



---

# FTSE Equity Country Classification March 2019 Interim Update

Published: 29 March 2019

---

## 1. Classification of Markets

A formal interim review of country classification within the FTSE global equity indexes is conducted every March using a comprehensive, transparent and consistent methodology to keep investors fully informed on the markets which had been placed on the Watch List the previous September.

## 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 placed on the Watch List following the Annual Review in September 2018:

- **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.

This interim review provides an update on the status of each market on the Watch List and confirms the reclassifications pending implementation.

---

## 3. Progress of Watch List markets since September 2018

### Secondary Emerging Watch List

#### Argentina

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

- “Custody – Omnibus and segregated account facilities available to international investors”: upgraded from ‘Not Met’ to ‘Restricted’;
- “Off-exchange transactions permitted”: upgraded from ‘Not Met’ to ‘Restricted’; and
- “Developed Derivatives Market”: upgraded from ‘Not Met’ to ‘Restricted’.

The “Liquidity – Sufficient broad market liquidity to support sizeable global investment” criterion is required for attaining Secondary Emerging market status and is currently rated as ‘Not Met’. FTSE Russell acknowledges the continued efforts of the Buenos Aires Stock Exchange to improve liquidity levels on the exchange.

Argentina 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 2019.

#### Romania

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

The “Liquidity – Sufficient broad market liquidity to support sizeable global investment” criterion is required for attaining Secondary Emerging market status and is currently rated as ‘Restricted’. FTSE Russell acknowledges the continued efforts of the Bucharest Stock Exchange to improve liquidity levels on the exchange.

Romania 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 2019.

---

## Vietnam

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

- “Settlement – Rare incidence of failed trades”: updated from ‘Pass’ to ‘N/A’ due to the market practice of conducting pre-trade checks;
- “Custody – Omnibus and segregated account facilities available to international investors”: downgraded from ‘Pass’ to ‘Restricted’;
- “Off-exchange transactions permitted”: downgraded from ‘Restricted’ to ‘Not Met’; and
- “Developed Derivatives Market”: upgraded from ‘Not Met’ to ‘Restricted’.

FTSE Russell continues to engage with the Vietnam market authorities as they implement reforms aimed at developing the capital market.

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 2019.

## Frontier Watch List

### Tanzania

Tanzania was added to the Watch List in September 2018 for possible inclusion as a Frontier market. In March 2019, the FTSE Country Classification Advisory Committee endorsed the following criterion rating changes:

- “Developed foreign exchange market”: upgraded from ‘Not Met’ to ‘Restricted’;
- “No or simple registration process for foreign investors”: upgraded from ‘Restricted’ to ‘Pass’; and
- “Efficient trading mechanism”: downgraded from ‘Pass’ to ‘Restricted’.

Tanzania currently meets the five FTSE Quality of Markets criteria required for Frontier market status within the FTSE Country Classification scheme. However, markets must remain on the Watch List for a minimum of one year for evaluation purposes before a reclassification is announced. Hence, Tanzania will be retained on the Watch List and be reviewed for possible classification as a Frontier market at the Annual Review in September 2019.

## 4. Confirmed reclassifications pending implementation

- **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 commencing from June 2019 and being completed by March 2020.
- **Iceland**: reclassification from Unclassified to Frontier market status, effective in one tranche from September 2019.
- **Saudi Arabia**: reclassification from Unclassified to Secondary Emerging market status, effective in five tranches commencing from March 2019 and being completed by March 2020.

### Saudi Arabia: Tranche 2 Implementation (April 2019)

Following the implementation of Tranche 1 of Saudi Arabia's inclusion in the FTSE Global Equity Index Series (GEIS), FTSE Russell has consulted its independent advisory committees and other market participants, including local brokers and custodians, on the appropriate timing of Tranche 2. The feedback received on the implementation of Tranche 1 has been overwhelmingly positive. FTSE Russell commends the Saudi Arabia Capital Market Authority and the Tadawul on the effectiveness of the market reforms introduced ahead of the decision to include Saudi Arabian securities in GEIS.

Accordingly, FTSE Russell confirms that Tranche 2 will proceed as set out in the notice "Timing of Implementation of Saudi Arabia into FTSE Global Equity Index Series" published on 11 March 2019. Tranche 2 will be implemented effective from the open of Wednesday 1 May 2019 using official closing prices as of Tuesday 30 April 2019.

Indicative review files reflecting the Tranche 2 investability weighting changes for Saudi Arabia will be available from Friday, 5 April 2019.

The below table illustrates the index inclusion dates of the confirmed country classification changes:

Market	Reclassification	March 2019	April 2019	June 2019	September 2019	December 2019	March 2020
Saudi Arabia	Secondary Emerging in 5 Tranches	Tranche 1: 10%	Tranche 2: 15%	Tranche 3: 25%	Tranche 4: 25%	-	Tranche 5: 25%
China A Share (Northbound Stock Connect Scheme Buy-and-Sell-List) *	Secondary Emerging in 3 Tranches (Phase 1)			Tranche 1: 20%	Tranche 2: 40%	-	Tranche 3: 40%
Iceland	Frontier in 1 Tranche				100%		

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

FAQs supporting the China A Share and Saudi Arabia market transitions are available at <http://www.ftse.com/products/indices/country-classification>

---

## 5. The March 2019 Watch List is as follows:

- **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.

For more information please visit: <http://www.ftse.com/products/indices/country-classification>

The table below shows the FTSE classification of equity markets as at March 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	Jordan
Italy		Russia	Kazakhstan
Japan		Saudi Arabia*	Kenya
Netherlands		UAE	Latvia
New Zealand			Lithuania
Norway		**China A Shares	Macedonia
Poland			Malta
Portugal			Mauritius
Singapore			Morocco
South Korea			Nigeria
Spain			Oman
Sweden			Palestine
Switzerland			Romania
UK			Serbia
USA			Slovakia
			Slovenia
			Sri Lanka
			Tunisia
			Vietnam
			***Iceland

\*Saudi Arabia reclassification to Secondary Emerging market status commenced from March 2019 and to be completed by March 2020.

\*\*China A Shares to be reclassified as Secondary Emerging commencing from June 2019 and to be completed by March 2020.

\*\*\*Iceland to be reclassified as Frontier, effective with the annual review of the FTSE Frontier index in September 2019.

# Matrix of markets

(Source: FTSE Russell as at March 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](https://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