



FTSE Country Classification Process: What Constitutes a Country?



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Determination of the status of Countries within FTSE's Country Classification structure is the sole responsibility of FTSE, incorporating input from its advisory committees and other leading investors. In this context, Country means a distinct geographical area with administrative autonomy and specific economic and market characteristics.

Factors used by FTSE in support of its decision whether or not to include a particular separate area within this structure include:

- Acceptance by global investors that the area has individual characteristics influencing investment decisions.
- The legal framework for the area allows for the formation of publicly owned companies and recognizes the rights as beneficial owners of investors who acquire equity assets in such companies.
- The market infrastructure allows investors to trade and settle transactions and hold assets with reliability and security.
- The market is of sufficient size to justify the separate allocation of assets within a regional mandate.
- The existence of one or more exchanges whereby a significant proportion of the area's wealth is floated and traded as quoted equity.
- The quality and independence of the regulatory regime overseeing the market or markets in the area.

Other factors may also be considered and these factors updated regularly to reflect past experience and changing market conditions.

The inclusion of countries within FTSE's index structure and their classification as Developed, Emerging or Frontier is based on FTSE's assessment of their market quality according to specific criteria available from FTSE and published on its website.

Some areas may remain unclassified within FTSE's Country Classification structure and excluded from FTSE's global indices or combined with other areas at FTSE's sole discretion.

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