

SEPTEMBER 2015

FTSE Annual Country Classification Review

1. Classification of Markets 2015 Results

FTSE formally reviews country classification within its global equity indices on an annual basis each September using a comprehensive, transparent and consistent methodology. This annual review incorporates ongoing country classification research and classifies stock markets as Developed, Advanced Emerging, Secondary Emerging or Frontier within the FTSE global indices.

Following the September 2015 annual review, FTSE confirms the following Country Classification changes:

- **Greece** will be reclassified from Developed to Advanced Emerging due to the recent extended market closure, imposition of capital controls and continued economic instability; these are not characteristics associated with a stable Developed market.
- **Qatar** will be promoted from Frontier to Secondary Emerging since this market now meets the criteria required to attain Secondary Emerging market status.
- **Latvia** and **Palestine**, previously 'Unclassified', will be designated as eligible Frontier markets within the FTSE Country Classification scheme.
- **Taiwan** will remain designated as an Advanced Emerging market and will be removed from the Watch List for possible promotion to Developed market status. Institutional investors continue to report concerns in relation to the lack of flexibility in trading foreign exchange and the limited ability to cost-effectively and efficiently trade the Taiwanese equity market.

2. Implementation of 2015 Country Classification Results

The reclassification of Greece from Developed to Advanced Emerging status will be implemented in conjunction with the semi-annual review of the FTSE Global Equity Index Series (GEIS) in March 2016.

To facilitate moves between the Frontier and Secondary Emerging Classifications, the annual review of the FTSE Frontier Index in June 2016 will be postponed and conducted in September 2016 to coincide with the GEIS semi-annual review. From this date forward, the reviews of the FTSE Frontier Index will take place annually in September.

The promotion of Latvia and Palestine to Frontier market status will be implemented in conjunction with the rescheduled annual review of the FTSE Frontier Index Series in September 2016.

Qatar will be removed from the Frontier index in September 2016. In recognition of the potential liquidity demands arising from its promotion, Qatar's inclusion as a Secondary Emerging market status will be effected in two tranches. The first tranche of 50% will be implemented in conjunction with the semi-annual review of FTSE GEIS in September 2016 and the second 50% tranche will be implemented in conjunction with the March 2017 semi-annual review.

3. FTSE Watch List 2015

In order to ensure that the potential, as well as confirmed, movement of markets between classifications is completely transparent to investors, FTSE maintains a Watch List of markets that are being considered for reclassification.

Following the September 2015 annual review, Saudi Arabia will join the Watch List for possible addition to Secondary Emerging market status based on the prospective opening of the market to international institutional investors by means of the Qualified Foreign Investor (QFI) licence scheme. FTSE will engage with the market as it works towards meeting the requirements for Secondary Emerging status.

The Watch List from September 2015 is as follows:

- **China 'A' Share** – possible inclusion as Secondary 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
- **Saudi Arabia** – possible inclusion as Secondary Emerging

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

FTSE Global Equity Index Series

The tables below show the FTSE classification of markets as at September 2015. The classification changes announced in the September 2015 annual review will be implemented in March 2016 and September 2016. At this point, Greece will be reclassified from Developed to Advanced Emerging; Qatar will be reclassified from Frontier to Secondary Emerging and Latvia and Palestine will be assigned Frontier market status.

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

