



## MSCI Unexpected Market Closure Indexes methodology FAQ

### **What is the MSCI Unexpected Market Closure Indexes methodology?**

The MSCI Unexpected Market Closure Indexes methodology aims to account for unexpected market closure events affecting the trading of underlying MSCI Index constituents on the Last Trading Day (“LTD”) of the ICE MSCI Index Futures. In such instances, adjustments to the market performance of a given MSCI Index denoted by its index level will be made available as an Unexpected Market Closure Index level on subsequent days, at the resumption of the affected markets. More information on the MSCI unexpected Market Closure Indexes methodology can be found [here](#).

### **Why is ICE implementing unexpected market closure?**

Before the implementation of the MSCI Unexpected Market Closure Indexes methodology, if a market closed unexpectedly or a security didn't trade on a specified day, MSCI used the latest available closing price to calculate its indices.

This practice could lead to divergence between the Exchange Delivery Settlement Price (“EDSP”)/Final Settlement Value (“FSV”) and tradable prices for affected securities when markets reopened, impacting the effectiveness of hedging tools like ICE MSCI Index Futures.

The implementation of the MSCI Unexpected Market Closure Indexes methodology should minimize this divergence and thus provide more certainty for users of the ICE MSCI Index Futures.

### **When is ICE implementing the MSCI Unexpected Market Closure Indexes methodology?**

The methodology has been in place since March 1st 2019.

## **Will the MSCI Unexpected Market Closure Indexes methodology apply to all business days or only the Last Trading Day of the ICE MSCI Futures contracts?**

The Methodology only applies on the Last Trading Day of the ICE MSCI Futures contracts.

Note that MSCI Daily futures contracts are not covered at this stage.

## **How does the implementation of the MSCI Unexpected Market Closure Indexes methodology impact the Final Settlement Value (“FSV”)/ Exchange Delivery Settlement Price (“EDSP”) process for the affected ICE Futures US and ICE Futures Europe MSCI Index Futures?**

In the event of an Unexpected Market Closure event declared by MSCI on the LTD of an expiring MSCI Index Futures contract, the FSV/EDSP for the affected contract will be derived from the new Unexpected Market Closure Index as calculated by MSCI.

## **Will the Last Trading Day (“LTD”) of the MSCI Index Futures contracts change?**

No, the LTD for the affected expiring MSCI Index Futures contract will remain unchanged. However, the final settlement process for the affected contract may be delayed for up to fifteen business days, to accommodate for the re-opening of the affected market(s) that underwent the Unexpected Market Closure Event.

The EDSP for the affected expiring contracts will be published on the business day after MSCI publish the new Unexpected Market Closure Index.

## **Has the final settlement payment date changed for the MSCI Index Futures listed on ICE Futures US?**

Effective since the March 2019 expiry, the final settlement payment for all expiring MSCI Index futures contracts on ICE Futures US will be the second business day following the last trading day of the contract. More information can be found [here](#).

Note that the ICE Futures Europe MSCI Index Futures final settlement payment date is already the second business day following the last trading day of the contract.

## **Will there be an impact on margins?**

Positions in the affected MSCI Index Futures will be retained in the clearing systems until the EDSP/FSV is published by ICE.

The EDSP for the affected expiring contracts will be published on the business day after MSCI publish the new Unexpected Market Closure Index.

As a result, Variation Margin ("VM") will be calculated during usual end of day processes (although VM would be zero assuming static settlement price) and the positions would remain in the portfolio when intraday margin is assessed.

## **How will the market be notified that an Unexpected Market Closure has been detected by MSCI?**

MSCI will be monitoring for Unexpected Market Closures and notify the market via their usual channels. More information can be found [here](#). Technical documentation can be found on the MSCI client support website [here](#) which needs a subscription.

