

## FTSE Russell announces results of Country Classification Review for Fixed Income and Equities

### Fixed Income

- Chinese Government Bonds will be included in the FTSE World Government Bond Index (WGBI) with inclusion scheduled to start in October 2021.
  - Reflects ongoing progress by China toward market reforms and increased access for global investors.
  - Confirmation of the start date to be provided in March 2021 following ratification from FTSE advisory committees and index users that recent regulatory reforms and infrastructure enhancements meet the practical needs of investors.
  - China is the world's second largest bond market with c. \$16 trillion outstanding.
- Malaysia continues to be included in WGBI but will remain on the FTSE Russell Fixed Income Watch List for a potential downgrade.

### Equities

- Vietnam remains on the Watch List for reclassification to Secondary Emerging.
- Russia will be added to the Watch List for reclassification to Advanced Emerging.
- Argentina will move from Frontier to Unclassified.

FTSE Russell, a leading global multi-asset index, analytics and data provider, today published the results of the annual Country Classification Review for countries monitored by its global equity and fixed income indexes. FTSE Russell is pleased to announce that Chinese Government Bonds will be included in the FTSE World Government Bond Index (WGBI) with inclusion scheduled to start in October 2021. The commencement date is subject to final affirmation in March 2021 from members of the FTSE Russell advisory committees and other index users that these recently announced reforms have made the anticipated practical improvements to the market structure.

Since being added to the Watch List for WGBI inclusion in 2018, Chinese authorities have implemented significant improvements to the fixed income market infrastructure to expand access to international investors, including improving secondary market bond liquidity, enhancing the foreign exchange market structure and developing global settlement and custody processes. Additional reforms are imminent including the facility for international investors to register at legal entity level when opening accounts.

### **Waqas Samad, CEO, FTSE Russell and Group Director of Information Services, LSEG said:**

“FTSE Russell is pleased to announce that China is poised for inclusion in the FTSE World Government Bond Index (WGBI) from October 2021. The Chinese authorities have worked hard to enhance the infrastructure of their government bond market. Subject to affirmation in March 2021, international investors will be able to access the second largest bond market in the world through FTSE Russell’s flagship WGBI. We look forward to engaging with investors and regulators in the coming months in applying this process.”



**Mr Pan Gongsheng, Deputy Governor of the People's Bank of China and Director of State Administration of Foreign Exchange said:**

“The Chinese bond market is an important component of the Chinese financial market. The market has continued to expand in depth and breadth and international investments in the market have grown by 40% per annum over the last three years: as at the end of August 2020, international investors held RMB 2.8 trillion of Chinese bonds. This fully reflects the confidence international investors have in the healthy long-term development of its economy, as well as its commitment to further opening up its financial markets. Today, FTSE Russell has announced an inclusion timetable for Chinese government bonds in its flagship WGBI index. This is very much welcomed by the PBOC. PBOC will continue to work closely with industry participants to further enhance relevant regulations and to provide a more friendly, convenient investment environment for investors domestically and abroad.”

**Chris Woods, Head of Policy and Governance, FTSE Russell said:**

“FTSE Russell’s approach to country classification follows a comprehensive and transparent process and is informed by feedback from a broad set of independent market participants and index users. Our goal is to provide investors with an objective framework for evaluating and investing across asset classes in global equities and fixed income markets. China is to be commended on its recent market reforms, including enhancements to bond market liquidity, allowing additional choice of counterparties for FX trading, and implementing improvements to post-trade settlement and custody practices. We will continue to work closely and constructively with the People’s Bank of China over the coming months to ensure the recently implemented reforms yield tangible improvements to market structure.”

Following the September 2020 fixed income review, FTSE Russell confirms that:

- The China government bond market will be included in WGBI subject to confirmation at the March 2021 semi-annual review that recently implemented market reforms have made the anticipated practical improvements to market structure. Inclusion is scheduled to commence in October 2021.
- Nigeria, Saudi Arabia and Vietnam are added to the list of standalone indexes. FTSE Russell intends to consult with market participants and index users on the accessibility conditions for foreign investors in these markets and will consider their inclusion on the Watch List for inclusion in the FTSE Emerging Market Government Bond Index (EMGBI).
- Malaysia will also be retained on the Watch List for a potential downgrade. This follows recent initiatives by Bank Negara Malaysia to improve secondary market liquidity and to facilitate FX transactions.
- A link to the full technical notice is available [here](#).

Following the September 2020 equity country classification annual review, FTSE Russell confirms that:

- Vietnam will remain on the Watch List for reclassification as a Secondary Emerging Market.
- Russia will be added to the Watch List for reclassification to Advanced Emerging.
- Argentina, currently a Frontier market, will become Unclassified, subject to capital controls not being removed by 28 September 2020.
- A link to the full technical notice is available [here](#).



# Press Release

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More information on the [Equity Country Classification framework](#) and the [Fixed Income Country Classification framework](#) can be found on our website.

– Ends –

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## Notes to editors:

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# Press Release



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