



---

# FTSE Equity Country Classification September 2019 Annual Announcement

Published: 26 September 2019

---

## 1. Classification of Markets

A formal review of country classification within the FTSE global equity indexes is conducted on an annual basis each September using a comprehensive, transparent and consistent methodology. This Annual Review incorporates ongoing country classification research and classifies stock markets as Developed, Advanced Emerging, Secondary Emerging or Frontier within the FTSE global equity indexes.

## 2. FTSE Watch List

To ensure that potential movement of markets between classifications is completely transparent to investors, a Watch List of markets being considered for reclassification is maintained.

The following markets were on the Watch List following the March 2019 Interim Country Classification Review:

- **Argentina:** possible reclassification from Frontier to Secondary Emerging
- **Romania:** possible reclassification from Frontier to Secondary Emerging
- **Tanzania:** possible inclusion as Frontier
- **Vietnam:** possible reclassification from Frontier to Secondary Emerging.

---

## 3. Progress of Watch List markets since March 2019

### Secondary Emerging Watch List

#### Argentina

Argentina was added to the Watch List in September 2018 for possible reclassification to Secondary Emerging market status. In September 2019, the FTSE Country Classification Advisory Committee supported the following criteria rating changes:

- “No objection to or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income”: downgraded from ‘Pass’ to ‘Not Met’
- “Stock Lending is permitted”: upgraded from ‘Not Met’ to ‘Restricted’.

Following the imposition of capital controls on 1 September 2019, FTSE Russell announced that in accordance with the “Index Policy in the Event Clients are Unable to Trade a Market” (see: [link](#)), all index changes for Argentinian securities resulting from the FTSE Frontier September 2019 annual review have been suspended until further notice.

As a result of the imposition of capital controls, **Argentina will be removed from the Watch List for possible reclassification from Frontier to Secondary Emerging market status and retained as a Frontier market within FTSE Russell indexes.**

FTSE Russell continues to engage with the Argentinian market authorities and will provide an update on the Frontier market status of Argentina and the treatment of Argentinian securities within the FTSE Frontier Index Series once further clarification is obtained on the longevity of the capital controls.

#### Romania

FTSE Russell is pleased to announce that **Romania will be assigned Secondary Emerging market status** effective in conjunction with the FTSE Global Equity Index Series (GEIS) semi-annual review in September 2020.

Romania was added to the Watch List in September 2016 for possible reclassification to Secondary Emerging market status.

As part of the Annual Review the FTSE Country Classification Advisory Committee supported the following criterion rating change:

- “Liquidity – Sufficient broad market liquidity to support sizeable global investment”: upgraded from ‘Restricted’ to ‘Pass’.

Consequently, Romania meets the nine FTSE Quality of Markets criteria required for Secondary Emerging market status within the FTSE Country Classification scheme.

---

The below table illustrates the three Romanian securities that meet the FTSE Global All Cap Index eligibility screens based on data as of close of 28 June 2019:

Company Name	Size Segment
Societatea Nationala De Gaze Naturale – ROMGAZ	Mid
Banco Transilvania	Mid
BRD-Groupe Societe Generale	Small

The below table illustrates the projected percentage weight in index of the three eligible Romanian securities in the FTSE global headline indexes based on data as of close 30 August 2019 and following the completion of the inclusion of Saudi Arabia and Phase One of China A as of March 2020:

Index Name	Romania Projected % Weight in Index
FTSE Global All Cap (Large/Mid/Small)	0.008%
FTSE All-World (Large/Mid)	0.009%
FTSE Emerging All Cap (Large/Mid/Small)	0.078%
FTSE Emerging (Large/Mid)	0.085%

Full details of the implementation are set out in a separate FAQ (see: [link](#)).

FTSE Russell congratulates the Romanian market authorities on attaining Secondary Emerging market status.

