

SEPTEMBER 2012 UPDATE

FTSE Global Equity Index Series Country Classification

1. Classification of Markets 2012 Results

FTSE Group has confirmed the results of its annual country classification review, the process by which stock markets are classified as either Developed, Advanced Emerging, Secondary Emerging or Frontier within the FTSE Global Equity Index Series.

The FTSE Policy Group has not changed the designation of any countries within the FTSE Global Equity Index Series at this review.

2. FTSE Watch List 2012

In order to ensure that the potential, as well as 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 markets have been confirmed as Watch List countries at this Review:

- Argentina Possible removal from the index as Frontier
- China 'A' Share Possible inclusion as Secondary Emerging
- Greece Possible demotion to Advanced Emerging
- Kazakhstan Possible inclusion as Frontier
- Kuwait Possible inclusion as Secondary Emerging
- Mongolia Possible inclusion as Frontier
- Poland Possible promotion from Advanced Emerging to Developed
- **Taiwan** Possible promotion from Advanced Emerging to Developed
- Ukraine Possible inclusion as Frontier

Argentina and Mongolia are new additions to the Watch List. China 'A' Shares, Greece, Kazakhstan, Kuwait, Poland, Taiwan and Ukraine will remain on the Watch List. Argentina is listed for possible demotion from Frontier due to continuing stringent capital controls imposed on international investors and the perceived lack of an independent regulatory authority to protect the rights of shareholders. Argentina was demoted from Secondary Emerging to Frontier in 2010. Mongolia will join the Watch List for possible inclusion as a Frontier market based on its progress in developing a market infrastructure that is attractive to foreign investors through improvements to its trading, settlement and custody arrangements.

All countries on the Watch List will be reviewed again in September 2013. FTSE will give investors a minimum of six months notice prior to changes being implemented in its indices as a result of a country classification review.

A further update on FTSE's assessment of each of these Watch List markets against its Quality of Markets criteria will be published in March 2013.

Source: FTSE Group 1 of 4

FTSE Global Equity Index Series

Developed	Advanced Emerging	Secondary Emerging	Frontier	
Australia	Brazil	Chile	Argentina	
Austria	Czech Republic	China	Bahrain	
Belgium/Luxembourg	Hungary	Colombia	Bangladesh	
Canada	Malaysia	Egypt	Botswana	
Denmark	Mexico	India	Bulgaria	
Finland	Poland	Indonesia	Côte d'Ivoire	
France	South Africa	Morocco	Croatia	
Germany	Taiwan	Pakistan	Cyprus	
Greece	Thailand	Peru	Estonia	
Hong Kong	Turkey	Philippines	Ghana	
Ireland		Russia	Jordan	
Israel		UAE	Kenya	
Italy			Lithuania	
Japan			Macedonia	
Netherlands			Malta	
New Zealand			Mauritius	
Norway			Nigeria	
Portugal			Oman	
Singapore			Qatar	
South Korea			Romania	
Spain	<u> </u>		Serbia	
Sweden	<u> </u>		Slovakia	
Switzerland			Slovenia	
UK			Sri Lanka	
USA			Tunisia	
			Vietnam	

Source: FTSE Group 2 of 4

FTSE All-World Index Country Matrix

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Belgium/Luxembourg	• • • •	• • •		• •		Belgium/Luxembourg
Brazil	• • • •	• • •	• • •			Brazil
Canada	• • •	• • • •	• • • •		• • • •	• Canada
Chile	•	• • •	• •			• Chile
China	• • • •	•				China Colombia
Colombia						
Czech Republic Denmark						Czech Republic Denmark
Egypt		•				• • Egypt
Finland						• Finland
France						• France
Germany					• • • • • • •	Germany
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Hong Kong	• • •	• • •	• • • • •			Hong Kong
Hungary	• • • •	•		•		Hungary
India	• • •	•	•		• • • • • • • • • • • • • • • • • • • •	• India
Indonesia	•	•	•			Indonesia
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Israel Italy		• • •	• • • •			Israel Italy
Japan						Japan
Korea						Korea
Malaysia		-				Malaysia
Mexico					•••	Mexico
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New Zealand	• • •	• • •		• • • • • •	• • • •	New Zealand
Norway	• • • •	• • •	• • • •	• •		• Norway
Pakistan	•	•	•		•	Pakistan
Peru	• • •		• •			Peru Philippines
Philippines Poland		•				PhilippinesPoland
Portugal		•				Poland Portugal
Russia		•				Russia
Singapore						Singapore
South Africa		•				South Africa
Spain		• • •		•••		Spain
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Switzerland	• • • •	• • •		• •		Switzerland
Taiwan	• • • •	•	• •			Taiwan
Thailand	• • • •	•	• •		• • • • • • • • • • • • • • • • • • • •	• Thailand
Turkey	• • • •	•	• • •			• Turkey
UAE	• • • •			 	•••	• • UAE
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Source: FTSE Group 3 of 4

Quality of Markets Criteria

Markets are assessed against the criteria outlined below. Inclusion as Developed status requires that all criteria are met, Advanced Emerging requires that the specified 15 criteria are met, inclusion as Secondary Emerging requires that the specified 9 criteria are met, while inclusion as Frontier requires that the specified 5 criteria are met. Assessment of markets included in FTSE GEIS against these criteria can be found at www.ftse.com/country

Market and Regulatory Environment	DEV	ADV EMG	SEC EMG	FRONTIER
Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC)	Χ	Х	Χ	X
Fair and non-prejudicial treatment of minority shareholders	Х	Х		
Non or selective incidence of foreign ownership restrictions	Х	X		
No objection to or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	X	Х	X	Х
Free and well-developed equity market	Х	Χ		
Free and well-developed foreign exchange market	Х	Х		
Non or simple registration process for foreign investors	Χ	Χ		
Custody and Settlement				
Settlement – Rare incidence of failed trades	Х	Х	Χ	Х
Custody – Sufficient competition to ensure high quality custodian services	Х	Х	Χ	
Clearing & settlement – T+3 or short, T+5 or shorter for Frontier	Х	Х	Χ	Х
Stock Lending is permitted	Х			
Settlement – Free delivery available	Х			
Custody – Omnibus account facilities available to international investors	Х	Χ		
Dealing Landscape				
Brokerage – Sufficient competition to ensure high quality broker services	Х	Х	Χ	
Liquidity – Sufficient broad market liquidity to support sizeable global investment	Х	Х	Χ	
Transaction costs – implicit and explicit costs to be reasonable and competitive	Х	Χ	Χ	
Short sales permitted	Х			
Off-exchange transactions permitted	Х			
Efficient trading mechanism	Х			
Transparency – market depth information / visibility and timely trade reporting process	Х	Х	Х	Х
Derivatives				
Developed derivatives market	Χ			

Data definitions available from www.ftse.com

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Source: FTSE Group 4 of 4