

FTSE Russell announces the results of its 2023 annual country classification review for equities and fixed income

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

Fixed Income

FTSE Russell announces that South Korea will remain 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 continue to 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.

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

The full FTSE Fixed Income Country Classification Announcement can be found here: [Fixed Income – September 2023](#)

Equity

Nigeria was added to the Watch List in September 2022, due to international investors reporting an inability to repatriate capital from the market since December 2020. Although a number of engagement meetings were conducted with the Nigerian market authorities to discuss the issue, by the end of August 2023, there was no material improvement in the ability of international institutional investors to repatriate capital from Nigeria and consequently, Nigeria was reclassified from Frontier to Unclassified market status, as announced on 08 September 2023¹.

Vietnam remains on the Watch List for a possible reclassification to Secondary Emerging market status as the market has yet to meet the settlement requirements stipulated in the FTSE Equity Country Classification Framework. The market continues to pursue various regulatory reforms and an upgrade to the main trading platform, which FTSE Russell continues to monitor.

Egypt will be added to the Watch List for potential demotion from Secondary Emerging to Unclassified market status. Market participants and index users have reported ongoing delays to their ability to repatriate capital from

Egypt since March 2023. FTSE Russell has conveyed these concerns to the Egyptian market authorities and will continue the engagement process to ascertain the expected duration of the delays and the issues faced by international investors when attempting to repatriate capital.

Pakistan will be added to the Watch List for potential demotion from Secondary Emerging to Frontier market status. Over the last few years Pakistan has experienced a steady decrease in its index weight within FTSE Russell global benchmarks, which has now resulted in the market failing to meet the minimum investable market capitalisation exit level threshold required to retain a Secondary Emerging market status. Pakistan will next be assessed against the minimum investable market capitalisation exit level threshold based on data as of the close on Friday 29 December 2023.

The full FTSE Equity Country Classification Announcement can be found here: [Equity – September 2023](#)

David Sol, Global Head of Policy and Governance at FTSE Russell, comments:

“At the heart of FTSE Russell’s approach to the classification of equity and fixed income markets is the ongoing monitoring of the accessibility and economic realities of global markets. Through our proactive programme of engagement and market analysis, FTSE Russell equity and fixed income indices remain fit for purpose and reflect both the opportunities and challenges faced by investors. Our 2023 annual review is transparent and informative, simultaneously defining the status quo and the path forward for the evolution of our indices and associated frameworks”.

More information on the [Equity Country Classification framework](#) and the [Fixed Income Country Classification framework](#) can be found on our website. The next update will be published in March 2024.

– Ends –

¹ <https://research.ftserussell.com/products/index-notices/home/getnotice/?id=2609123>

Notes to editors:

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
2	FTSE World Government Bond Index (WGBI)
1	FTSE Emerging Markets Government Bond Index (EMGBI)
0	FTSE Frontier Emerging Markets Index

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:

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indices that measure and benchmark markets and asset classes in more than 70 countries, covering 98% of the investable market globally.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. Approximately \$20.1 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.

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