August 31, 2026

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Submitted by email to rule-comments@sec.gov

Re: Request for Comment on Novel ETFs — File No. S7-2026-24

Dear Ms. Countryman,

MSCI Inc. welcomes the opportunity to comment on the Commission's Request for Comment on Novel ETFs (the "Request").

MSCI is a provider of indexes, analytics and data, and our indexes are used as the basis for exchange-traded products. We are an independent index provider and administrator and we do not manage assets, sponsor funds, or act as an authorized participant.

We support the Commission's objective of facilitating innovation in the ETF market while protecting investors and maintaining fair, orderly and efficient markets. We wish to comment on aspects of the Request where the role of an index bears on the issues raised.

1. Index governance as a structural control (Question 5)

Index transparency and governance are critical for a fund to be able to effectively track an index. The index methodology sets forth the rules for the index eligibility, weighting scheme, rebalancing calendar, treatment of corporate events, and other index composition and calculation criteria. This provides funds tracking an index with transparency into its composition and changes.

Independent index providers have in place robust governance and oversight measures covering conflicts of interest, methodology documentation, information firewalls, confidentiality and quality controls. Independent index providers also do not hold or trade the underlying stocks or other assets included in the index. These measures reinforce benchmark integrity and directly address the investor protection and market integrity issues raised in Question 5. Further, index construction can specifically incorporate investability criteria: a security or asset class must exhibit sufficient liquidity, price transparency and settlement reliability for an investable and replicable index to be constructed at all.

This has particular relevance to the arbitrage mechanism. Question 5(a) asks whether the assets and strategies of Novel ETFs raise questions about the functioning of that mechanism. In our view, the practical difficulty in several of these asset classes is not necessarily the creation and redemption mechanics but the absence of an accepted reference price. Arbitrage functions when an authorized participant can value the fund's exposure quickly, with confidence, and on the same basis as the fund itself. Where an asset trades across fragmented venues with no single accepted price, that confidence is harder to

establish and the tie between market price and NAV weakens. An index or associated reference rate administered under the governance frameworks described above provides a common and verifiable basis for arriving at a valuation of the fund's exposure, enabling the authorized participant and the fund to value that exposure consistently.

2. Calibrate rule 6c-11 rather than exclude asset classes (Question 6)

Question 6 asks whether rule 6c-11 (17 CFR 270.6c-11) should be amended to impose new portfolio requirements or to exclude particular assets or strategies. We encourage caution before adopting categorical exclusions. Rule 6c-11 has worked because it defines the structural features that make ETFs function, including daily portfolio transparency, published NAV, market price and premium/discount data, and written basket policies and procedures, without restricting what a fund may hold. An exclusion drawn by asset class would fix that judgment at a point in time and would be difficult to adapt as an asset class matures.

An alternative approach is to place reliance on the controls that govern how a fund's exposure is determined. Where those controls are robust and appropriately governed, the case for restriction is weaker.

3. Differentiate index-based from discretionary products (Questions 6 & 26)

If the Commission contemplates new conditions under rule 6c-11 in response to Question 6, or heightened disclosure requirements in response to Question 26, we recommend that it distinguishes between products tracking a transparent, rules-based index administered by an independent index provider and products in which the exposure is determined at the discretion of the adviser. The supervisory concern should differ materially between the two; any undifferentiated conditions would impose cost on the more constrained structure without a corresponding benefit.

4. Naming and investor clarity (Questions 7 and 8)

Questions 7 and 8 concern investor understanding, including the use of "ETF" and "fund" labels by products that are not investment companies. We take no position on that labeling question. However, we observe that where a product's name refers to an index, the reference can be anchored to a published methodology maintained by an identifiable and independent index provider and is therefore capable of the kind of substantiation the Commission already applies to fund names under rule 35d-1 (17 CFR 270.35d-1). Use of index references in product names supports investor clarity without a new disclosure regime.

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We would be glad to discuss any of the above with the Commission or its staff.

Sincerely,

Michael Percival

Michael Percival
Head of Policy
Government & Regulatory Affairs