



FTSE Country Watch List and Transitional Indexes

Addendum to FTSE Global Equity Index Series Ground Rules
v1.5



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Section 1

Introduction

1.0 Introduction

- 1.1 The FTSE Country Classification scheme, classifies countries as either, Developed, Advanced Emerging, Secondary Emerging or Frontier. Countries are assessed against a set of technical and economic criteria with the results of the annual review published every September.

Please refer to the following document for additional background information on the FTSE Country Classification process: [FTSE_Country_Classification_Paper.pdf](#)

- 1.2 To provide added transparency and to enable investors to plan for potential country classification changes, FTSE operates a Watch List of those countries which have been judged to have met, or are becoming close to meeting, the technical criteria required for promotion within the FTSE Country Classification scheme. The Watch List also includes those countries which have been judged to have fallen below the requirements needed to maintain the countries' current classifications and are being considered for demotion.
- 1.3 FTSE announces any changes to the Watch List (reclassifications, additions or deletions) in March (interim update) and in September (annual update).

1.4 Watch List Indexes

- 1.4.1 Watch List indexes are designed to provide investors with a forward looking view of the FTSE Global Equity Index Series and the FTSE Frontier Index Series [for those markets which are on the Watch List but which do not have a confirmed reclassification date \(see 3.2\)](#).
- 1.4.2 Watch List indexes are discontinued when a Watch List market is removed from the Watch List.

1.5 Transitional Indexes

- 1.5.1 Transitional indexes are created for confirmed market classification changes and are designed to provide investors with a forward looking view of the FTSE Global Equity Index Series and the FTSE Frontier Index Series up to implementation date (see 3.1).
- 1.5.2 Transitional Indexes will include a date in its name which reflects when the reclassification will be completed.
- 1.5.3 Implementation of classification changes are ordinarily timed to coincide with one of the semi-annual reviews for FTSE Global Equity Index Series or the annual review of the FTSE Frontier Index. For some markets a classification change may be implemented in a number of tranches.

1.6 **These rules are an addendum to the Ground Rules of the FTSE Global Equity Index Series and the FTSE Frontier Index Series. Please refer to the FTSE Russell website (www.ftserussell.com).**

1.7 **FTSE Russell**

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Section 2

Watch List Markets and Country Classification Changes

2.0 Watch List Markets and Country Classification Changes

2.1 The following markets were assigned Watch List market status at the annual FTSE Country Classification update in September 2018:

- **Argentina** – possible reclassification from Frontier to Secondary Emerging
- **Romania** – possible reclassification from Frontier to Secondary Emerging
- **Tanzania** – possible inclusion to Frontier
- **Vietnam** – possible reclassification from Frontier to Secondary Emerging

2.2 FTSE Russell has announced the reclassification of the following markets, which are pending implementation:

- China A Shares (available via the Northbound China Stock Connect Scheme Buy-and-Sell List) – reclassification to Secondary Emerging market status announced September 2018, reclassification commences June 2019.
- Iceland – reclassification to Frontier market status announced September 2018, reclassification effective September 2019.
- Saudi Arabia – reclassification to Secondary Emerging market status announced March 2018, reclassification commences March 2019.



Section 3

List of Watch List and Transitional Indexes Calculated

3.0 List of Watch List Indexes and Transitional Indexes Calculated

3.1 Transitional Indexes

3.1.1 China A Share – reclassification to Secondary Emerging market status commencing from June 2019

China A Shares (available via the Northbound China Stock Connect Scheme Buy-and-Sell List) is to be reclassified as Secondary Emerging commencing from June 2019. China A Shares which pass the March 2019 semi-annual index eligibility criteria will be added to the FTSE Global Equity Index Series from June 2019, subject to them continuing to be available on the Northbound China Stock Connect Scheme Buy-and-Sell List China A Shares will be added to the Watch List indexes.

The following transitional indexes are available:

- FTSE China All Cap Incl China A March 2020 Index
- FTSE Emerging All Cap Incl China A & Saudi Arabia March 2020 Index
- FTSE Emerging Incl China A & Saudi Arabia March 2020 Index
- FTSE All-World Incl China A & Saudi Arabia March 2020 Index
- FTSE Global All Cap Incl China A & Saudi Arabia March 2020 Index

3.1.2 Saudi Arabia – reclassification to Secondary Emerging market status commencing from March 2019

The FTSE Global All Cap Saudi Arabia Inclusion Index will be used as the transition index for implementing the inclusion of Saudi Arabia companies within FTSE regional/global indexes, with Saudi Arabia assessed as part of the Middle East and Africa FTSE Global Equity Index Series index region. As well as the above China A and Saudi Arabia Watch List indexes, the following Saudi Arabia inclusion indexes are also available:

- FTSE Global All Cap Saudi Arabia Inclusion Index
- FTSE All World Saudi Arabia Inclusion Index
- FTSE Emerging All Cap Incl Saudi Arabia Index
- FTSE Emerging Incl Saudi Arabia Index

3.1.3 Iceland – reclassification to Frontier market status effective from September 2019

The following Transitional index is available for Iceland's reclassification to Frontier market status from September 2019:

- FTSE Frontier Incl Iceland September 2019

3.2

3.2.1 Watch List indices for the following markets will be made available by the end of 2019 subject to the market having a minimum of three securities which meet the FTSE Global Equity Index Series and FTSE Frontier eligibility thresholds

Argentina – possible reclassification from Frontier to Secondary Emerging

- FTSE Global All Cap plus Argentina
- FTSE Emerging All Cap plus Argentina

Romania – possible reclassification from Frontier to Secondary Emerging

- FTSE Global All Cap plus Romania
- FTSE Emerging All Cap plus Romania

Tanzania – possible inclusion to Frontier

- FTSE Frontier plus Tanzania

Vietnam - possible reclassification from Frontier to Secondary Emerging

- FTSE Global All Cap plus Vietnam
- FTSE Emerging All Cap plus Vietnam



Section 4

Constituent Management

4.0 Constituents Management

4.1 For markets on the Watch List for possible reclassification to Developed, Advanced Emerging, Secondary Emerging or between these classifications separate regional reviews will be conducted in accordance with the FTSE Global Equity Index Series review process on an annual basis in September, incorporating the universe of eligible securities from the respective markets.

Argentina – Latin America

Romania – Emerging Europe

Vietnam – Asia Pacific ex Japan (from March 2019, it will change to Asia Pacific ex China ex Japan)

4.2 The FTSE Frontier Index review is conducted on an annual basis in September.

Tanzania – Frontier

4.3 Changes to Constituent Companies

4.3.1 New issues that qualify for fast entry will be implemented in accordance the FTSE Global Equity Index Series Ground Rules.

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