

FTSE QUALITY OF MARKETS CRITERIA (ASIA PACIFIC) as at September 2022

CRITERIA	COUNTRY NAMES																							
	DEV	Australia	Hong Kong	Japan	New Zealand	Singapore	South Korea	ADV EMG	Malaysia	Taiwan	Thailand	SEC EMG	China**	India	Indonesia	Pakistan	Philippines	SEC EMG WATCH	FRONT	Bangladesh	Mongolia***	Sri Lanka	Vietnam	China A via QFII~
World Bank GNI Per Capita Rating (Atlas Method)		High	High	High	High	High	High		Upper Middle	High	Upper Middle		Upper Middle	Lower Middle	Lower Middle	Lower Middle	Lower Middle			Lower Middle	Lower Middle	Lower Middle	Lower Middle	Upper Middle
Credit Worthiness		Investment	Investment	Investment	Investment	Investment	Investment		Investment	Investment	Investment		Investment	Investment	Investment	Speculative	Investment			Speculative	Speculative	Default	Speculative	Investment
Market and Regulatory Environment																								
Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC)	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Restricted	Pass	Pass	X	X	Pass	Pass	Pass	Pass	Pass
Fair and non-prejudicial treatment of minority shareholders	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Restricted		Not Met	Restricted	Not Met	Pass	Restricted			Restricted	Pass	Restricted	Restricted	Not Met
No or selective incidence of foreign ownership restrictions	X	Pass	Pass	Restricted	Pass	Pass	Restricted	X	Restricted	Pass	Restricted		Not Met	Restricted	Pass	Pass	Restricted			Pass	Pass	Pass	Restricted	Not Met
No objection to or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	X	X	Pass	Pass	Restricted	Pass	Restricted
No or simple registration process for foreign investors	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Restricted	Pass	Pass		Pass	Not Met	Pass	Restricted	Pass			Restricted	Restricted	Restricted	Restricted	Not Met
Foreign Exchange Market																								
Developed foreign exchange market	X	Pass	Pass	Pass	Pass	Pass	Restricted	X	Restricted	Restricted	Restricted		Not Met	Not Met	Restricted	Restricted	Restricted			Not Met	Restricted	Not Met	Restricted	Not Met
Equity Market																								
Brokerage - Sufficient competition to ensure high quality broker services	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	X		Pass	Pass	Pass	Pass	Restricted
Transaction costs - implicit and explicit costs to be reasonable and competitive	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	Not Met	X	Pass	Not Met	Not Met	Pass	Pass
Tax - imposition of taxes to be reasonable and comparable between domestic and non-domestic investors	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Restricted	Pass		Pass	Not Met	Pass	Not Met	Pass			Not Met	Pass	Pass	Pass	Pass
Stock Lending is permitted	X	Pass	Pass	Pass	Pass	Pass	Pass		Restricted	Restricted	Restricted		Not Met	Pass	Restricted	Restricted	Restricted			Not Met	Not Met	Not Met	Restricted	Not Met
Short sales permitted	X	Pass	Pass	Restricted	Pass	Pass	Restricted		Restricted	Restricted	Pass		Not Met	Restricted	Restricted	Restricted	Restricted			Not Met	Not Met	Not Met	Not Met	Not Met
Developed Derivatives Market	X	Pass	Pass	Pass	Restricted	Pass	Pass		Restricted	Pass	Restricted		Not Met	Restricted	Not Met	Not Met	Not Met			Not Met	Not Met	Not Met	Restricted	Not Met
Off-exchange transactions permitted	X	Pass	Pass	Pass	Pass	Pass	Restricted		Pass	Restricted	Pass		Not Met	Not Met	Pass	Pass	Pass			Not Met	Not Met	Not Met	Not Met	Not Met
Efficient trading mechanism	X	Pass	Pass	Pass	Pass	Pass	Restricted	X	Pass	Pass	Pass		Restricted	Restricted	Pass	Pass	Pass			Restricted	Pass	Restricted	Restricted	Restricted
Transparency - market depth information / visibility and timely trade reporting process	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	X	X	Restricted	Pass	Pass	Pass	Pass
Clearing, Settlement and Custody																								
*Settlement - costs associated with failed trades	X	Pass	Restricted	Pass	Pass	Restricted	Restricted	X	Restricted	Restricted	Restricted	X	Restricted	Restricted	Not Met	Restricted	Pass	X	X	Pass	Pass	Pass	N/A	Pass
Settlement Cycle (DvP)	X	T+2	T+2	T+2	T+2	T+2	T+2	X	T+2	T+2	T+2	X	T+0/T+1 (DvP)	T+2	T+2	T+2	T+3	X	X	T+1, T+3	T+2	T+3	T+2	T+0
Central Securities Depository	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass			Pass	Pass	Pass	Pass	Pass
Central Counterparty Clearing House (Equities)	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass		Pass	Pass	Pass	Pass	Pass			Pass	Pass	Pass	Not Met	Pass
Settlement - Free delivery available	X	Pass	Pass	Pass	Pass	Pass	Restricted		Restricted	Restricted	Pass		Not Met	Restricted	Restricted	Restricted	Restricted			Not Met	Restricted	Not Met	Not Met	Not Met
Custody-Sufficient competition to ensure high quality custodian services	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	X		Pass	Not Met	Pass	Pass	Pass
Account structure operating at the Custodian level (securities and cash)	X	Pass	Pass	Pass	Pass	Pass	Restricted		Restricted	Not Met	Pass		Restricted	Not Met	Restricted	Not Met	Restricted			Not Met	Restricted	Not Met	Not Met	Not Met

*Criterion updated from 'Settlement - rare incidences of failed trades' to 'Settlement - costs associated with failed trades'

***Mongolia to be reclassified from Unclassified to Frontier market status effective from September 2023



Shading indicates a rating change from March 2022

**Includes China A Shares (via NorthBound Stock Connect Scheme Buy-and-Sell-List), B Shares, H Shares, Red Chips, P Chips, S Chips and N Shares. The Settlement Cycle for China A Shares via Stock Connect is reflected in the matrix with T+0 for Sells and T+1 for Buys with DvP

~Other China A access routes - currently Unclassified