## Vietnam

Vietnam was added to the Watch List in September 2018 for possible reclassification to Secondary Emerging market status. Vietnam continues to fail the “Clearing & Settlement – T+2/T+3” criterion which is currently rated as ‘Restricted’, due to the market practice of conducting a pre-trading check to ensure the availability of funds prior to trade execution.

Additional improvements are sought with regard to the registration of new accounts where market practice can extend the registration process and also the introduction of an efficient mechanism to facilitate trading in securities that have reached, or are approaching, their foreign ownership limit between non-domestic investors.

FTSE Russell acknowledges the constructive interaction with the Vietnam market authorities over the last twelve months and recognises their efforts to develop and improve the capital market. FTSE Russell looks forward to continuing the engagement.

**Vietnam is retained on the Watch List as a Frontier market** and will be reviewed for possible reclassification as a Secondary Emerging market within the FTSE Country Classification scheme at the Annual Review in September 2020.

---

## Frontier Watch List

### Tanzania

FTSE Russell is pleased to announce that **Tanzania will be assigned Frontier market status** within the FTSE Country Classification scheme commencing at the FTSE Frontier annual review in September 2020.

Tanzania was added to the Watch List in September 2018 for possible inclusion as a Frontier market and meets the five FTSE Quality of Markets criteria required for Frontier market status within the FTSE Country Classification scheme.

FTSE Russell congratulates the Tanzanian market authorities on attaining Frontier market status.

## Other Market Engagements

### Peru

FTSE Russell is currently engaging with the Peruvian market authorities in response to the number of Peruvian securities within the FTSE Global All Cap Index decreasing to one stock. FTSE Russell will provide an update on the continuing Secondary Emerging market status of Peru as part of the March 2020 Country Classification Interim Review.

## 4. The September 2019 Watch List is as follows:

- **Vietnam:** possible reclassification from Frontier to Secondary Emerging.

For more information please visit: <https://www.ftserussell.com/equity-country-classification>

## 5. Confirmed reclassifications pending implementation

In addition to the reclassification of Romania and Tanzania, the following confirmed reclassifications are in transition:

- **China A Share** (available via the Northbound Stock Connect Scheme Buy-and-Sell-List): Phase 1 reclassification from Unclassified to Secondary Emerging market status, effective in three tranches, which commenced in June 2019 and will be completed in March 2020.
- **Saudi Arabia:** reclassification from Unclassified to Secondary Emerging market status, effective in five tranches, which commenced in March 2019 and will be completed in March 2020.

The below table illustrates the index inclusion dates of the confirmed country classification changes that are awaiting implementation:

Market	Reclassification	December 2019	March 2020	June 2020	September 2020
Saudi Arabia	Secondary Emerging in 5 Tranches	-	Tranche 5: 25%	-	-
China A Share (Northbound Stock Connect Scheme Buy-and-Sell-List) *	Secondary Emerging in 3 Tranches (Phase 1)	-	Tranche 3: 40%	-	-
Romania	Secondary Emerging in 1 Tranche	-	-	-	100%
Tanzania	Frontier in 1 Tranche	-	-	-	100%

\*Phase 1 inclusion of China A Share is based on 25% of the eligible security's investability weight

FAQs supporting the China A Share and Saudi Arabia market transitions are available at: <https://www.ftserussell.com/equity-country-classification>

## 6. Changes to the FTSE Equity Quality of Markets Matrix

FTSE Russell regularly reviews the FTSE Quality of Markets matrix to ensure that the 21 criteria continue to be relevant and reflect developments in the equity capital markets. As a result of the latest review, FTSE Russell will be introducing enhancements to the FTSE Quality of Markets matrix by 1 January 2020 against which markets will be evaluated from September 2020.

The table below shows the FTSE classification of equity markets as at September 2019.

