STRIVE

September 25, 2026

MSCI Equity Index Committee
MSCI Inc.
7 World Trade Center
250 Greenwich Street
New York, NY 10007

cc: Henry A. Fernandez, Chairman & Chief Executive Officer; Jana Haines, Head of Index

Via electronic submission and Strive.com

Re: Strive Comments on MSCI's Consultation on Eligibility of Non-Operating Companies for the MSCI Global Investable Market Indexes

Dear members of the MSCI Equity Index Committee:

Thank you for the opportunity to respond to MSCI's second consultation on the eligibility of companies with digital assets on their balance sheets for the MSCI Global Investable Market Indexes. We wrote in December regarding MSCI's original proposal and view the revised framework as a material improvement, even though we would currently be excluded under it. The first proposal drew a categorical line against digital assets. The current proposal asks a better question: when does a public corporation cease to be an operating company and become, in economic substance, an investment vehicle?[1]

We think MSCI is now asking the right question but has yet to supply a rule capable of answering it.

Strive is a Nasdaq-listed structured finance company and institutional asset manager. We issue products like preferred stock that transmute Bitcoin's return profile to meet different investor demands, and manage the capital, liquidity and risks associated with those instruments. We also manage more than $2.8 billion in investment products for clients. We therefore approach this consultation as an affected issuer, an MSCI shareholder through our funds, and an index-market participant with a direct interest in methodologies that are objective, replicable, and durable.[2]

Our central concern is narrow but fundamental. The proposal makes the proportion of a company's "operating assets" decisive without explaining what makes an asset operating. Worse, it then feeds that opaque classification into a set of ratios that can produce different outcomes for economically identical businesses. And it risks treating digital asset-based financial business models as non-operating even when their inputs and outputs resemble those of traditional financial companies.

Those problems do not require MSCI to abandon its project; they call for completing it. We respectfully request that you transparently define the criteria behind the term "operating asset," show how it is applied, and measure financial businesses by economic substance rather than familiarity of form.

I. MSCI should define "operating assets" and make its methodology replicable

The proposal's most important term is also its least defined. A company passes the Core Screen if operating assets exceed 50% of total assets. If it fails, operating asset intensity below 20% becomes

[1] Strive, Comments Regarding Proposed Exclusion of Bitcoin Treasury Companies (Dec. 4, 2025), https://strive.com/documents/FG/strive_bitcoin/news/650930_MSCI_Engagement_Letter.pdf.
[2] Strive, Inc., Quarterly Report on Form 10-Q for the quarter ended June 30, 2026, https://www.sec.gov/Archives/edgar/data/1920406/000162828026054985/asst-20260630.htm.

the first secondary flag, and "non-operating" fair value changes drive another. Only the arithmetic is public; the key variable driving it is not.[3]

The most the proposal does to explain its central term is say operating asset intensity "measures the share of total assets that are operating/used as business inputs." Yet nowhere does it even attempt to say what makes an asset count as a business input or how MSCI decides. Nor does it explain whether excluded issuers failed its core screen or particular secondary screens, denying market participants the chance to try to deduce MSCI's definition of operating assets.

At minimum, standard norms of transparency in index methodology call for MSCI to share work it has already done. If it excludes an issuer, it must have applied a definition of "operating assets" to determine it failed the core screen, and then determined it failed at least four of the five secondary screens. It should say which.

Transparent processes are valuable because they give affected entities the opportunity to know what they are being accused of and offer evidence in response. If MSCI disclosed that an issuer failed its operating cash flow or operating expense screen, for instance, it would have the opportunity to verify and correct any data errors. As an asset manager, we know all too well that the accuracy of market data cannot be taken for granted. Giving issuers the transparency needed to correct it is crucial to maintaining an efficient market for all participants, both MSCI clients and others.

As it stands, an issuer cannot even know whether MSCI excluded it based on an opaque definition of operating assets or an unverifiable reliance on unspecified financial data. A company should at least be able to know which test it is said to have failed.

Neither U.S. GAAP nor IFRS supplies MSCI with a universal operating/non-operating asset classification. MSCI is entitled to create its own concept, but it bears the burden of defining it. Market participants should not have to attempt to reverse-engineer the governing standards from the list of companies that pass or fail.

At minimum, the final methodology should explain what evidence bears on whether something counts as an operating asset: the asset's actual use in a principal business; obligations the asset supports; allocation to a product or operating segment; contractual or regulatory constraints; liquidity, reserve or capital requirements; asset-liability management; segment reporting; and other objective evidence of business function. MSCI should also say whether only part of a fungible asset pool may qualify, how that amount is measured, and what room for index provider discretion remains.

If MSCI can calculate the answer, it can publish the calculation. For every issuer identified in the simulated impact analysis, MSCI should disclose the principal source data, material adjustments, relevant operating/non-operating classifications, and the screens that produced the published result.

