
FTSE Equity Country Classification March 2021 Interim Update

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1. Classification of Markets

A formal interim review of country classification within the FTSE global equity indexes is conducted every March using a comprehensive, transparent and consistent methodology to keep investors fully informed on the markets which had been placed on the Watch List the previous September.

2. FTSE Watch List

To ensure that potential movement of markets between classifications is completely transparent to investors, a Watch List of markets being considered for reclassification is maintained.

The following markets were placed on the Watch List following the Annual Review in September 2020:

- **Russia:** possible reclassification from Secondary Emerging to Advanced Emerging.
- **Vietnam:** possible reclassification from Frontier to Secondary Emerging.

This interim review provides an update on the status of each market on the Watch List and confirms the reclassifications pending implementation.

3. Enhancement to the FTSE Equity Country Classification Scheme

The FTSE Quality of Markets matrix is reviewed on a regular basis to reflect developments in equity capital markets and to ensure that the FTSE Equity Country Classification process continues to meet the needs of global investors based on a set of objective and transparent criteria. FTSE Russell is currently evaluating enhancing the FTSE Quality of Markets matrix by adding a new criterion to assess the imposition of Capital Gains Tax on international institutional investors that differs from that levied on domestic investors. FTSE Russell will provide an update on this and any other enhancements to the FTSE Quality of Markets matrix by the end of June 2021.

4. Progress of Watch List markets since September 2020

Advanced Emerging Watch List

Russia

Russia was added to the Watch List in September 2020 for possible reclassification from Secondary Emerging to Advanced Emerging market status. Within the September 2020 annual review of markets announcement, FTSE Russell announced that prior to a reclassification to Advanced Emerging market status, FTSE Russell will look for evidence of improvements to the registration process for new accounts, and also for an increase in the number of global custodians supporting settlement in Russian rubles.

FTSE Russell acknowledges an increase in the number of global custodians supporting settlement in Russia rubles and the launch of an initiative by the Russian National Finance Association in collaboration with the Central Bank of Russia to reform the registration process. FTSE Russell will continue to monitor for enhancements to the registration process reforms and their implementation. Additionally, the FTSE Country Classification Advisory Committee supported the following criterion rating change:

- “Stock Lending is permitted”: moved from ‘Restricted’ to ‘Pass’.

Russia is retained on the Watch List as a Secondary Emerging market and will be reviewed for possible reclassification as an Advanced Emerging market within the FTSE Country Classification scheme at the Annual Review in September 2021.

Please note that markets with a FTSE equity country classification of Secondary Emerging or Advanced Emerging form the FTSE Russell Emerging Indexes.

Secondary Emerging Watch List

Vietnam

Vietnam was added to the Watch List in September 2018 for possible reclassification from Frontier to Secondary Emerging market status. Vietnam continues not to meet the “Settlement Cycle (DvP)” criterion which is currently rated as ‘Restricted’, due to the market practice of conducting a pre-trading check to ensure the availability of funds prior to trade execution. Since by default, the market does not experience failed trades, the “Settlement – Rare incidence of failed trades” criterion is unrated.

Additionally, improvements are sought with regard to the registration of new accounts, where market practice can extend the registration process and also with regard to the introduction of an efficient mechanism to facilitate trading between non-domestic investors in securities that have reached, or are approaching, their foreign ownership limit.

FTSE Russell acknowledges the four-year initiative launched by the State Securities Commission of Vietnam to improve the regulatory framework and market practices with a new law on securities becoming effective from 1 January 2021. FTSE Russell continues to engage with the Vietnamese market authorities as they implement reforms aimed at developing the capital market.

Vietnam is retained on the Watch List as a Frontier market and will be reviewed for possible reclassification as a Secondary Emerging market, within the FTSE Country Classification scheme at the Annual Review in September 2021.

4. The March 2021 Watch List is as follows:

- **Russia:** possible reclassification from Secondary Emerging to Advanced Emerging market status.
- **Vietnam:** possible reclassification from Frontier to Secondary Emerging market status.

For more information please visit: <https://www.ftserussell.com/equity-country-classification>

The table below shows the FTSE country classification of equity markets as at March 2021.

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

* Includes the Phase 1 inclusion of China A Shares to Secondary Emerging market status completed in June 2020 ([China A FAQ](#))

Developed, Advanced and Secondary Emerging markets matrix

(Source: FTSE Russell as at March 2021. Past performance is no guarantee of future results. Please see disclaimer for important legal information).

	SEGMENTS	AMERICAS	ASIA PACIFIC	EUROPE	MEA	
	All-World World Developed Advanced Emerging Emerging Secondary Emerging EMEA All-World BRIC All-World ex USA All-World ex NA Developed ex USA Developed ex NA All-World Americas All-World North America All-World Latin America Emerging Latin America All-World ex Japan World ex Japan All-World ex Asia Developed ex Japan (FTSE Kaigai) Developed Asia Pacific Developed Asia Pacific ex Japan Developed Europe Asia Pacific All-World Europe-Asia Pacific All-World Asia Pacific All-World Asia Pacific ex Japan All-World Asia Pacific ex Japan, India & Pakistan All-World Asia Pacific ex Japan, Australia & New Zealand All-World Asia ex Japan, Hong Kong, Australia & New Zealand All-World Asia Pacific ex Japan, Australia, New Zealand, India & All-World Asean All-World Greater China Emerging Asia Pacific All-World ex UK All-World ex Eurozone Developed ex Eurozone Developed ex UK Developed Europe Developed Europe ex UK Developed Europe ex Eurozone ex UK All-World Europe All-World Eurozone All-World Europe ex UK All-World Europe ex Eurozone All-World Eastern Europe ex UK All-World Nordic Emerging Europe All-World ex South Africa All-World Middle East and Africa					
Australia	•••	•••••	••••••••••	•••••	•	Australia
Austria	•••	•••••	•••••	•••••	•	Austria
Belgium/Luxembourg	•••	•••••	•••••	•••••	•	Belgium/Luxembourg
Brazil	•••	•••••	•••••	•••••	•	Brazil
Canada	•••	•••••	•••••	•••••	•	Canada
Chile	•••	•••••	•••••	•••••	•	Chile
China	•••	•••••	••••••••••	•••••	•	China
Colombia	•••	•••••	•••••	•••••	•	Colombia
Czech Republic	•••	•••••	•••••	•••••	•	Czech Republic
Denmark	•••	•••••	•••••	•••••	•	Denmark
Egypt	•••	•••••	•••••	•••••	••	Egypt
Finland	•••	•••••	•••••	•••••	•	Finland
France	•••	•••••	•••••	•••••	•	France
Germany	•••	•••••	•••••	•••••	•	Germany
Greece	•••	•••••	•••••	•••••	•	Greece
Hong Kong	•••	•••••	••••••••••	•••••	•	Hong Kong
Hungary	•••	•••••	•••••	•••••	•	Hungary
India	•••	•••••	••••••••••	•••••	•	India
Indonesia	•••	•••••	••••••••••	•••••	•	Indonesia
Ireland	•••	•••••	•••••	•••••	•	Ireland
Israel	•••	•••••	•••••	•••••	••	Israel
Italy	•••	•••••	•••••	•••••	•	Italy
Japan	•••	•••••	•••••	•••••	•	Japan
Kuwait	•••	•••••	•••••	•••••	••	Kuwait
Korea	•••	•••••	••••••••••	•••••	•	Korea
Malaysia	•••	•••••	••••••••••	•••••	•	Malaysia
Mexico	•••	•••••	•••••	•••••	•	Mexico
Netherlands	•••	•••••	•••••	•••••	•	Netherlands
New Zealand	•••	•••••	••••••••••	•••••	•	New Zealand
Norway	•••	•••••	•••••	•••••	•	Norway
Pakistan	•••	•••••	•••••	•••••	•	Pakistan
Philippines	•••	•••••	••••••••••	•••••	•	Philippines
Poland	•••	•••••	•••••	•••••	•	Poland
Portugal	•••	•••••	•••••	•••••	•	Portugal
Qatar	•••	•••••	•••••	•••••	••	Qatar
Romania	•••	•••••	•••••	•••••	•	Romania
Russia	•••	•••••	•••••	•••••	•	Russia
Saudi Arabia	•••	•••••	•••••	•••••	••	Saudi Arabia
Singapore	•••	•••••	••••••••••	•••••	•	Singapore
South Africa	•••	•••••	•••••	•••••	•	South Africa
Spain	•••	•••••	•••••	•••••	•	Spain
Sweden	•••	•••••	•••••	•••••	•	Sweden
Switzerland	•••	•••••	•••••	•••••	•	Switzerland
Taiwan	•••	•••••	••••••••••	•••••	•	Taiwan
Thailand	•••	•••••	••••••••••	•••••	•	Thailand
Turkey	•••	•••••	•••••	•••••	•	Turkey
UAE	•••	•••••	•••••	•••••	••	UAE
UK	•••	•••••	•••••	•••••	•	UK
USA	•••	•••••	•••••	•••••	•	USA

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