FTSE Announces 2011 Country Classification Changes

Sydney, Tokyo, Hong Kong, London and New York - 20 September, 2011:
FTSE Group (“FTSE”), the award winning global index provider, today announces the results of its 2011 Country Classification Annual Review.

The FTSE Country Classification Annual Review, carried out every September, is the process by which global equity markets are classified as Developed, Advanced Emerging, Secondary Emerging or Frontier within the FTSE Global Equity Index Series.

The Review has assumed particular importance this year in the light of speculation about the possibility of a sovereign default within the Eurozone. If such a default were to occur, FTSE will immediately review the affected country’s ranking against the country classification criteria, and determine whether any further classification changes are warranted.

2011 Country Classification Changes

As a result of the 2011 annual review, the FTSE Policy Group has approved the following changes:

- Thailand will move from Secondary to Advanced Emerging
- Ghana will be included as a Frontier market

The change to Thailand’s market status will be implemented in the FTSE Global Equity Index Series in March 2012. The inclusion of Ghana as a Frontier market will take effect from June 2012.
FTSE also maintains a Watch List of countries that are being considered for promotion or demotion between the various market classifications.

The FTSE Policy Group gave careful consideration to the continued status of Greece on the Watch List. The progress made by the Hellenic authorities against certain criteria was noted, but improvement in other areas was considered to have been slow and Greece fails to meet the criteria in four areas. The Policy Group has therefore determined to review the status of Greece against the remaining outstanding criteria again in March 2012. Greece will remain on the Watch List for possible demotion to Advanced Emerging status.

Other changes made following this year’s review were as follows. Poland will join the Watch List for possible promotion to Developed, and the Ukraine for possible inclusion as a Frontier market. Colombia will be removed from the Watch List, and China ‘A’ Shares, Greece, Kazakhstan, Kuwait and Taiwan will remain on the Watch List.

- **China ‘A’ Share:** Possible inclusion as Secondary Emerging
- **Greece:** Possible demotion from Developed to Advanced Emerging
- **Kazakhstan:** Possible inclusion as Frontier
- **Kuwait:** Possible inclusion as Secondary Emerging
- **Poland:** Possible promotion from Advanced Emerging to Developed
- **Taiwan:** Possible promotion from Advanced Emerging to Developed
- **Ukraine:** Possible inclusion as Frontier

FTSE remains cognisant of difficult market conditions, and will continue to closely monitor Watch List countries’ progress against the quality of markets criteria. FTSE will provide the market with a formal update in March 2012, and the next review of the FTSE Watch List markets will take place in September 2012. Full details of the countries on the Watch List are available at www.ftse.com/country.
**FTSE Watch List Index Series**

FTSE calculates and maintains the FTSE Watch List Index Series for investors. The indices are calculated as an indicator of what current market performance would look like if certain key ‘FTSE Watch List’ events had already taken place. They allow investors to assess precisely the influence on turnover, investment flows and weightings that any possible reclassification of the seven markets currently on FTSE’s Watch List would have on portfolios.

Mark Makepeace, Chief Executive of FTSE Group, said: “With the current market turmoil, the issue of country classification has taken on global significance this year. FTSE uses a transparent and objective methodology to assess a country’s market status. The rules used are based on feedback obtained from an extensive market consultation programme with international investors. We continue to engage with both the investment community and exchanges on this matter.”

**FTSE’s Quality of Markets Assessment Criteria**

Working with independent practitioner committees, made up of senior industry experts and index users, FTSE has designed a sophisticated approach for determining the investability status of global markets. Using this approach, global markets which meet the economic conditions of a developed or emerging economy are measured against the ‘Quality of Markets Assessment’ criteria developed in consultation with the investment community (Details of the criteria are available at [www.ftse.com/country](http://www.ftse.com/country)). This is further supported by an in-depth engagement programme with the markets being assessed within the Global Equity Index Series. As a result, the FTSE Country Classification methodology provides a transparent and consistent assessment of the markets of over 70 countries with respect to the quality of their investment infrastructure for international investors.
For full information about FTSE’s country classification process, including details of all criteria for Developed, Emerging and Frontier status and an assessment of each of the markets classified in FTSE equity indices, please visit www.ftse.com/country

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Notes to Editors

About FTSE Group

FTSE Group (FTSE) is the world-leader in the creation and management of index solutions. FTSE calculates indices across a range of asset classes, on both a standard and custom basis. FTSE indices are used extensively by investors worldwide for investment analysis, performance measurement, asset allocation, portfolio hedging and the creation of a wide range of index derivatives, funds, Exchange Traded Funds (ETFs), and other structured products.

FTSE has built an enviable reputation for the reliability and accuracy of our indices and related data services. FTSE has a long tradition of listening and responding to the market so that it is at the forefront of developing new approaches to index design, many of which are now accepted as the market standard. FTSE prides itself in continuing to invest significant resource in researching and developing new index solutions.

The foundation for FTSE’s global, regional, country and sector indices is the FTSE Global Equity Universe, which covers over 8,000 securities in 48 different countries and captures 98% of the world’s investable market capitalisation. FTSE’s flagship global benchmark, the FTSE All-World, is used by investors worldwide to structure and benchmark their international equity portfolios.

Exchanges around the world have chosen FTSE to calculate their domestic indices. These include ATHEX, Bolsas y Mercados Españoles, Borsa Italiana, Bursa Malaysia, Casablanca SE, Cyprus Stock Exchange, IDX, JSE, LSE, NASDAQ Dubai, NYSE Euronext, PSE, SGX, Stock Exchange of Thailand and TWSE. In addition, FTSE works with a variety of companies and associations to deliver innovative index solutions which provide the market with fresh opportunities. For more information visit www.ftse.com