Market participants should be able to both trace and predict MSCI's conclusions from its methodology back to the issuer's public filings. Investors in funds tracking MSCI benchmarks, for instance, should be able to calculate whether one of their holdings is at risk of crossing its thresholds and being excluded. The proposal's layers of opacity deny information about material risks not only to issuers, but investors.

Affected issuers are far from alone in finding the current proposal arbitrary and ill-defined. Investment bank TD Securities published a critique from the investor perspective concluding,

[3]MSCI, Consultation on Eligibility of Non-Operating Companies for the MSCI Global Investable Market Indexes (Aug. 2026), https://www.msci.com/downloads/documents/indexes/consultations/equity/Consultation%20on%20Eligibility%20of%20Non-Operating%20Companies%20for%20the%20%20MSCI%20Global%20Investable%20Market%20Indexes.pdf.

> The consultation begins from a questionable assumption: namely, that companies built around strategic asset ownership and capital allocation are somehow less operational than companies built around more traditional business activities. Having adopted that premise, the methodology then appears designed to reach a predetermined conclusion. Equally important, several of the framework's most critical thresholds and definitions are presented with limited justification, making it difficult for investors to evaluate whether the distinction being drawn is genuinely economic or merely methodological.[4]

Our simple request for transparency is consistent with the benchmark governance framework MSCI operates under. The UK Benchmarks Regulation requires transparent administration, disclosure of key methodological elements, and clear rules governing the exercise of judgment and discretion. Likewise, when the SEC asked when index providers' exercise of discretion, including over constituent selection, could cause them to be acting as investment advisers, MSCI responded that it administers its indexes objectively through rules-based methodologies, with discretion reserved for rare circumstances not addressed by the methodology, rather than making recommendations about whether a company or investment is good or bad.[5]

We do not suggest those principles compel any particular treatment of Bitcoin. They do make public criteria especially important when eligibility turns on a qualitative judgment about what a company's assets are doing.

The same point can be tested against financial businesses MSCI already recognizes as operating. Banks and insurers hold enormous portfolios of financial assets whose value may move independently of corporate actions. MSCI does not treat those assets as categorically non-operating. Its Fundamental Data Methodology states that for earnings-normalization purposes, "Unrealized gains or losses on financial assets held by companies in the Insurance Industry Group (GICS Industry 4030) or the Banks Industry Group (Industry Group 4010) are part of normal operations."[6]

MSCI's own methodology establishes that financial assets can be part of an operating business because of the function they perform. But its assertion that bank and insurer financial assets are part of normal operations is as unexplained as its assumption that financial activities built on Bitcoin are the opposite. Does MSCI consider bank and insurer financial assets operating assets? One can only guess.

We do not ask MSCI to adopt our conception of an operating asset; we ask you to explain your own. Our narrower point is that Bitcoin structured finance exhibits characteristics MSCI already recognizes as operational in established financial businesses. If MSCI believes a particular difference changes the answer, it should identify the difference and explain why it matters. Anything less resembles the investment discretion it disavows.

II. Bitcoin structured finance is an operating business

We would welcome any clear definition of the proposal's key term. But we also believe any reasonable definition of "operating asset" would likely render issuers of digital credit operating businesses.

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[4]Lance Vitanza, TD Cowen, MSCI's Non-Operating Company Proposal: Drawing the Boundaries of Public Markets (Sep. 2026), https://www.tdsecurities.com/ca/en/non-operating-company-proposal.

[5]UK Benchmarks Regulation, Arts. 12-13, Regulation (EU) 2016/1011 as retained in UK law, https://www.legislation.gov.uk/eur/2016/1011; MSCI, Response to SEC Request for Comment on Certain Information Providers Acting as Investment Advisers (Aug. 2022), https://www.msci.com/downloads/documents/indexes/responses-to-regulatory-consultations/msci-responses/MSCI_Response_Request%2Bfor%2BComment%2Bon%2BCertain%2BInformation%2BProviders%2BActing%2Bas%2BInvestment%2BAdvisers.pdf.

[6]MSCI, Fundamental Data Methodology, at 13-14 (June 2024), https://www.msci.com/eqb/methodology/meth_docs/MSCI_Fundamental_Data_Methodology_Jun2024.pdf.

Issuing digital credit founded on a Bitcoin balance sheet is a financial intermediation business. It takes volatile capital and transforms it into products with different payment, seniority, volatility, risk, and liquidity characteristics. Investors buy those securities because they offer exposures the underlying Bitcoin does not.

