT Consulting & Other Services
			45102020 - Data Processing & Outsourced Services
		451030 - Software	45103010 - Application Software
			45103020 - Systems Software
			45103030 - Home Entertainment Software
	4520 - Technology Hardware & Equipment	452010 - Communications Equipment	45201020 - Communications Equipment
		452020 - Computers & Peripherals	45202010 - Computer Hardware
			45202020 - Computer Storage & Peripherals
		452030 - Electronic Equipment & Instruments	45203010 - Electronic Equipment Manufacturers
			45203020 - Electronic Manufacturing Services
			45203030 - Technology Distributors
		452040 - Office Electronics	45204010 - Office Electronics
	4530 - Semicondt. & Semicondt. Equip.	453010 - Semiconductors & Semiconductor Equipment	45301010 - Semiconductor Equipment
			45301020 - Semiconductors
50 - Telecommunication	5010 - Telecommunication Services	501010 - Diversified Telecommunication Services	50101010 - Alternative Carriers
			50101020 - Integrated Telecommunication Services
		501020 - Wireless Telecommunication Services	50102010 - Wireless Telecommunication Services
55 - Utilities	5510 - Utilities	551010 - Electric Utilities	55101010 - Electric Utilities
		551020 - Gas Utilities	55102010 - Gas Utilities
		551030 - Multi-Utilities	55103010 - Multi-Utilities
		551040 - Water Utilities	55104010 - Water Utilities
		551050 - Independent Power Producers & Energy Traders	55105010 - Independent Power Producers & Energy Traders

GICS Structure Review Frequency

MSCI and Standard & Poor's are committed to ensuring that the GICS structure remains relevant and up-to-date. This is accomplished through an annual review of the structure. This review includes a detailed internal analysis to develop a proposal for potential structural changes and public request for comments and in-depth client consultations with various market participants as a means of obtaining feedback on proposed structural changes.

Appendix IV: Quarterly and Semi-Annual Index Review Changes in FIFs

Quarterly Index Review changes in FIF

As stated in section 3.1.4 "Semi-Annual Index Review Changes in FIFs and Number of Shares", significant changes in free float estimates and corresponding changes in the FIFs for constituents related to relatively large events are reflected in the indices at the quarterly index reviews.
All FIF changes, such as changes resulting from large market transactions involving strategic shareholders, that are publicly announced (for example transactions made by way of immediate bookbuilding and other processes, or secondary offerings that were not implemented immediately) will be implemented during a quarterly index review provided they satisfy one of the following conditions:

- The absolute size of the FIF change is 0.15 or more, or

- The change in free float-adjusted market capitalization resulting from the FIF change represents at least:
  - USD 1bn for securities classified in the US
  - USD 500 mm for securities classified in developed markets other than the US

The thresholds above only apply to FIF changes at quarterly index reviews.

All FIF changes resulting from an increase in FOL are implemented during a quarterly index review unless a corporate event takes place during the quarter, in which case the FIF (including the FOL) will be updated at the time of this event.

Buffer rule for FIF changes at Quarterly and Semi-Annual Index Reviews

FIF changes resulting from a change in free float of less than 1% will not be implemented, except in cases of corrections.

Appendix V: Price Source for Securities

For a full updated list of prices used in MSCI end of day index calculations by country, please refer to MSCI's web site at www.msci.com/smallcap.

In some countries where significant Foreign Ownership Limits exist for certain companies and/or industries, when this limit is reached, foreign investors may trade with each other in an organized local market, frequently at a price higher than that available to domestic investors. As a result, there may be separate domestic and foreign board quotations.

MSCI regularly monitors the relative liquidity and foreign ownership availability of constituents with separate domestic and foreign board quotations to determine whether prices for these constituents should reflect the domestic or foreign board quotations. This review occurs on a quarterly basis to coincide with the quarterly index review.

Appendix VI: Policy Regarding Market Closures During Index Reviews

For both quarterly index reviews and the semi-annual index reviews, the following principles apply in case of market closures on the day of implementation. As a reminder, the effective implementation date for quarterly index review is as of the close of the last business day of February and August. The effective implementation date for the Semi-annual Index Review is as of the close of the last business day of May and November.

Market Closures Due to Scheduled Stock Market Holidays

When a given stock market is closed on the "as of the close of" date due to stock market holiday, the change will be effective on the next day, using the price of the previous day's close.

Unexpected Market Closures

In the event that the primary stock market in a country fails to open for trading and remains closed for the entire trading day on the effective implementation date of the review due to an unexpected market closure, MSCI will, in principle, postpone the review of the MSCI Small Cap Index Series for that specific country index. MSCI will implement the country index review affected as of the close of the first business day (Monday to Friday) that the specific market reopens for trading and closing prices are available. In the event of unexpected closures of stock markets in more than one country, MSCI will evaluate the situation and may apply a different policy.

For smaller countries, however, in the event of unexpected market closures, MSCI reserves the right to implement the index review as planned using the closing price of the last day the market was open.

Market Outage during the Trading Day

In the event that a market is affected by an outage during the trading day on the effective implementation date, MSCI will determine its pricing policy for the relevant country on a case by case basis. In making its decision, MSCI will take into consideration a number of factors, including the time and duration of the outage, information on the outage provided by the specific stock exchange, and other relevant market information.

MSCI will communicate all decisions taken with respect to market outages during the day through the regular client communication channels as well as via Reuters (Pages MSCIA and following) and Bloomberg (MSCN).