Please [contact](#) MSCI if you require a subscription. Those firms that want API (constituent level data) access to the new unexpected market closure index variant should contact MSCI client services [clientservice@msci.com](mailto:clientservice@msci.com)

## **How will ICE inform the market in the event of an Unexpected Market Closure?**

In the event MSCI detect an Unexpected Market Closure event and notify ICE, ICE will notify the market, by Circular/Notice, on which futures contracts are impacted by the Unexpected Market Closure event and that the publication of the EDSP/FSV for the affected index futures will be delayed until the business day after MSCI publish the new Unexpected Market Closure Index.

## **Did the Exchange consult the market about the implementation of the MSCI Unexpected Market Closure Indexes methodology?**

Yes, the consultation Notice for ICE Futures US can be found [here](#) and the ICE Futures Europe Circular can be found [here](#).

## Did MSCI consult the market about the implementation of the MSCI Unexpected Market Closure Indexes methodology?

Yes, MSCI initiated a consultation process in November 2018 ([here](#)) to introduce the MSCI Unexpected Market Closure Indexes methodology, inviting feedback from stakeholders.

Subsequently, in July 2023, MSCI conducted further consultations ([here](#)) to gather additional input from the market with regards to a potential extension of the disruption window from 5 to 15 business days.

The positive response from the market led to amendments to the methodology in October 2023 with the updated version of the MSCI Unexpected Market Closure Indexes methodology published ([here](#)).

## Does the MSCI Unexpected Market Closure Indexes methodology apply to all the MSCI Index Futures listed on ICE Futures Europe and ICE Futures US?

No, the MSCI Unexpected Market Closure Indexes methodology will not apply to the following MSCI Index Daily Futures (“Daily Futures”). The EDSP for the 17 Daily Futures contracts mentioned below will continue to be the Closing Index Value on the Last Trading Day:

Underlying Index	Index Type	Currency	Daily Contract Code	Daily Futures Ticker	Daily Futures RIC	Trading Hours (*New York Time)
MSCI ACWI	NTR	USD	DML	WMWDAILY	0#DMLD:	8:00 PM-6:00 PM*
MSCI EAFE	PR	USD	DMQ	MFSDAILY	0#DMQD:	8:00 PM-6:00 PM*
MSCI EAFE ESG Leaders	NTR	USD	DM2	LFPDAILY	0#DM2D:	8:00 PM-6:00 PM*
MSCI Emerging Markets	PR	USD	DMU	MESDAILY	0#DMUD:	8:00 PM-6:00 PM*
MSCI Emerging Markets	NTR	USD	DMY	MMODAILY	0#DMYD:	8:00 PM-6:00 PM*
MSCI Emerging Markets Asia	NTR	USD	DMX	ANSDAILY	0#DMXD:	8:00 PM-6:00 PM*
MSCI Emerging Markets EMEA	NTR	USD	DM6	MOEDAILY	0#DM6D:	8:00 PM-6:00 PM*
MSCI EM ESG Leaders	NTR	USD	DMI	LFODAILY	0#DMID:	8:00 PM-6:00 PM*
MSCI Emerging Markets Latin Am.	NTR	USD	DMW	MWADAILY	0#DMWD:	8:00 PM-6:00 PM*
MSCI Europe	NTR	USD	DMR	WQODAILY	0#DMRD:	8:00 PM-6:00 PM*
MSCI Europe ESG Leaders	NTR	USD	DM3	LFTDAILY	0#DM3D:	8:00 PM-6:00 PM*
MSCI Japan	NTR	USD	DMS	JPPDAILY	0#DMSD:	8:00 PM-6:00 PM*
MSCI Pacific	NTR	USD	DMV	WQEDAILY	0#DMVD:	8:00 PM-6:00 PM*
MSCI USA	GTR	USD	DMO	WQPDAILY	0#DMOD:	8:00 PM-6:00 PM*
MSCI USA ESG Leaders	GTR	USD	DM4	LFYDAILY	0#DM4D:	8:00 PM-6:00 PM*
MSCI World	NTR	USD	DFC	WQLDAILY	0#DMJD:	8:00 PM-6:00 PM*
MSCI World ESG Leaders	NTR	USD	DM5	LFWDAILY	0#DM5D:	8:00 PM-6:00 PM*

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