The business has recognizable inputs, processes, and outputs. Bitcoin, cash, and other liquid assets supply the capital base. Employees design products, set terms, manage liquidity, monitor coverage, allocate capital, service distributions, and manage risk. The outputs are differentiated financial claims and earnings produced by managing the relationship between those claims and the assets supporting them. The Bitcoin on our balance sheet is a business input because without it, our product isn't possible.

The fact that digital credit is also financing to the issuer does not make the activity non-operating. Financial businesses routinely produce liability-side claims. A bank deposit is funding to the bank and a product to the depositor. An annuity both funds the insurer and delivers a financial product to the contract holder. Financing and product are not mutually exclusive categories. Financial businesses often manufacture claims backed by assets.

That is why the analogy to insurers is apt. Insurers hold and manage general account assets against obligations created by the products they issue. Individual bonds need not be pledged to individual policyholders for the portfolio to play an operating role. The business itself is the continuing management of the asset side against the liability side.

Bitcoin structured finance performs the same kind of balance sheet function with a different asset and different claims. Strategy has made the asset-liability relationship concrete. Its board-approved Digital Credit Capital Framework maintains a dollar reserve for preferred dividends and interest and permits Bitcoin sales to replenish that reserve and fund preferred distributions. On August 3, Strategy disclosed that $52.4 million of Bitcoin-sale proceeds had been used directly to fund preferred-stock dividends.[7]

Bitcoin structured finance's connection between assets and liabilities is not theoretical. Strategy's core balance sheet asset has already been monetized to service its central financial product.

Strive's own structure points in the same direction. Our preferred stock SATA pays cash dividends every business day, a capital markets innovation we developed to better compete with traditional income products like annuities or bonds. At issuance, Strive established a separate Dividend Payment Account initially sized to approximately twelve months of SATA dividends. The account remains within Strive's corporate control rather than being escrowed for holders. But if contractual restriction, segregation, reserve coverage, or some other formal tie is what converts an economically supportive asset into an operating asset under MSCI's framework, MSCI should say so.[8]

Digital credit issuance is not merely capital raising around a passive asset pool. Capital raising merely begins the process. The business is the continuing transformation and management of the balance sheet: creating differentiated claims, bearing the market and liquidity risk between the claims and the assets, servicing those claims, and deciding how much capital can safely be issued, repurchased, or monetized over time.

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[7]Strategy Inc., "Strategy Announces Digital Credit Capital Framework" (June 29, 2026), https://www.strategy.com/press/strategy-announces-digital-credit-capital-framework_06-29-2026; Strategy Inc., Current Report on Form 8-K (Aug. 3, 2026), https://www.sec.gov/Archives/edgar/data/1050446/000119312526329565/mstr-20260803.htm.

[8]Strive, Inc., Prospectus Supplement for SATA Stock (Jan. 2026), including Dividend Payment Account provisions and related risk disclosure, https://www.sec.gov/Archives/edgar/data/1920406/000114036126002238/ny20063534x5_424b5.htm; Strive, Inc., Q2 2026 Form 10-Q, supra note 2.

As TD puts it, “[The] primary product is not bitcoin itself, but rather differentiated forms of bitcoin-backed exposure tailored to varying investor preferences for risk, duration, leverage, yield and liquidity. That strikes us as a corporate activity, not a passive one.”[9]

BDO Alliance USA, one of the nation’s largest associations of accounting firms, echoes the same point: “Capital formation, treasury optimization, structured financing, collateral management, risk oversight, and strategic deployment of digital assets are all activities that require judgment, infrastructure, and execution. As these capabilities mature, stakeholders may increasingly view leading DATs not as passive holders of Bitcoin, but as businesses that leverage Bitcoin as a platform for creating shareholder value.”[10]

If MSCI concludes otherwise, it should identify the principle that distinguishes this activity from the balance sheet intermediation it already recognizes elsewhere.

Once the activity is recognized as operating, the remaining question is how to measure its output. In its third exclusion screen, MSCI uses positive operating cash flow as evidence of “value generation from business activity.” But operating cash flow is a cash measure; operating income is the accrual measure of operating performance. For a financial business whose core asset is marked to market, value can appear in operating earnings without appearing in operating cash flow in the same period.

FASB confronted that question directly in ASU 2023-08.[11] Asked whether crypto remeasurement gains and losses should be operating or non-operating, it declined to impose a categorical answer and said the classification should depend on the entity’s facts and circumstances. That authority does not decide whether a Bitcoin business is operating; the analysis above supplies that work. But once MSCI recognizes the activity as potentially operating, positive operating income is a natural supplemental measure of its operating output.[12]

We therefore ask MSCI to permit positive operating income to supplement operating cash flow in measuring operating outputs when the underlying activity is independently supported as operating.

