

## FTSE Annual Country Classification Review – 2015

- **Greece from Developed to Advanced Emerging**
- **Qatar from Frontier to Secondary Emerging**
- **Latvia and Palestine designated as eligible Frontier markets**
- **China A-Shares remain on Watch List for possible inclusion as Secondary Emerging**

FTSE Russell, the global index provider, today announces the results of the FTSE Annual Country Classification Review for 2015.

FTSE formally reviews country classification within its global equity indexes on an annual basis each September using a comprehensive, transparent and consistent methodology. This annual review incorporates ongoing country classification research and classifies stock markets as Developed, Advanced Emerging, Secondary Emerging or Frontier within the FTSE global indexes.

### **Chris Woods, Chairman of the Governance Board at FTSE Russell, commented:**

“Our strong governance process is one of the key components of our offering as a leading global index provider. Institutional investors worldwide use our benchmarks throughout the investment process, as they have confidence in FTSE Russell’s governance structures which ensure clients’ needs are properly reflected in the construction and management of our indexes. The Annual FTSE Country Classification Review demonstrates our commitment to promoting transparency and openness in the development and reconstitution of all our benchmarks.”

Following the September 2015 annual review, FTSE confirms the following Country Classification changes:

- Greece will be demoted from Developed to Advanced Emerging due to the recent extended market closure, imposition of capital controls on domestic investors and continued economic instability; these are not characteristics associated with a stable Developed market
- Qatar will be promoted from Frontier to Secondary Emerging since this market now meets the criteria required to attain Secondary Emerging market status
- Latvia and Palestine, previously ‘Unclassified’, will be designated as eligible Frontier markets within the FTSE Country Classification scheme

The demotion of Greece from Developed to Advanced Emerging status will be implemented in conjunction with the semi-annual review of the FTSE Global Equity Index Series (GEIS) in March 2016.

To facilitate moves between the Frontier and Secondary Emerging Classifications, the annual review of the FTSE Frontier Index in June 2016 will be postponed and conducted in September 2016 to coincide with the GEIS semi-annual review. From this date forward, the reviews of the FTSE Frontier Index will take place annually in September.



Qatar will be removed from the Frontier index in September 2016. In recognition of the potential liquidity demands arising from its promotion, Qatar's inclusion as a Secondary Emerging market status will be effected in two tranches. The first tranche of 50% will be implemented in conjunction with the semi-annual review of FTSE GEIS in September 2016 and the second 50% tranche will be implemented in conjunction with the March 2017 semi-annual review.

The promotion of Latvia and Palestine to Frontier market status will be implemented in conjunction with the rescheduled annual review of the FTSE Frontier Index in September 2016.

## FTSE Watch List 2015

In order to ensure that the potential, as well as confirmed, movement of markets between classifications is completely transparent to investors, FTSE maintains a Watch List of markets that are being considered for promotion or demotion between the various market classifications.

Following the September 2015 annual review, FTSE Russell confirmed the following addition/removal to the FTSE Watch List:

- Saudi Arabia will join the Watch List for possible addition to Secondary Emerging market status based on the prospective opening of the market to international institutional investors by means of the Qualified Foreign Investor (QFI) licence scheme. FTSE Russell will engage with the market as it works towards meeting the requirements for Secondary Emerging status
- Taiwan will remain designated as an Advanced Emerging market and will be removed from the FTSE Watch List for possible promotion to Developed market status. Institutional investors continue to report concerns in relation to the lack of flexibility in trading foreign exchange and the limited ability to cost-effectively and efficiently trade the Taiwanese equity market

The FTSE Watch List from September 2015 is as follows:

- China A-Shares – possible inclusion as Secondary Emerging
- Kazakhstan – possible inclusion as Frontier
- Kuwait – possible inclusion as Secondary Emerging
- Mongolia – possible inclusion as Frontier
- Poland – possible promotion from Advanced Emerging to Developed
- Saudi Arabia – possible inclusion as Secondary Emerging

FTSE Russell will provide a formal interim update in March 2016, the next Annual Review of the FTSE Watch List markets will take place in September 2016. FTSE Russell will provide a minimum of six months notice prior to changes being implemented in its indexes, as a result of a country classification review.

For more information please visit <http://www.ftse.com/products/indices/country-classification>

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**For further information:**

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# Press Release



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## Notes to editors:

### **About FTSE Russell:**

FTSE Russell is a leading global provider of benchmarking, analytics and data solutions for investors, giving them a precise view of the market relevant to their investment process. A comprehensive range of reliable and accurate indexes provides investors worldwide with the tools they require to measure and benchmark markets across asset classes, styles or strategies.

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

FTSE Russell is focused on applying the highest industry standards in index design and governance, employing transparent rules-based methodology informed by independent committees of leading market participants. FTSE Russell fully embraces the IOSCO Principles and its Statement of Compliance has received independent assurance. Index innovation is driven by client needs and customer partnerships, allowing FTSE Russell to continually enhance the breadth, depth and reach of its offering.

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