

Morningstar Indexes

August 2, 2023

Morningstar Indexes | Consultation on the Treatment of Egypt

Morningstar Indexes is seeking feedback on adopting special treatment of Egyptian stocks in light of limited foreign exchange (FX) liquidity, which has deteriorated in recent months and may challenge index replication. Among the changes being considered for Egyptian stocks represented in Morningstar equity indexes are a potential freeze of:

- Additions or deletions of new/existing constitutions.
- Index share and Investable Weight Factor (IWF) changes at rebalance.
- Non-mandatory index share and IWF changes.

This special treatment would temporarily reduce turnover among Egyptian stocks represented in Morningstar Indexes, which should mitigate liquidity and repatriation challenges.

Submit your responses and questions

Responses to this consultation can be submitted [here](#).

General questions about the consultation may also be sent to indexes@morningstar.com.

Key dates

- **Consultation:** The consultation will be open for response from August 2 to August 18, 2023.
- **Decision announcement:** Final decisions will be announced by August 28, 2023.

Questions

1. Should Morningstar Indexes freeze non-mandatory index share and IWF changes for Egypt stocks until the December 2023 reconstitution?
 - a. Yes
 - b. No, do not apply special treatment to Egypt stocks.
 - c. Other, please explain.
2. If you responded yes to question 1, when should Morningstar lift the freeze?
 - a. At the December 2023 reconstitution.
 - b. Implement an indefinite freeze and revisit when market conditions improve.
 - c. Other, please explain.

3. Should Morningstar Indexes consider changing Egypt's status to unclassified from Emerging Markets at the June 2024 reconstitution, resulting in the removal of Egyptian stocks from Morningstar equity indexes?
 - a. Yes
 - b. No, the current FX liquidity challenges should not change Egypt's eligibility.
 - c. No, wait and revisit the situation once FX liquidity improves.

4. What other factors should Morningstar Indexes consider in making this decision?

About Morningstar Indexes

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a promise to empower investors with data and research that is independent and objective. Over time, our collection of data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

Contact Us

MorningstarIndexesAlerts@morningstar.com is a no-reply email address. For questions concerning this notification, please contact us at Indexes@morningstar.com.