

June 2024

Public minutes

FTSE Russell Americas Regional Equity Advisory Committee

13 June 2024



**FTSE
RUSSELL**
An LSEG Business

lseg.com/en/ftse-russell

Attendees

Members: eighteen (18); apologies: seven (7)

FTSE Russell: six (6) including the Chair and Committee Secretary

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 Thursday 07 March 2024 were approved as presented.

1.2.2 The public minutes of the meeting held on Thursday 07 March 2024 were approved as presented.

1.3 Governance

1.3.1 Annual review of the [Statement of Principles](#) (presented for endorsement): the advisory committee raised no objections for the minutes to state that the Statement of Principles continues to meet the purpose for which it was designed. There were no changes to the document apart from the date in the disclaimer.

1.3.2 Annual review of the [Russell US Equity Indices construction and methodology](#) (presented for endorsement): the advisory committee attested that the rules have been maintained and continue to meet the purpose for which they were designed.

1.4 Action points and matters arising

1.4.1 Russell US reconstitution market consultation – update on next steps: the advisory committee was informed that FTSE Russell is still considering all feedback and conducting internal discussions regarding the potential path forward.

1.4.2 Treatment of securities with extreme price movements and potential price manipulation to gain index eligibility: the advisory committee was informed that FTSE Russell is continuing to explore various metrics and objective rules.

1.5 Key notices and updates

1.5.1 The methodology notices published since the last meeting were included in the meeting materials. There were no requests for clarification.

1.5.1.1 FTSE Russell highlighted the recently published notice regarding an amendment to the cut-off thresholds for the Middle East and Africa (MENA) region from 1.00% to 0.50% effective from the September 2024 index review: [FTSE Global Equity Index Series – Ground Rule Update – Published 23 May 2024](#).

2. Equity methodology and policy

2.1 None.

3. Equity country classification

3.1 Summary of the progress of the March 2024 Watch List markets (presented for information)

3.1.1 Egypt – currently classified as a Secondary Emerging market but was added to the Watch List in September 2023 for possible reclassification from Secondary Emerging to Unclassified market status, due to index users reporting repatriation delays dating back to March 2023. Consequently, index changes for Egypt within FTSE Russell equity indices were suspended since June 2023.

-
- 3.1.1.1 As part of the [March 2024 FTSE Equity Country Classification interim announcement](#), FTSE Russell announced that Egypt had cleared the outstanding FX queues, but would be retained on the Watch List to continue monitoring the market. There were no comments.
- 3.1.2 Pakistan – currently classified as a Secondary Emerging market but was added to the Watch List from September 2023 for possible reclassification to Frontier market status, due to the market failing to meet the minimum size requirement for retaining its current equity country classification status based on data as of the close on the 30 June 2023.
- 3.1.2.1 Subject to final ratification from the FTSE Russell Index Governance Board, if Pakistan fails the minimum market size and securities count requirement assessment (based on data as of the close on 28 June 2024), then Pakistan would be demoted from Secondary Emerging to Frontier market status effective in conjunction with the September 2024 index review, effective from the open on Monday 23 September 2024. There were no comments. *Post-meeting note:* [FTSE Equity Country Classification – Pakistan reclassification Secondary Emerging to Frontier market – Published 03 July 2024](#).
- 3.1.3 Vietnam – currently classified as a Frontier market and was added to the Watch List from September 2018 for possible reclassification to Secondary Emerging market status. The market has yet to meet the 'Settlement Cycle (DvP)' criterion, which is currently rated as 'Restricted'. This is 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. FTSE Russell invited the committee to share their view of the recent progress made by the market authorities. There were no comments.
- 3.1.4 Bangladesh – currently classified as a Frontier market. Index changes for Bangladesh have been suspended since March 2023, due to the continued imposition of a floor price; six securities were still subject to said floor price. FTSE Russell invited the committee members to share their experience pertaining to the current floor price. There were no comments.
- 3.1.5 Saudi Arabia: FTSE Russell highlighted the recently published notice regarding the treatment of Saudi Arabia at the June 2024 review. Due to the closure of the Saudi Exchange for the Eid Al Adha holiday from Sunday 16 June to Thursday 20 June 2024, index changes for Saudi Arabia securities for the June 2024 index review would be implemented effective from the open on Tuesday 25 June 2024: [FTSE Russell June 2024 Index Review – Treatment of Saudi Arabia – Published 05 June 2024](#). FTSE Russell said that other MEA markets had recently announced that they would also be closed for an extended period such as Egypt, Jordan, Oman and Palestine. However, due to the late notification announcement of the market closures and immateriality of the index changes, FTSE Russell had taken the decision to proceed with the index review changes, effective from the open on Monday 24 June 2024: see notice: [FTSE Russell June 2024 Index Review – Eid Al-Adha Holiday – Update – Published 12 June 2024](#). There were no queries.
- 3.2 Canada, Mexico, and USA move to T+1 settlement cycle (presented for discussion): FTSE Russell invited the committee members to share their experience pertaining to the new T+1 settlement cycle which came into effect from 28 May 2024 via email (committeesecretary@ftserussell.com). FTSE Russell said that current feedback from index users suggested that the move to T+1 had progressed smoothly without any material issues. There were no comments.
- 4. AOB**
- 4.1 There was no other business.
- 5. Meeting dates** for 2024 were included in the agenda and duly noted.
- 5.1 2024: 12 September / 12 December

Disclaimer

© 2024 London Stock Exchange Group plc and its applicable group undertakings (“LSEG”). LSEG includes (1) FTSE International Limited (“FTSE”), (2) Frank Russell Company (“Russell”), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, “FTSE Canada”), (4) FTSE Fixed Income Europe Limited (“FTSE FI Europe”), (5) FTSE Fixed Income LLC (“FTSE FI”), (6) FTSE (Beijing) Consulting Limited (“WOFE”), (7) Refinitiv Benchmark Services (UK) Limited (“RBSL”), (8) Refinitiv Limited (“RL”) and (9) Beyond Ratings S.A.S. (“BR”). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFE, RBSL, RL and BR. “FTSE®”, “Russell®”, “FTSE Russell®”, “FTSE4Good®”, “ICB®”, “WMR™”, “FR™”, “Beyond Ratings®” and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of LSEG or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFE, RBSL, RL or BR.

FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator. Refinitiv Benchmark Services (UK) Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for any inaccuracies or for any loss from use of this publication or any of the information or data contained herein.

No member of LSEG nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indices and rates cannot be invested in directly. Inclusion of an asset in an index or rate is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index or a rate containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of LSEG. Use and distribution of LSEG index or rate data and the use of their data to create financial products require a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFE, RBSL, RL, BR and/or their respective licensors.

