

# FTSE Country Classification

FTSE Russell today announces the March 2016 results of the FTSE Country Classification interim review.

The FTSE Country Classification interim review is conducted every March to keep investors fully informed on the markets which have been placed on the Watch List, in the previous September, as part of the Annual Review. In order to ensure that the potential, as well as the confirmed, movement of markets between categories is completely transparent for investors, FTSE Russell maintains a Watch List of countries that are being considered for promotion or demotion between the various market classifications.

The following markets remain included on the Watch List at this mid-point review:

- **China 'A' Share:** Possible inclusion as Secondary Emerging
- **Kazakhstan:** Possible inclusion as Frontier
- **Kuwait:** Possible inclusion as Secondary Emerging
- **Mongolia:** Possible inclusion as Frontier
- **Poland:** Possible promotion from Advanced Emerging to Developed
- **Saudi Arabia:** Possible inclusion to Secondary Emerging

## FTSE Country Classification Changes March 2016

FTSE Russell confirms that Greece was reclassified from Developed to Advanced Emerging status in conjunction with the March 2016 FTSE Global Equity Index Series (GEIS) semi-annual review which was effective from the open on Monday 21 March 2016.

In addition, effective from September 2016, Qatar will be promoted from Frontier to Secondary Emerging. Latvia and Palestine, previously 'Unclassified', will be designated as eligible Frontier markets within the FTSE Country Classification scheme. These changes were first announced in September 2015.

## Progress of Watch List markets since September 2015

### Advanced Emerging Watch List

#### Poland

There have been no changes to the assessment of Poland against the Quality of Markets criteria. Poland is retained on the Watch List as an Advanced Emerging market, and will be reviewed for possible promotion to Developed status at the Annual Review in September 2016.

### Secondary Emerging Watch List

#### China A

There have been no changes to the assessment of the China A Shares market against the criteria in the Quality of Markets matrix. FTSE Russell acknowledges the efforts of the Chinese authorities to increase accessibility of the China A market to foreign investors, including the recent easing of the Qualified Foreign Institutional Investor (QFII) rules. The China A Shares market is retained on the Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Secondary Emerging market at the Annual Review in September 2016.

#### Kuwait

There have been no changes to the assessment of Kuwait against the Quality of Markets criteria. Kuwait is retained on the Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Secondary Emerging market at the Annual Review in September 2016.

### Saudi Arabia

Saudi Arabia was added to the Watch List in September 2015 following the introduction of a Qualified Foreign Investor (QFI) scheme. Saudi Arabia is retained on the Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Secondary Emerging market at the Annual Review in September 2016.

### Frontier Watch List

#### Kazakhstan

There have been no changes to the assessment of Kazakhstan against the Quality of Markets criteria. Kazakhstan is retained on the Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Frontier market at the Annual Review in September 2016.

#### Mongolia

Following the recommendation of the FTSE Country Classification Advisory Committee, the criterion 'Transaction Costs – implicit and explicit costs to be reasonable and competitive' has been downgraded from "Restricted" to "Not Met" by FTSE Russell. This is due to the transaction costs in Mongolia being comparable to other markets evaluated as "Not Met". Mongolia is retained on the Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Frontier market at the Annual Review in September 2016.

FTSE Russell, supported by the FTSE Country Classification Advisory Committee, will continue to closely monitor the progress of the Watch List countries.

In reaching its March 2016 interim assessments, FTSE Russell is grateful to the authorities in the world's financial markets for their cooperation and constructive engagement and to market participants across the globe for sharing their experiences of working within international equity markets.

## September 2016 Annual Review

FTSE Russell welcomes comments from all participants on their experiences and perceptions of market practices across the globe, but particularly those of countries on the current Watch List. Data collection and analysis for the Annual Review will close in July and the results will be announced in September 2016. Following the Annual Review a minimum of six months' notice is provided before country classification changes are implemented.

For full information about the FTSE country classification process, including details of the criteria for a market to be assigned Developed, Emerging and Frontier status and an assessment of each of the markets classified in FTSE equity indexes, please visit the country classification area of [www.ftserussell.com](http://www.ftserussell.com).

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Data definitions available from [www.ftse.com](http://www.ftse.com)

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