FTSE Country Watch List and Transitional Indexes
Addendum to FTSE Global Equity Index Series Ground Rules v1.8
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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 The FTSE GEIS Watch List and Transitional Indexes do not take account of ESG factors in their index design.

1.5 Watch List Indexes

1.5.1 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 Rule 3.2).

1.5.2 Watch List indexes are discontinued when a Watch List market is removed from the Watch List.

1.5.3 The FTSE GEIS Watch List and Transitional Indexes do not take account of ESG factors in their index design.

1.6 Transitional Indexes

1.6.1 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 Rule 3.1).

1.6.2 Transitional Indexes will include a date in its name which reflects when the reclassification will be completed.
1.6.3 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.

1.7 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](http://www.ftserussell.com).

1.8 FTSE Russell

Section 2

Watch List Markets and Country Classification Changes

2.0 Watch List Markets and Country Classification Changes

2.1 The following market is assigned Watch List market status at the annual FTSE Country Classification update in September 2019:

- 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 in September 2018, with the reclassification commencing from June 2019 and completes in June 2020 in four tranches

- **Romania** – reclassification from Frontier to Secondary Emerging market status announced in September 2019, with the reclassification effective from September 2020 in one tranche, subject to a minimum to two Romanian securities meeting the index eligibility screens for the FTSE Global All Cap Index Series

- **Saudi Arabia** – reclassification to Secondary Emerging market status announced in March 2018, with the reclassification commencing from March 2019 and completes in June 2020 in six tranches

- **Tanzania** – reclassification from Unclassified to Frontier market status announced in September 2019, with the reclassification effective from September 2020 in one tranche.

- **Argentina** – reclassification from Frontier to Unclassified market status announced in March 2020, with the reclassification effective from September 2020 in one tranche

- **Peru** – reclassification from Secondary Emerging to Frontier market status announced in March 2020, with the reclassification effective from September 2020 in one tranche
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 and completes in June 2020 in four tranches

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 and completes in June 2020 in six tranches

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 Romania – reclassification from Frontier to Secondary Emerging market status effective from September 2020

The following Transitional indexes will be available by 31 July 2020 reflecting Romania’s reclassification from Frontier to Secondary Emerging market status effective from September 2020 in one tranche, subject to a minimum to two Romanian securities meeting the index eligibility screens for the FTSE Global All Cap Index Series:

- FTSE Frontier ex Romania September 2020 Index
- FTSE All Cap incl Romania September 2020 Index
- FTSE Emerging All Cap incl Romania September 2020 Index
- FTSE All-World incl Romania September 2020 Index
- FTSE Emerging incl Romania September 2020 Index

3.1.4 Japanese Real Estate Investment Trusts (J-REITs) – addition of J-REITs commencing from September 2020 and completes in June 2021 in four tranches

The following Transitional indexes will be available by 31 March 2020 reflecting the full addition of J-REITs in the FTSE Global Equity Index Series:

- FTSE Global All Cap Incl JREITs June 2021 Index
- FTSE Global All Cap ex US Inc JREITs June 2021 Index
- FTSE Developed All Cap Incl JREITs June 2021 Index
- FTSE Developed Asia Pacific All Cap Incl JREITs June 2021 Index
- FTSE Asia Pacific All Cap Incl JREITs June 2021 Index
- FTSE Japan All Cap Incl JREITs June 2021 Index
- FTSE All-World Incl JREITs June 2021 Index
- FTSE All-World ex US Incl JREITs June 2021 Index
- FTSE Developed Incl JREITs June 2021 Index
- FTSE Japan Incl JREITs June 2021 Index
- FTSE Global Small Cap Incl JREITs June 2021 Index
- FTSE Global Small Cap ex US Incl JREITs June 2021 Index
- FTSE Developed Small Cap Incl JREITs June 2021 Index
- FTSE Japan Incl JREITs June 2021 Index
- FTSE Global Small Cap Incl JREITs June 2021 Index
- FTSE Emerging Incl JREITs June 2021 Index
- FTSE India Incl JREITs June 2021 Index

3.1.5 India Foreign Ownership Limit (FOL) – implementation of new FOLs commencing from September 2020 and completes in June 2021 in four tranches

The following Transitional indexes will be available by 30 June 2020 reflecting the new India FOL levels in the FTSE Global Equity Index Series combined with the Japanese REITs where the impacted indexes overlap:

- FTSE Global All Cap Incl J-REITs and India FOL June 2021
- FTSE Global All Cap ex US Incl J-REITs and India FOL June 2021
- FTSE Emerging All Cap Incl India FOL June 2021
- FTSE Asia Pacific All Cap Incl J-REITs and India FOL June 2021
- FTSE India All Cap Incl India FOL June 2021
- FTSE All-World Incl J-REITs and India FOL June 2021
- FTSE All-World ex US Incl J-REITs and India FOL June 2021
- FTSE Asia Pacific Incl J-REITs and India FOL June 2021
- FTSE Emerging Incl India FOL June 2021
- FTSE India Incl India FOL June 2021
3.2 Watch List Indexes

3.2.1 Watch List indexes for the following markets will be made available by 30 June 2020 subject to the securities meeting the FTSE Global Equity Index Series and FTSE Frontier eligibility thresholds.

Vietnam - possible reclassification from Frontier to Secondary Emerging

- FTSE Frontier ex Vietnam
- FTSE All Cap incl Vietnam
- FTSE Emerging All Cap incl Vietnam
- FTSE All-World incl Vietnam
- FTSE Emerging incl 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.

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

4.3 Changes to Constituent Companies

4.3.1 Changes to constituent companies will be implemented in accordance the FTSE Global Equity Index Series and FTSE Frontier Index Series Ground Rules.