
FTSE Announces 2012 Annual Country Classification Review Results

Sydney, Tokyo, Hong Kong, London and New York - 25 September, 2012: FTSE Group ("FTSE"), a leading global index provider, has announced the results of its Annual Country Classification Review - 2012.

This year, the FTSE Policy Group has not reclassified any countries but has added two further countries to the current Watch List of seven countries being considered for promotion or demotion between FTSE's market classifications: Argentina is listed for possible removal from the Frontier classification while Mongolia is under consideration for possible inclusion in the Frontier category.

Argentina is listed for possible demotion from Frontier due to continuing stringent capital controls imposed on international investors and the perceived lack of an independent regulatory authority to protect the rights of shareholders. Argentina was demoted from Secondary Emerging to Frontier in 2010. Mongolia will join the Watch List for possible inclusion as a Frontier market based on its progress in developing a market infrastructure that is attractive to foreign investors through improvements to its trading, settlement and custody arrangements.

The following markets have been confirmed as Watch List countries at this Review:

- Argentina – Possible demotion from Frontier
- China "A" Share – Possible inclusion as Secondary Emerging
- Greece – Possible demotion to Advance Emerging
- Kazakhstan – Possible inclusion in Frontier
- Kuwait – Possible inclusion as Secondary Emerging
- Mongolia – Possible inclusion in Frontier
- Poland – Possible promotion from Advanced Emerging to Developed
- Taiwan – Possible promotion from Advanced Emerging to Developed
- Ukraine – Possible inclusion in Frontier

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. They are evaluated against a set of 21 'Quality of Markets' criteria developed by FTSE together with the institutional investor community and domestic market authorities. As of July 2012, the FTSE All-World Index Series includes 47 countries: 25 Developed, 10 Advanced Emerging and 12 Secondary Emerging countries. A further 26 countries are classified as Frontier markets and make up the eligible universe for the FTSE Frontier 50 Index.

FTSE has also written a report on its Country Classification process and this is available at http://www.ftse.com/Indices/Country_Classification. The report explains how the system has evolved into a unique, transparent and objective mechanism that meets the needs of institutional investors. Markets join the Watch List if, at review, the Policy Group agrees that a sufficient number of scores against the review criteria have been modified to warrant potential promotion or demotion. FTSE engages with countries added to the Watch List in order to support efforts to improve their status in the eyes of the international investor.

FTSE remains cognisant of difficult market conditions and will continue to monitor Watch List countries' progress closely against the quality of markets criteria. FTSE will provide the market with a formal update in March 2013. The next review of the FTSE Watch List markets will take place in September 2013. Full details of the countries on the Watch List are available at http://www.ftse.com/Indices/Country_Classification/index.jsp

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 nine markets currently on FTSE's Watch List would have on portfolios.

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 'Quality of Markets' criteria developed in consultation with the investment community. This assessment is

further supported by an in-depth engagement programme with the markets 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 environment for international investors.

For full information about FTSE's country classification process, including an assessment of each of the markets classified in FTSE equity indices, please visit http://www.ftse.com/Indices/Country_Classification/index.jsp

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Notes to Editors

ABOUT FTSE GROUP

FTSE Group (FTSE) is a world-leader in the provision of global index and analytical solutions. FTSE calculates indices across a wide 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 7,400 securities in 47 different countries and captures 98% of the world's investable market capitalization. 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.

FTSE is an independent company owned by the London Stock Exchange Group.

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