In some exceptional cases, that a stock market holidays in many countries coincide with the "as of the close of" date, MSCI may decide to move the "as of the close of" date to a more appropriate date. In such cases, MSCI would announce such a change in advance.

Appendix VII: Equity Markets and Universe

The tables below provide a list of Stock Exchanges, Market Segments and Eligible Security Classes that MSCI Barra uses as the basis of the construction of the MSCI Small Cap Index Series

Eligible Markets

Country Name	Stock Exchange	Market Segment
AUSTRALIA	Australian Stock Exchange	
AUSTRIA	Vienna Stock Exchange	Prime Market
		Standard Market
BELGIUM	Euronext	Eurolist
CANADA	Toronto Stock Exchange	
DENMARK	Copenhagen Stock Exchange	
FINLAND	Helsinki Stock Exchange	Main List
		I List
		NM List
FRANCE	Euronext	Eurolist
		Alternext
GERMANY	Deutsche Börse	Official Market
		Regulated Market
GREECE	Athens Exchange	Big Capitalization
		Medium and Small Capitalization
HONG KONG	Stock Exchange of Hong Kong	Main Board
		Growth Enterprise Market
IRELAND	Irish Stock Exchange	Official Market
		Irish Enterprise Exchange (IEX)
ITALY	Borsa Italiana	Blue Chip
		STAR
		Standard
		Mercato Expandi
JAPAN	Tokyo Stock Exchange	First Section
		Second Section
		Mothers
	Osaka Stock Exchange	First Section
		Second Section
		Hercules
	JASDAQ	
	Nagoya Stock Exchange	First Section
		Second Section
		Centrex
NETHERLANDS	Euronext	Eurolist
NEW ZEALAND	New Zealand Stock Exchange	
	New Zealand Alternative Exchange	
NORWAY	Oslo Stock Exchange	Main List
		SMB List
		Primary Capital Certificates List
PORTUGAL	Euronext	Eurolist
SINGAPORE	Singapore Exchange	Main Board
		SESDAQ
SPAIN	Madrid Stock Exchange	Primer Mercado
SWEDEN	Stockholm Stock Exchange	A-list
		O-list
	Nordic Growth Market	
	Nya Marknaden	
	AktieTorget	
SWITZERLAND	Swiss Exchange	VIRT-X
		SWX
		SWX Local Caps
UNITED KINGDOM	London Stock Exchange	Main Market
		AIM
USA	New York Stock Exchange	
	NASDAQ	
	American Stock Exchange	

Eligible Classes of securities

Country Name	Classes of Securities
AUSTRALIA	Ordinary shares Preferred shares (1)
AUSTRIA	Ordinary shares Preferred shares (1) Participation certificates
BELGIUM	Ordinary shares Preferred shares (1)
CANADA	Ordinary shares Units of Income Trusts
DENMARK	"A" shares "B" shares
FINLAND	"A" shares "B" shares "K" shares
FRANCE	Ordinary shares Preferred shares (1) Certificats d'Investissement Certificats Coopératif d'Investissement
GERMANY	Ordinary shares Preferred shares (1)
GREECE	Ordinary shares Preferred shares (1)
HONG KONG	"A" shares "B" shares
IRELAND	Ordinary shares Units
ITALY	Ordinary shares Preferred shares (1) Savings shares
JAPAN	Ordinary shares
NETHERLANDS	Ordinary shares Preferred shares (1) Certificates
NEW ZEALAND	Ordinary shares Preferred shares (1)
NORWAY	"A" shares "B" shares Primary Capital Certificates
PORTUGAL	Ordinary shares
SINGAPORE	Ordinary shares
SPAIN	Ordinary shares Preferred shares (1)
SWEDEN	"A" shares "B" shares "C" shares Swedish Depositary Receipts
SWITZERLAND	Registered shares Bearer shares Participation certificates Dividend-right certificates
UNITED KINGDOM	Ordinary shares Units
USA	Common shares Tracking Stock

1 *Preferred shares that exhibit characteristics of equity securities are generally eligible*

REITs

Companies that have adopted the following REITs or REIT equivalent structures in the following countries will qualify to be classified in the GICS Industry - Real Estate Investment Trusts (REITs):

- Australia: LPT (Australian Listed Property Trust)
- Belgium: SICAFI (Société d'Investissement à Capital Fixe Immobilière)
- Canada, Hong Kong, Korea, Taiwan and the U.S.: REIT (Real Estate Investment Trust)
- France: SIIC (Sociétés d'Investissements Immobiliers Cotées)
- Greece: REIC (Real Estate Investment Company)
- Japan: J-REIT (Japanese Real Estate Investment Trust)
- Netherlands: FBI (Fiscal investment institution/Fiscale Beleggingsinstelling)
- New Zealand: Property Trusts
- Singapore: S-REIT (Singapore Real Estate Investment Trust)
- United Kingdom: UK-REIT
- United States: REIT

MSCI Barra closely monitors the potential emergence of REIT equivalent structures in other countries and announces when appropriate their consideration as REITs in the Global Industry Classification Standard (GICS).

Canadian Income Trusts

Income Trusts in Canada formed under the laws of provinces which have passed limited liability legislation and are not designed to invest in a diversified portfolio of Income Trusts, securities, and/or funds, will be included in the MSCI Canada Equity Universe and will be subject to the same index eligibility rules applicable to other equity (and equity-like) securities.

List of Updates to the Methodology Book

The following sections have been updated in the Methodology Book published in March 2007: