

# Public Minutes

## **FTSE Equity Country Classification Advisory Committee**

14 January 2025



**FTSE  
RUSSELL**

An LSEG Business

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## Attendees

**Members:** fifteen (15); apologies: seven (7)

**FTSE Russell:** seven (7) including the Chair and Committee Secretary

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*Attendees were reminded of their obligations in relation to confidentiality of information, conflicts of interest and competition law. There were no declarations.*

### 1. Statutory governance matters and committee information

#### 1.1 Membership changes

1.1.1 None.

#### 1.2 Minutes

1.2.1 The minutes of the meeting held on Tuesday 03 September 2024 were approved as presented.

1.2.2 The public minutes of the meeting held on Tuesday 03 September 2024 were approved as presented.

#### 1.3 Governance

1.3.1 None.

#### 1.4 Action points and matters arising

1.4.1 Vietnam: FTSE Russell to facilitate a meeting with the Vietnamese market authorities and the advisory committee to discuss the NPF model. Covered under item 2.1.2

1.4.2 South Korea: FTSE Russell to facilitate a meeting with the South Korean market authorities and the advisory committee to discuss the ban on short selling. Covered under item 2.2.3.

#### 1.5 Key notices and updates

1.5.1 The following published notice, which was included in the agenda, was duly noted: [FTSE Equity Country Classification – October 2024 Annual Announcement – Published 08 October 2024](#). There were no comments from the committee members.

### 2. Equity Country Classification

#### 2.1 September 2024 Watch List markets

2.1.1 **Greece** – added to the Watch List for possible reclassification from Advanced Emerging to Developed market status as the market meets the twenty-two FTSE Quality of Markets (QoM) criteria required to attain Developed market status. In addition to the QoM criteria, a market must also meet: i) minimum size and securities count requirement for a Developed market; and ii) a GNI rating of 'High'. The credit rating requirement remained outstanding as Greece was still rated as 'Speculative' by one credit rating agency. There were no comments

2.1.1.1 The credit rating of Greece is scheduled to be evaluated by the outlying credit rating agency at the end of March 2025. FTSE Russell highlighted that Watch List indices reflecting Greece as a Developed market were available to subscribing index users. There were no comments from the committee members.

2.1.2 **Vietnam** – retained on the Watch List for possible reclassification from Frontier to Secondary Emerging market status. The market had recently implemented reforms, such as the 'Non-Prefunding' (NPF) settlement model (introduced on 04 November 2024) that was intended to remove the pre-funding requirement for international investors. The Vietnamese government has set a target to meet Emerging market status by the end of 2025. With regard to the 'Settlement - costs associated with failed trades' criterion, the detailed process of managing a failed trade was due to be released by the VSDCC.

2.1.2.1 A discussion took place and committee members provided their comments.

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- 2.2 Other markets
- 2.2.1 **Bangladesh** not added to the Watch List from September 2024 and retained as a Frontier Market.
- 2.2.1.1 FTSE Russell informed the committee members that it would continue to monitor the market and provide an update to the advisory committee at the March 2025 committee meeting. Committee members provided their comments.
- 2.2.2 **Egypt** – removed from the Watch List from September 2024 and retained as a Secondary Emerging market.
- 2.2.2.1 Egypt was retained as a Secondary Emerging market as the previously reported foreign exchange queues have been cleared since March 2024. However, the market currently fails the minimum securities count requirement as there is only one eligible Egyptian constituent of the FTSE Emerging Index, based on data as of the close of year-end December 2024.
- 2.2.2.2 FTSE Russell noted that the Egyptian Prime Minister had announced that the government expected to sell stakes in at least ten state-controlled companies in 2025; this may result in additional Egyptian companies becoming eligible for the FTSE Emerging index during 2025.
- 2.2.2.3 FTSE Russell informed the advisory committee that it will evaluate the minimum size and securities count requirement for Egypt at the March 2025 index review and present the results to the advisory committee at the March 2025 committee meeting. There were no comments from the committee members
- 2.2.3 **South Korea** – not added to the Watch List in September 2024 and retained as a Developed market.
- 2.2.3.1 FTSE Russell was of the view that it should persist with its recent positive engagement with the South Korean market authorities to encourage an expedited resolution to the short selling ban and address some of the other key FTSE QoM criteria marked as 'Restricted.' The scheduled removal of the ban on short sales in South Korea is due to be implemented at the end of March 2025. The intent is to lift the ban following revisions to the legislative policy, and the implementation of the Naked Short Selling Detection System (NSDS), by the KRX. In September 2024, the amendments to the Financial Investment Services and Capital Markets Act (FSCMA) were passed by the National Assembly.
- 2.2.3.2 In addition to the discussion on the short selling ban, FTSE Russell also identified all criteria on which the South Korean equity market falls short of a Developed market, in accordance with the FTSE QoM criteria. FTSE Russell will continue to have regular engagement meetings with the South Korean market authorities and provide an update on South Korea as part of March 2025 interim update. There were no comments from the committee members.
- 2.3 Summary of recent market engagement meetings (presented for information): the market engagement summary was duly noted.
- 2.4 Markets close to failing the minimum stock requirement to retain Developed or Emerging market status (presented for discussion): based on data as of year-end 2024, all current Developed and Emerging designated markets meet the minimum size requirement, however, Egypt failed the minimum securities count requirement. A discussion took place, and the committee members shared their comments.
3. **Quality of Markets matrix and Questionnaire**
- 3.1 Proposed Quality of Markets matrix criteria rating changes for individual markets, ahead of final recommendations at the March 2025 committee meeting (presented for support). The advisory committee reviewed the recommendations and provided their comments. Ratings changes have no immediate impact on the classification of markets.

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**4. AOB**

- 4.1 India: responding to the queries of the committee members, FTSE Russell informed the advisory committee of the consultation on the closing price auction published by the Securities Exchange Board of India (SEBI) at the end of 2024. FTSE Russell requested feedback from the committee members on the proposal by the market authorities to use consolidated prices across the two exchanges. A discussion ensued and the committee members provided their comments.

**5. Meeting dates** for 2025 were included in the agenda and duly noted.

- 5.1 2025: 04 March / 03 June / 02 September

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