

# FTSE Global Equity Index Series Country Classification

FTSE Group today announces the March 2014 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 as part of the annual review, each September. In order to ensure that the potential, as well as the confirmed, movement of markets between categories is completely transparent for investors, FTSE maintains a Watch List of countries that are being considered for promotion or demotion between the various market classifications.

The following Watch List markets remain unchanged since September 2013 at this mid-point review:

- **Argentina** – Possible demotion from Frontier
- **China 'A' Share** – Possible inclusion as Secondary Emerging
- **Greece** – Possible demotion from Developed to Advanced Emerging
- **Kazakhstan** – Possible inclusion as Frontier
- **Kuwait** – Possible inclusion as Secondary Emerging
- **Mongolia** – Possible inclusion as Frontier
- **Morocco** – Possible demotion from Secondary Emerging to Frontier
- **Poland** – Possible promotion from Advanced Emerging to Developed
- **Qatar** – Possible promotion from Frontier to Secondary Emerging
- **Taiwan** – Possible promotion from Advanced Emerging to Developed

## FTSE Country Classification Changes March 2014

FTSE confirms that there are no Country Classification changes in March 2014.

## Progress of Watch List markets since September 2013

### **Developed Watch List**

#### *Greece*

FTSE has upgraded the 'Short selling permitted' criterion for Greece from 'Restricted' to 'Pass' against the Quality of Markets matrix. FTSE's assessment of the Greek market remains unchanged at this time. Greece remains on the FTSE Watch List as a developed market, to be reviewed for possible demotion from Developed to Advanced Emerging status at the annual review in September 2014.

### **Advanced Emerging Watch List**

#### *Poland*

FTSE has upgraded the 'Stock lending is permitted' criterion for Poland from 'Restricted' to 'Pass' against the Quality of Markets matrix. Poland remains on the FTSE Watch List as an Advanced Emerging market, to be reviewed for possible promotion to Developed status at the annual review in September 2014.

#### *Taiwan*

FTSE has made no changes to its assessment of Taiwan's market against the criteria in the Quality of Markets matrix. Taiwan remains on the FTSE Watch List as an Advanced Emerging market, to be reviewed for possible promotion to Developed status at the annual review in September 2014.

### **Secondary Emerging Watch List**

#### *China A*

FTSE has made no changes to its assessment of the China A Shares market against the criteria in the Quality of Markets matrix. Although progress has been made in areas of market regulation and practice, securities are still not freely available to trade through normal market channels for all global investors.

#### *Kuwait*

FTSE has upgraded the 'Free and well-developed foreign exchange market' criterion for Kuwait from 'Not Met' to 'Restricted' against the Quality of Markets matrix. FTSE acknowledges the progress being made in the area of regulation and continues constructive engagement with officials at the Capital Markets Authority. Kuwait is retained on FTSE's Watch List for possible addition to the FTSE Global Equity Index Series as a Secondary Emerging market at the annual review in September 2014.

### *Qatar*

FTSE placed Qatar on the Watch List for possible promotion to Secondary Emerging status in September 2013. FTSE has made no changes to its assessment of Qatar's market against the Quality of Market criteria. Qatar remains on the FTSE Watch List as a Frontier market, to be reviewed for possible promotion to Secondary Emerging status at the annual review in September 2014.

### **Frontier Watch List**

#### *Argentina*

FTSE has downgraded the 'Short sales permitted' criterion for Argentina from 'Pass' to 'Restricted' against the Quality of Market matrix. Argentina was added to the Watch list for possible demotion from Frontier due to continued stringent capital controls imposed on international investors and the perceived lack of an independent regulatory authority to protect the rights of shareholders. Argentina is retained on FTSE's Watch List to be considered for possible demotion from the FTSE Global Equity Index Series as Frontier status at the annual review in September 2014.