III. The screens should measure the same economics the same way

Even a sound definition of operating assets would be undermined if the ratios built on it are not comparable. The revised Core Screen illustrates the point. For a company whose principal non-operating asset is Bitcoin and whose remaining assets are operating, Operating Assets / Total Assets is simply 1 minus Bitcoin / Total Assets. In other words, the new secondary screens make the overall proposal materially different from Round 1, but the gateway screen retains the old test’s sensitivity to Bitcoin valuation. A change in market value will therefore change the screen even when the company’s products, people, and processes do not.

Accounting regimes compound the problem. U.S. GAAP measures qualifying crypto assets at fair value through net income, while IFRS can permit a cost model. In a simple illustration using identical businesses with $300 million of Bitcoin acquired for $100 million, $25 million of other operating assets, $10 million of operating expenses, negative $1 million of operating cash flow and $40 million

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[9] TD Securities, MSCI's Non-Operating Company Proposal: Drawing the Boundaries of Public Markets

[10] BDO USA, “Beyond Asset Holdings: Evaluating Operating-Company Status in the Age of Bitcoin,” (Sep. 2026), https://www.bdo.com/insights/assurance/beyond-asset-holdings.

[11] FASB, ASU 2023-08, Basis for Conclusions para. BC48 (observing that operating or non-operating classification of crypto remeasurement gains and losses should depend on the entity’s facts and circumstances), https://storage.fasb.org/ASU%202023-08.pdf.

[12] MSCI, Fundamental Data Methodology, at 12-14 (June 2024) (sector-specific treatment of financial-asset remeasurement results and financial-sector sales measures), https://www.msci.com/eqb/methodology/meth_docs/MSCI_Fundamental_Data_Methodology_Jun2024.pdf.

of financing cash flow, the U.S. GAAP reporter can trigger four secondary flags while the IFRS cost-model reporter triggers only two. Same assets, same products, same cash flows, different index result. MSCI should state how it will normalize material accounting differences before they become eligibility decisions.[13]

The screens' thresholds deserve the same treatment. MSCI identifies precise cutoffs and a four-of-five exclusion rule without disclosing the calibration that makes those numbers economically meaningful. Every rules-based methodology requires lines; the question is why these are the right ones. Publishing the principal back-testing, cross-industry sensitivity analysis, and rationale for the combined screen would let investors evaluate whether the test finds the population MSCI intends to identify.

IV. A narrower and more objective path forward

1. Make the classifications verifiable. Publish the definitions, principal evidence, and source hierarchy used for "operating assets" and "non-operating fair-value changes," explain partial allocation of fungible asset pools, and reconcile the simulated issuer results to the principal classifications and flags that produced them.

2. Explain the treatment of financial businesses. State which features of banks, insurers, and other balance sheet businesses drive operating treatment and whether comparable features receive comparable treatment outside those industries. Permit operating income to supplement operating cash flow once the underlying activity is potentially operating.

3. Make the quantitative screens comparable and explain their calibration. Normalize material accounting differences and disclose the rationale for the thresholds and four-of-five construction.

4. Provide a review and future-qualification path. Issuers should be able to correct factual errors and seek review of material classification judgments. If the final methodology introduces material rules not disclosed in the consultation, those rules should be re-proposed or implemented only after a meaningful opportunity for comment.

Conclusion

MSCI is asking a legitimate question: when does a corporation that owns financial assets remain an operating company, and when does it become an investment vehicle in corporate form? The answer cannot simply be whatever result an unpublished classification produces. It must be a rule.

Companies that issue digital credit belong on the operating side of that line. They use balance sheet assets as inputs, apply continuing financial and risk-management processes to them, and produce differentiated financial claims with payment and risk characteristics the underlying assets do not possess. Strategy's operating segment, reserves, and actual Bitcoin sales to fund preferred distributions make that relationship visible in practice. Strive's digital credit business performs the same core function.

We are not asking MSCI to endorse Bitcoin, guarantee Strive's inclusion, or solve every hard case in this letter. We are asking MSCI to define the distinction it has chosen to enforce, explain why comparable financial businesses receive different treatment if they do, and apply the finished rule consistently.

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[13] FASB, Accounting Standards Update No. 2023-08, Crypto Assets (Subtopic 350-60) (Dec. 2023), https://storage.fasb.org/ASU%202023-08.pdf; IFRS Interpretations Committee, Holdings of Cryptocurrencies (June 2019), https://www.ifrs.org/news-and-events/updates/ifric/2019/ifric-update-june-2019/.

If MSCI cannot state and apply its distinction transparently, consistently, and in a form market participants can reproduce, it should abandon the exclusion. If it can, we believe the underlying objective is legitimate and worth completing.

We would welcome the opportunity to discuss these issues with MSCI's Index Committee and methodology team before results of the consultation are announced. We also request that MSCI publish this response with the consultation result.

Sincerely,

Matt Cole

Chairman and Chief Executive Officer

Strive, Inc.