Developed	Advanced Emerging	Secondary Emerging	Frontier
Australia	Brazil	Chile	Argentina
Austria	Czech Republic	China**	Bahrain
Belgium/Luxembourg	Greece	Colombia	Bangladesh
Canada	Hungary	Egypt	Botswana
Denmark	Malaysia	India	Bulgaria
Finland	Mexico	Indonesia	Côte d'Ivoire
France	South Africa	Kuwait	Croatia
Germany	Taiwan	Pakistan	Cyprus
Hong Kong	Thailand	Peru	Estonia
Ireland	Turkey	Philippines	Ghana
Israel		Qatar	Iceland***
Italy		Russia	Jordan
Japan		Saudi Arabia*	Kazakhstan
Netherlands		UAE	Kenya
New Zealand			Latvia
Norway			Lithuania
Poland			Malta
Portugal			Mauritius
Singapore			Morocco
South Korea			Nigeria
Spain			Oman
Sweden			Palestine
Switzerland			Republic of North Macedonia
UK			Romania****
USA			Serbia
			Slovak Republic
			Slovenia
			Sri Lanka
			Tunisia
			Vietnam
			*****Tanzania

\*Saudi Arabia reclassification to Secondary Emerging commenced in March 2019 and is to be completed by March 2020.

\*\*China A Share reclassification to Secondary Emerging commenced in June 2019 and is to be completed by March 2020.

\*\*\*Iceland reclassified as Frontier, effective with the annual review of the FTSE Frontier Index Series in September 2019.

\*\*\*\*Romania to be reclassified as Secondary Emerging effective with the FTSE GEIS semi-annual review in September 2020.

\*\*\*\*\*Tanzania to be reclassified as Frontier effective with the annual review of the FTSE Frontier Index Series in September 2020.

# Matrix of markets

(Source: FTSE Russell as at September 2019. Past performance is no guarantee of future results. Please see disclaimer for important legal information).

	SEGMENTS	AMERICAS	ASIA PACIFIC	EUROPE	MEA
	All-World World Developed Advanced Emerging Emerging Secondary Emerging EMEA All-World BRIC All-World ex USA All-World ex NA Developed ex USA Developed ex NA All-World Americas All-World North America All-World Latin America Emerging Latin America All-World ex Japan World ex Japan All-World ex Asia Developed ex Japan (FTSE Kaigai) Developed Asia Pacific Developed Asia Pacific ex Japan Developed Europe Asia Pacific All-World Europe-Asia Pacific All-World Asia Pacific All-World Asia Pacific ex Japan All-World Asia Pacific ex Japan, India & Pakistan All-World Asia Pacific ex Japan, Australia & New Zealand All-World Asia ex Japan, Hong Kong, Australia & New Zealand All-World Asia Pacific ex Japan, Australia, New Zealand, India & All-World Asean All-World Greater China Emerging Asia Pacific All-World ex UK All-World ex Eurozone Developed ex Eurozone Developed ex UK Developed Europe Developed Europe ex UK Developed Europe ex Eurozone ex UK All-World Europe All-World Eurozone All-World Europe ex UK All-World Europe ex Eurozone All-World Eastern Europe ex UK All-World Nordic Emerging Europe All-World ex South Africa All-World Middle East and Africa				
Australia	•••	•••	•••	•••	•
Austria	•••	•••	•••	•••	•
Belgium/Luxembourg	•••	•••	•••	•••	•
Brazil	•••	•••	•••	•••	•
Canada	•••	•••	•••	•••	•
Chile	•••	•••	•••	•••	•
China	•••	•••	•••	•••	•
Colombia	•••	•••	•••	•••	•
Czech Republic	•••	•••	•••	•••	•
Denmark	•••	•••	•••	•••	•
Egypt	•••	•••	•••	•••	•
Finland	•••	•••	•••	•••	•
France	•••	•••	•••	•••	•
Germany	•••	•••	•••	•••	•
Greece	•••	•••	•••	•••	•
Hong Kong	•••	•••	•••	•••	•
Hungary	•••	•••	•••	•••	•
India	•••	•••	•••	•••	•
Indonesia	•••	•••	•••	•••	•
Ireland	•••	•••	•••	•••	•
Israel	•••	•••	•••	•••	•
Italy	•••	•••	•••	•••	•
Japan	•••	•••	•••	•••	•
Kuwait	•••	•••	•••	•••	•
Korea	•••	•••	•••	•••	•
Malaysia	•••	•••	•••	•••	•
Mexico	•••	•••	•••	•••	•
Netherlands	•••	•••	•••	•••	•
New Zealand	•••	•••	•••	•••	•
Norway	•••	•••	•••	•••	•
Pakistan	•••	•••	•••	•••	•
Peru	•••	•••	•••	•••	•
Philippines	•••	•••	•••	•••	•
Poland	•••	•••	•••	•••	•
Portugal	•••	•••	•••	•••	•
Qatar	•••	•••	•••	•••	•
Russia	•••	•••	•••	•••	•
Saudi Arabia	•••	•••	•••	•••	•
Singapore	•••	•••	•••	•••	•
South Africa	•••	•••	•••	•••	•
Spain	•••	•••	•••	•••	•
Sweden	•••	•••	•••	•••	•
Switzerland	•••	•••	•••	•••	•
Taiwan	•••	•••	•••	•••	•
Thailand	•••	•••	•••	•••	•
Turkey	•••	•••	•••	•••	•
UAE	•••	•••	•••	•••	•
UK	•••	•••	•••	•••	•
USA	•••	•••	•••	•••	•

