

June 2024

Public minutes

**FTSE Russell Europe, Middle East & Africa
Regional Equity Advisory Committee**

11 June 2024



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Attendees

Members: fourteen (14); apologies: three (3)

FTSE Russell: seven (7) 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 Wednesday 06 March 2024 were approved as presented.

1.2.2 The public minutes of the meeting held on Wednesday 06 March 2024 were approved as presented.

1.2.3 The minutes of the joint meeting held with the FTSE Russell Policy Advisory Board on Tuesday 20 February 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.

1.4 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. An update on next steps will be shared at the September 2024 advisory committee meeting.

1.4.2 Treatment of securities with extreme price movement 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.

1.5.2 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

2.1.1 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.

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- 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. *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. 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](#). The committee members provided their comments.
- 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. FTSE Russell said that current feedback from index users suggested that the move to T+1 had progressed smoothly, without any material issues. A committee member provided their comments.
- 4. AOB**
- 4.1 UK Listing Regime: a committee member asked whether there were any updates pertaining to the UK Financial Conduct Authority (FCA) listing regime changes. FTSE Russell said that there was no definitive timeline published but understood that the FCA Board was planning to convene a meeting to approve the new listing rule changes at the end of June and that implementation would take place approximately two weeks following the FCA's announcement. However, no announcement was expected prior to the 04 July 2024 UK general election. There were no further comments.
- 5. Meeting dates** for 2024 were included in the agenda and duly noted.
- 5.1 2024: 11 September / 11 December

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