
October 2024

FTSE Classification of Equity Markets – FTSE Equity Country Classification Announcement October 2024

Published: 08 October 2024

A formal annual review of country classification within the FTSE global equity indices is conducted every September using a comprehensive, transparent and consistent methodology. This annual review incorporates ongoing equity country classification research and classifies markets as Developed, Advanced Emerging, Secondary Emerging or Frontier within the FTSE global equity indices.

Please refer to the [FTSE Equity Country Classification Process](#) document for further details.

The results of the 2024 Annual FTSE Equity Country Classification Review can be found in the remainder of this announcement.



**FTSE
RUSSELL**
An LSEG Business

1. FTSE Equity Country Classification Watch List

To provide investors with visibility of the potential movement of markets between classifications, FTSE Russell maintains a Watch List of markets that are under review and being monitored for reclassification.

The following markets were members of the Watch List following the March 2024 Equity Country Classification Review:

- **Egypt:** possible reclassification from Secondary Emerging to Unclassified.
- **Pakistan:** possible reclassification from Secondary Emerging to Frontier.
- **Vietnam:** possible reclassification from Frontier to Secondary Emerging.

2. Progress of Watch List Markets since March 2024

Secondary Emerging Watch List

Egypt

Egypt is currently classified as a Secondary Emerging market and was added to the Watch List from September 2023 for possible reclassification from Secondary Emerging to Unclassified market status.

Egypt was added to the Watch List due to reports received from index users and market participants that, from March 2023 onwards, there were significant, ongoing delays to the ability of international institutional investors to repatriate capital from Egypt and in the execution of foreign exchange (FX) transactions. Consequently, FTSE Russell ceased implementing certain corporate events for Egyptian constituents of FTSE Russell equity indices from June 2023.

Further to the “Egypt – Treatment in FTSE Russell Equity Indices” [announcement](#) published on 06 September 2024, there have been no reported delays in the ability of international investors to repatriate capital from Egypt since March 2024. Consequently, following the recommendations received from the FTSE Equity Country Classification Advisory Committee and the FTSE Russell Policy Advisory Board, the FTSE Russell Index Governance Board has determined to **remove Egypt from the Watch List as part of the September 2024 annual review of equity markets and retain it as a Secondary Emerging market within the FTSE Equity Country Classification framework.**

Pakistan

Pakistan was added to the Watch List from September 2023 for possible reclassification from Secondary Emerging to Frontier market status.

As [announced](#) on 03 July 2024, Pakistan was reclassified from Secondary Emerging to Frontier market status, effective from the open on Monday 23 September 2024, due to Pakistan failing to meet the Minimum Securities Count requirement based on data as of the close on 28 June 2024.

Vietnam

Vietnam is currently classified as a Frontier market and was added to the Watch List from September 2018 for possible reclassification to Secondary Emerging market status.

Vietnam was added to the Watch List in September 2018 for possible reclassification to Secondary Emerging market status. Vietnam has yet to meet the 'Settlement Cycle (DvP)' criterion, which is currently rated as 'Restricted' due to the market practice of conducting a pre-trading check to ensure the availability of funds prior to trade execution. Since, by default, the market does not experience failed trades, the 'Settlement – costs associated with failed trades' criterion is unrated. Additionally, improvements to the process for the registration of new accounts are required, as market practice can result in the extension of the registration process. The introduction of an efficient mechanism to facilitate trading between non-domestic investors in securities that have reached, or are approaching, their foreign ownership limit (FOL) is also seen as important.

The proposed 'Non-Prefunding' (NPF) settlement model under consideration, has been further refined, by an industry group, working alongside the State Securities Commission of Vietnam (SSC). The Ministry of Finance issued Circular 68/2024/TT-BTC, on 18 September 2024, that sets out amendments to various regulations. The Circular removes the pre-funding requirement for international investors purchasing equities, by updating various regulations that govern securities transactions, the clearing and settlement of the transactions, the activities of securities companies, and information disclosure.

The next relevant announcement is anticipated to be the release of more detailed operating rules by the Vietnam Securities Depository and Clearing Corporation (VSDCC). FTSE Russell continues to encourage meetings between the local Vietnamese entities and the international investment community, to ensure these rules meet the needs of the relevant international, and local participants, that will use them.

It remains imperative that the pace of change is maintained if Vietnam is to meet the 2025 targeted deadline, set by the Prime Minister of Vietnam earlier this year. The revised market rules need to be confirmed and widely communicated, relatively soon, including finalisation of the required roles and responsibilities within the settlement model, and a roadmap, with key milestones, setting out the path towards implementation.

FTSE Russell notes the continued support of the Vietnamese government for the market reforms and remains appreciative of the constructive relationship with the SSC, other market authorities, and the World Bank Group, who is supporting the wider market reform programme.

Consequently, following the recommendations received from the FTSE Equity Country Classification Advisory Committee and the FTSE Russell Policy Advisory Board, the FTSE Russell Index Governance Board has determined **to retain Vietnam on the Watch List as part of the September 2024 Annual Update.**

3. New Additions to the Watch List

Greece (Advanced Emerging market status)

Greece will be added to the Watch List for potential promotion from Advanced Emerging to Developed market status. Greece meets the following requirements for attaining Developed market status within the FTSE Equity Country Classification framework:

- the twenty-two FTSE Quality of Markets criteria;
- the minimum investable market capitalisation and securities count requirements, based on data as of the close on 28 June 2024, and
- has a Gross National Income (GNI) per Capita (Atlas Method) rating of 'High'.

