



## FTSE Equity Country Classification – Watch List Status of Nigeria

30 June 2023

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Further to the 'FTSE Equity Country Classification March 2023 Interim Update' [announcement](#) published on 30 March 2023, the purpose of this notification is to provide an update on the Watch List status of Nigeria.

Nigeria was added to the Watch List from September 2022 for possible reclassification from Frontier to Unclassified market status. This was due to reports received from index users and market participants that, from December 2020 onwards, there were significant, ongoing delays to the ability of international institutional investors to repatriate capital from Nigeria and in the execution of foreign exchange (FX) transactions. Consequently, FTSE Russell has not [implemented](#) certain corporate events for Nigerian constituents of FTSE Russell equity indices since [September 2022](#).

With the support of the FTSE Equity Country Classification Advisory Committee, FTSE Russell has conveyed its concerns to the Nigerian market authorities. Despite open and constructive engagement with the key capital markets institutions in Nigeria, geopolitical and macroeconomic factors, along with local monetary policy decisions, have continued to affect the market, such that international institutional investors have yet to report any improvement to the queues to repatriate capital from Nigeria, with delays now exceeding 24 months.

Consequently, FTSE Russell will monitor the following factors until Friday 01 September 2023 to determine whether there is any reduction in the FX queue, focussing on whether the:

- Size of the outstanding FX queue is decreasing on a week-on-week basis,
- FX rates being received by international institutional investors are consistent with the official rate available via the Investors' & Exporters' Window (I&E), and
- Process for addressing the pending FX queue on a clear 'First-In-First-Out' (FIFO) has been adopted.

Subject to there being no material improvement in the ability of international institutional investors to repatriate capital from Nigeria, or a public commitment to address the issues within a reasonable timeframe, then the current intent of FTSE Russell is to announce the reclassification of Nigeria from Frontier to Unclassified market status by the close on Friday 08 September 2023. Any action remains subject to final ratification by the FTSE Russell Index Governance Board. The timing of the announcement is dictated by the desire to ensure any reclassification of Nigeria is implemented in conjunction with the FTSE Frontier Index annual review, which is effective from the open on Monday 18 September 2023.

FTSE Russell notes the recent decision by Nigeria to officially float the Nigerian naira and the potential change in broader Nigerian monetary policy. FTSE Russell will continue to engage with the capital markets institutions in Nigeria to encourage the market to address the concerns of international institutional investors relating to their ability to repatriate capital from Nigeria.

FTSE Russell invites market participants to provide feedback on the proposed treatment of Nigeria within FTSE Russell Equity Indices via email to [info@ftserussell.com](mailto:info@ftserussell.com).

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