

MSCI'S FEEDBACK ON THE RESERVE BANK OF INDIA'S DRAFT DIRECTIONS FOR FINANCIAL BENCHMARK ADMINISTRATORS

MSCI

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INTRODUCTION

MSCI appreciates the opportunity to comment on the Reserve Bank of India's Draft Directions for Financial Benchmark Administrators ("Directions").

ABOUT MSCI

MSCI Inc. is a leading provider of investment decision support tools to institutional investors globally, including asset managers, banks, hedge funds and pension funds. MSCI products and services include indexes and portfolio risk and performance analytics. MSCI is headquartered in New York, with research and commercial offices around the world.

MSCI's flagship equity indexes include the MSCI Global Equity Indexes and MSCI as been calculating indexes for more than 50 years. MSCI Global Equity Index families include country and regional indexes, size indexes (large cap, small cap, and micro-cap), sector indexes, style (value/growth) indexes, strategy indexes, thematic indexes and ESG indexes. MSCI also calculates custom indexes at the request of clients, by applying client screens and constraints to MSCI Global Equity Indexes.

MSCI Global Equity Indexes are used worldwide by:

- assets owners to help them with their mandate decisions and with reviewing their managers' performance;
- active asset managers so that they can actively manage their funds against an index and report performance;
- passive fund managers to issue passive funds and ETFs based on the indexes;
- broker dealers for providing trading execution services, creating OTC and non-OTC derivative financial products and writing research more generally;
- stock exchanges to create equity index linked futures and options contracts; and
- CCPs to calculate the risks of its positions for index linked futures and options contracts.

During 2013 and 2014, MSCI implemented the IOSCO Principles, was externally audited during each of 2014, 2015 and 2016 for the MSCI equity indexes and select MSCI private real estate indexes, and posted the adherence statements and audit reports on the Index Regulation page of www.msci.com. During 2017 and 2018, MSCI devoted those resources to implementing the BMR, and MSCI posted the IOSCO adherence statements on the Index Regulation page of www.msci.com.

On 5 March 2018, MSCI Limited, which is a UK subsidiary of MSCI Inc., was granted authorization by the UK FCA as a UK administrator under the EU benchmark regulation ("BMR") for all of the MSCI equity indexes. MSCI was the first major global equity index provider to become authorized under the BMR. We are currently implementing the BMR for the MSCI private real estate indexes.

MSCI'S FEEDBACK

We agree with the calibrated approach taken by the Reserve Bank of India ("RBI"), which is consistent with many jurisdictions globally. We also believe that consistency with the IOSCO Principles is important as the IOSCO Principles are the global standard. If additional significant indexes were to be included in the Directions in the future, we believe that it would be important for the RBI to obtain the views of market participants through a consultation. Because different types of indexes measure different markets, many aspects of benchmark administration can be very different. To avoid unintended consequences, any regulation would need to take those differences into consideration. The IOSCO Principles accounts for these differences through a "comply or explain" regime.

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ABOUT MSCI

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Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research.

MSCI serves 99 of the top 100 largest money managers, according to the most recent P&I ranking.

For more information, visit us at www.msci.com.

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