

# Country Classification



## SEPTEMBER 2006 UPDATE

### 1. Classification of Countries in 2007

On September 12 2006 FTSE Group ("FTSE") announced the results of its annual country classification review, the process by which stock markets are classified as either Developed or Emerging markets within the FTSE Global Equity Index Series.

The FTSE Equity Indices Committee has confirmed that there will be no changes to the designations of any country in the FTSE Global Equities Series during 2007.

This decision was made after the completion of FTSE's engagement programme with stock exchanges globally including a close examination of market structures and conditions. The criteria used to assess country classification are based on feedback obtained from an extensive market consultation programme.

### 2. FTSE Watch List Confirmation

In order to ensure that the potential movement of countries is transparent to investors we have created a Watch List of countries that may be subject to a change in their classification if a number of conditions are met. Addition to the FTSE Watch List is the first step in a change of designation status.

At the 2006 review, the FTSE Equities Index Committee added the following five countries to the Watch List.

- **Israel** - possible move to Developed status
- **Greece, Hungary and Poland** - possible moves to Advanced Emerging status
- **Pakistan** - possible removal from FTSE Global Equity Index Series.

South Korea, Taiwan and China "A" Shares remain on the Watch List.

Watch List countries will be assessed again at the next country classification review in September 2007. Watch List countries will remain on the Watch List for a minimum of twelve months before any change is made to their status. FTSE will give investors a minimum of six-months notice prior to any changes being implemented in its indices as a result of a country classification review. No changes to the classification of any countries are therefore expected to be implemented before March 2008 at the earliest.

The Watch List countries are now:

Watch List Country	Details
China "A" Shares	possible inclusion in FTSE Global Equity Index Series as Secondary Emerging
Greece	possible change to Advanced Emerging from Developed
Hungary	possible change to Advanced Emerging from Secondary Emerging
Israel	possible change to Developed from Advanced Emerging
Pakistan	possible removal from FTSE Global Equity Index Series
Poland	possible change to Advanced Emerging from Secondary Emerging
South Korea	possible change to Developed from Advanced Emerging
Taiwan	possible change to Developed from Advanced Emerging

# COUNTRY CLASSIFICATION SEPTEMBER 2006 UPDATE

## Current Classification of Countries as Developed/Advanced Emerging/Secondary Emerging

Developed	Emerging Markets	
	Advanced Emerging	Secondary Emerging
Australia	Brazil	Argentina
Austria	Israel	Chile
Belgium/Luxembourg	Mexico	China
Canada	South Africa	Colombia
Denmark	South Korea	Czech Republic
Finland	Taiwan	Egypt
France		Hungary
Germany		India
Greece		Indonesia
Hong Kong		Malaysia
Ireland		Morocco
Italy		Pakistan
Japan		Peru
Netherlands		Philippines
New Zealand		Poland
Norway		Russia
Portugal		Thailand
Singapore		Turkey
Spain		
Sweden		
Switzerland		
UK		
USA		

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