**For more information about our indexes, please visit [ftserussell.com](http://ftserussell.com).**

---

© 2019 London Stock Exchange Group plc and its applicable group undertakings (the “LSE Group”). The LSE Group includes (1) FTSE International Limited (“FTSE”), (2) Frank Russell Company (“Russell”), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, “FTSE Canada”), (4) MTSNext Limited (“MTSNext”), (5) Mergent Inc. (“Mergent”), (6) FTSE Fixed Income LLC (“FTSE FI”), and (7) The Yield Book Inc (“YB”). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI, and YB. “FTSE®”, “Russell®”, “FTSE Russell®”, “MTS®”, “FTSE4Good®”, “ICB®”, “Mergent®”, “The Yield Book®” and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI or YB.

FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for any errors or for any loss from use of this publication or any of the information or data contained herein.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors:

- (a) make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE Russell Indexes or the fitness or suitability of the Indexes for any particular purpose to which they might be put;
- (b) provide investment advice and nothing in this document should be taken as constituting financial or investment advice, nor
- (c) make any representation regarding the advisability of investing in any asset. A decision to invest in any such asset should not be made in reliance on any information herein.

Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group index data and the use of their data to create financial products require a licence from FTSE, Russell, FTSE Canada, MTSNext, Mergent, FTSE FI, YB and/or their respective licensors.



---

## About FTSE Russell

FTSE Russell is a leading global index provider creating and managing a wide range of indexes, data and analytic solutions to meet client needs across asset classes, style and strategies. Covering 98% of the investable market, FTSE Russell indexes offer a true picture of global markets, combined with the specialist knowledge gained from developing local benchmarks around the world.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create investment funds, ETFs, structured products and index-based derivatives. FTSE Russell indexes also provide clients with tools for asset allocation, investment strategy analysis and risk management.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on index innovation and customer partnership applying the highest industry standards and embracing the IOSCO Principles. FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit [www.ftserussell.com](http://www.ftserussell.com).

To learn more, visit [ftserussell.com](http://ftserussell.com); email [info@ftserussell.com](mailto:info@ftserussell.com); or call your regional Client Service Team office:

### EMEA

+44 (0) 20 7866 1810

### North America

+1 877 503 6437

### Asia-Pacific

Hong Kong +852 2164 3333

Tokyo +81 3 3456 3634

Sydney +61 (0) 2 8823 3521