#### *Kazakhstan*

FTSE has made no changes to its assessment of Kazakhstan's market against the Quality of Market criteria. FTSE continues constructive engagement with officials at the Kazakhstan Stock Exchange. One of the outstanding issues remains the reform of the T+0 settlement cycle to bring it into alignment with international standards. Kazakhstan is retained on FTSE's Watch List to be considered for possible addition to the FTSE Global Equity Index Series as a Frontier market at the annual review in September 2014.

#### *Mongolia*

FTSE has made no changes to its assessment of Mongolia's market against the Quality of Market criteria. Mongolia is retained on FTSE's Watch List to be considered for possible addition to the FTSE Global Equity Index Series as a Frontier market at the annual review in September 2014.

#### *Morocco*

FTSE placed Morocco on the Watch List for possible demotion from Secondary Emerging to Frontier status in September 2013 due to the continued decline in broad market liquidity below the level sufficient to support sizeable global investment. FTSE has since downgraded the 'Stock lending is permitted' criterion for Morocco from 'Pass' to 'Restricted' against the Quality of Market matrix. Morocco is retained on FTSE's Watch List to be considered for possible demotion from Secondary Emerging to Frontier status within the FTSE Global Equity Index Series at the annual review in September 2014.

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

### **Other Markets**

The FTSE Country Classification Advisory Committee reviewed the status of Palestine and Latvia, which are currently not classified. An announcement on the status of these markets will be made as part of the annual review in September 2014.

The FTSE Country Classification Advisory Committee welcomed the positive developments recently made in Egypt to lift the restrictions previously imposed on the repatriation of capital.

### **Quality of Market changes to non Watch List countries**

Following the financial crisis, markets imposed restrictions on the availability and coverage of securities permitted for stock lending and short selling. Over the last couple of years the restrictions on stock lending and short selling have been relaxed with the support of tighter regulation. FTSE has conducted a market-wide analysis of these two criteria, and a complete list of these and other changes to quality of markets status are available on the FTSE Quality of Markets matrix documents posted on FTSE's website.

**In reaching the March 2014 interim assessments, FTSE is grateful to the authorities in the world's financial markets for their cooperation and also to market participants across the globe for sharing their experiences of working within international equity markets.**

### **September 2014 Annual Review**

FTSE welcomes comments from both buy- and sell-side participants on their experiences and perceptions on trading with all markets, but particularly those on the current Watch List. Data collection and analysis for the annual review will close in July and results of the FTSE annual country classification review will be announced in September 2014. FTSE provides a minimum of six months' notice before country classification changes are implemented in its indices following the annual country classification review.

For full information about FTSE's country classification process, including details of all criteria for Developed, Emerging and Frontier status and an assessment of each of the markets classified in FTSE equity indices, please visit [www.ftse.com/country](http://www.ftse.com/country)

© FTSE International Limited ("FTSE") 2014. All rights reserved.

The FTSE Country Classification criteria and assessment 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 FTSE for any errors or for any loss arising from use and/or implementation of the information in this publication. No part of this publication 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 FTSE.

The FTSE Country Classification criteria have been provisionally agreed by the FTSE Equity Indices Committee which consists of independent market practitioners. In the event that you have any comments or questions relating to the FTSE Country Classification, then please contact Client Services who will be happy to assist you in your query. "FTSE" is a trade mark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE under licence.

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

For further information visit [www.ftse.com](http://www.ftse.com), email [info@ftse.com](mailto:info@ftse.com) or call your local FTSE office:

<b>Beijing</b>	+86 (10) 8587 7722
<b>Dubai</b>	+971 4 319 9901
<b>Hong Kong</b>	+852 2164 3333
<b>London</b>	+44 (0) 20 7866 1810
<b>Milan</b>	+39 02 3604 6953
<b>Mumbai</b>	+91 22 6649 4180
<b>New York</b>	+1 888 747 FTSE (3873)
<b>Paris</b>	+33 (0)1 53 76 82 89
<b>San Francisco</b>	+1 888 747 FTSE (3873)
<b>Sydney</b>	+61 (2) 9293 2864
<b>Tokyo</b>	+81 (3) 3581 2811