

SEPTEMBER 2014

FTSE Annual Country Classification Review

1. Classification of Markets 2014 Results

FTSE formally reviews country classification within its global equity indices on an annual basis each September, using an advanced, transparent and consistent methodology. This annual review classifies stock markets as either Developed, Advanced Emerging, Secondary Emerging or Frontier within FTSE's global indices.

In the September 2014 Review FTSE confirmed the following Country Classification changes:

- **Argentina** will be demoted from Frontier to unclassified market status due to continuing stringent capital controls imposed on international investors.
- **Morocco** will be demoted from Secondary Emerging to Frontier market status due to the continued decline in broad market liquidity, below the level sufficient to support sizeable global investment.

The demotion of Argentina from Frontier to unclassified market status and the demotion of Morocco from Secondary Emerging to Frontier market status will be implemented in conjunction with the June 2015 FTSE Global Equity Index Series quarterly review and the 2015 FTSE Frontier Index Series annual review.

2. FTSE Watch List 2014

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 markets that are being considered for promotion or demotion between the various market classifications.

In the September 2014 Review FTSE confirmed the following changes to the Watch List:

- **Latvia** will be added to the Watch List for possible addition to Frontier
- **Palestine** will be added to the Watch List for possible addition to Frontier

Latvia and Palestine will join the Watch List for possible addition to Frontier market status based on the markets meeting the five FTSE Quality of Markets criteria required for attaining Frontier status and will be considered for possible addition to Frontier market status at the next annual review in September 2015.

The markets on the Watch List as of September 2015 are therefore as follows:

- **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
- **Latvia** – Possible inclusion as Frontier
- **Mongolia** – Possible inclusion as Frontier
- **Palestine** – Possible inclusion as 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 Global Equity Index Series

The tables below shows FTSE's classification of markets as at September 2014. The classification changes announced in the September 2014 Annual Review will be implemented in June in conjunction with the 2015 Global Equity Index Series quarterly review, and the 2015 Frontier Index Series Review. At this point, Argentina will be demoted from Frontier to unclassified market status and Morocco will be demoted from Secondary Emerging to Frontier market status.

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			Serbia
Sweden			Slovakia
Switzerland			Slovenia
UK			Sri Lanka
USA			Tunisia
			Vietnam

