

## FTSE Russell announces the results of its 2022 annual country classification review for equities and fixed income

- Mongolia will be reclassified as a Frontier market effective from September 2023
- South Korea added to the Watch List for potential inclusion in the FTSE World Government Bond Index (WGBI)
- India retained on the Watch List for potential inclusion in the FTSE Emerging Markets Government Bond Index (EMGBI)
- Ugandan government bonds will be added to the FTSE Frontier Emerging Markets Government Bond Index (FRNTEMGBI) effective from April 2023 index profiles

FTSE Russell, a leading global index, data and analytics provider, has published the results of the annual country classification review for countries monitored by its global equity and fixed income indices.

### Fixed Income

FTSE Russell announces that South Korea will be placed on the Watch List for a potential upgrade to Market Accessibility Level '2' and for consideration for inclusion in the FTSE World Government Bond Index (WGBI). This follows announcements by the South Korean market authorities of several proposed initiatives intended to improve the market's structure and the accessibility of South Korean capital markets. FTSE Russell will gather feedback from market participants as the proposed reforms are implemented to assess the practical experiences of international investors against the requirements for a market accessibility level upgrade.

India will be retained on the Watch List for a potential upgrade to Market Accessibility Level '1' and for consideration for inclusion in the FTSE Emerging Markets Government Bond Index (EMGBI). FTSE Russell continues to engage with its index users and Indian market authorities regarding ongoing market structure reforms, with a focus on securities that are available via the Fully Accessible Route channel.

Switzerland will also be retained on the Watch List for a potential upgrade to Market Accessibility Level '2' and for consideration for inclusion in the WGBI.

The FTSE Frontier Emerging Markets Government Bond Index (FRNTEMGBI) will see the addition of Uganda's fixed-rate local currency government bonds to the universe of eligible markets. FTSE Russell continues to receive positive feedback from global investors on index coverage for the frontier emerging markets asset class. The inclusion of Uganda will commence with the April 2023 index profiles.

The full FTSE Fixed Income Country Classification Announcement can be found here: [FTSE Fixed Income Country Classification Announcement, September 2022](#).



## Equity

FTSE Russell is pleased to confirm that Mongolia meets all of the FTSE Quality of Markets criteria within the FTSE Equity Country Classification scheme for attaining Frontier market status. The market will be reclassified as a Frontier market effective from September 2023.

Nigeria will be added to the Watch List for potential demotion from Frontier to Unclassified market status. Since 2020, market participants and index users have reported significant ongoing delays to the repatriation of capital from Nigeria. The ability to repatriate capital without unreasonable delays is an important feature of the FTSE Equity Country Classification Framework.

Vietnam remains on the Watch List as the market has yet to meet the settlement requirements stipulated in the FTSE Equity Country Classification Framework.

The full FTSE Equity Country Classification Announcement can be found here: [FTSE Equity Country Classification Annual Announcement, September 2022](#).

### **David Sol, Global Head of Index Policy at FTSE Russell, comments:**

*“FTSE Russell’s fixed income and equity country classification frameworks are the foundation of FTSE Russell’s heritage of proactive and collaborative engagement with market authorities around the globe. Testament to the strength of these frameworks are the results of this year’s country classification review, particularly the reclassification of Mongolia to Frontier market status and the addition of South Korea to the fixed income Watch List. Similarly, the retention of India on the fixed income Watch List recognises the continued commitment of the Indian market authorities to the evolution of the fixed-rate local currency government bond market”.*

### **Mr. Altai Khangai, CEO of the Mongolian Stock Exchange, comments:**

*“Mongolia’s inclusion in FTSE Russell’s Frontier indices is a notable achievement and will contribute to the diversification and strength of the Mongolian capital market. The Mongolian Stock Exchange will continue to work closely with industry participants to serve investors in the local market and abroad.”*

More information on the [Equity Country Classification framework](#) and the [Fixed Income Country Classification framework](#) can be found on our website. The next interim update will be published in March 2023.

– Ends –

## Notes

A summary of the relevance of each country classification level where it relates to global index eligibility is included below.

### Fixed Income

Market Accessibility level	Eligible FTSE Russell fixed income index
0	FTSE Frontier Emerging Markets Index
1	FTSE Emerging Markets Government Bond Index (EMGBI)
2	FTSE World Government Bond Index (WGBI)

### Equity

Country Classification	Eligible FTSE Russell equity index
Developed	FTSE Developed Index
Advanced Emerging	FTSE Emerging Index
Secondary Emerging	FTSE Emerging Index
Frontier	FTSE Frontier Index

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## About FTSE Russell:

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FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. Approximately \$17.9 trillion is currently benchmarked to FTSE Russell indices. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indices to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on applying the highest industry standards in index design and governance and embraces the IOSCO Principles. FTSE Russell is also focused on index innovation and customer partnerships as it seeks to enhance the breadth, depth and reach of its offering.

# Press Release



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