Greece retains a Credit Worthiness rating of 'Speculative' based on the lowest sovereign credit risk rating assigned to Greece by the three primary credit rating agencies. A Credit Worthiness rating of 'Investment' grade, with an outlook that is not rated as 'negative' is required for a reclassification to Developed market status.

Consequently, following the recommendations received from the FTSE Equity Country Classification Advisory Committee and the FTSE Russell Policy Advisory Board, the FTSE Russell Index Governance Board has determined to **add Greece to the Watch List as part of the September 2024 annual review of equity markets for possible reclassification from Advanced Emerging to Developed market status within the FTSE Equity Country Classification framework.**

The following Watch List indices reflecting Greece as a Developed market will be available to subscribing index users from 09 October 2024:

- FTSE Global All Cap incl Developed Greece Index
- FTSE Developed All Cap incl Greece Index
- FTSE Emerging All Cap ex Greece Index
- FTSE All-World incl Developed Greece Index
- FTSE Developed incl Greece Index
- FTSE Emerging ex Greece Index.

FTSE Russell will provide an update on the Watch List status of Greece as part of FTSE Equity Country Classification March 2025 interim update.

4. Other Markets

Bangladesh (Frontier market status)

On 06 September 2024, FTSE Russell [announced](#) that the Bangladesh Securities and Exchange Commission (BSEC) had announced that the imposition of a 'floor price' in Bangladesh had been removed on all but two domestically-listed Bangladeshi securities on the Dhaka Stock Exchange, which are also constituents of the FTSE Frontier Index Series; the securities are Bangladesh Export Import Company Ltd (BEXIMCO) and Islami Bank Bangladesh PLC (ISLAMIBANK).

Consequently, for the September 2024 index reviews, except for Bangladesh Export Import Company Ltd (BEXIMCO) and Islami Bank Bangladesh PLC (ISLAMIBANK), all other Bangladeshi securities will be evaluated for index eligibility in accordance with the underlying index ground rules and corporate events will be implemented in accordance with FTSE Russell's corporate actions and events guidelines.

FTSE Russell continues to engage with the BSEC to confirm when the restrictions will be lifted on the two outstanding securities.

South Korea (Developed market status)

South Korea is currently classified as a Developed market within the FTSE Equity Country Classification framework. In mid-June 2024, South Korea extended the short sale ban through to 30 March 2025. The Financial Services Commission (FSC) also flagged the introduction of harsher penalties for illegal trades and the establishment of a Naked Short-selling Detecting System (NSDS), to be developed by the Korea Exchange (KRX). The extended ban was not well received by the international investment community. Its absence is also seen to reduce the efficiency of stock borrowing mechanisms and impacts general market liquidity and price discovery.

In attempting to determine an appropriate solution, the FSC and the Financial Supervisory Service (FSS), have adopted a revised approach to the development of the relevant regulation, involving far greater market consultation during the process. In this regard, the regulators engagement to date appears to have been extensive, both on and offshore. However, greater clarification on some aspects of the regulation is still required to create a workable solution. Addressing these information gaps quickly, appears to be critical to meet the March 2025 objective.

More positively, in parallel to the extension of the short selling ban, it is noted that South Korea has recently implemented several financial market reforms that aim to address some of the accessibility concerns that impact the equity market. The most consequential elements relate to the:

- Introduction of a new registration scheme; and
- Foreign Exchange (FX) market reform.

Having considered the recent feedback from its advisory committees, on balance, FTSE Russell is of the view that it should persist with its recent positive engagement with the South Korean market authorities to encourage an expedited resolution to the short selling ban and address some of the other key FTSE Quality of Markets criteria marked as 'Restricted.' Should this approach prove unsuccessful, FTSE Russell will consult with its advisory committees to determine whether further action relating to the equity country classification of South Korea is warranted.

5. The September 2024 Watch List

- **Greece:** added to the Watch List for possible reclassification from Advanced Emerging to Developed market status; an update on the Watch List status of Greece will be provided as part of the interim update in March 2025.
- **Vietnam:** retained on the Watch List for possible reclassification from Frontier to Secondary Emerging market status; an update on the Watch List status of Vietnam will be provided as part of the interim update in March 2025.

6. Date of Next Announcement

The 2025 Interim Update Announcement will be published on Tuesday 08 April 2025.

For more information please visit: [Equity Country Classification | LSEG](#)

The table below shows the markets classified within the FTSE Equity Country Classification scheme as at 23 September 2024:

Developed	Advanced Emerging	Secondary Emerging	Frontier
Australia	Brazil	Chile	Bahrain
Austria	Czech Republic	China	Bangladesh
Belgium/Luxembourg	Greece	Colombia	Botswana
Canada	Hungary	Egypt	Bulgaria
Denmark	Malaysia	Iceland	Côte d'Ivoire
Finland	Mexico	India	Croatia
France	South Africa	Indonesia	Cyprus
Germany	Taiwan	Kuwait	Estonia
Hong Kong	Thailand	Philippines	Ghana
Ireland	Turkiye	Qatar	Jordan
Israel		Romania	Kazakhstan
Italy		Saudi Arabia	Kenya
Japan		United Arab Emirates	Latvia
Netherlands			Lithuania
New Zealand			Malta
Norway			Mauritius
Poland			Mongolia
Portugal			Morocco
Singapore			Oman
South Korea			Pakistan*
Spain			Palestine
Sweden			Peru
Switzerland			Republic of North Macedonia
UK			Serbia
USA			Slovak Republic
			Slovenia
			Sri Lanka
			Tanzania
			Tunisia
			Vietnam

*Pakistan reclassified from Secondary Emerging to Frontier market status, effective from the open on Monday 23 September 2024.

ABOUT FTSE RUSSELL

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

CONTACT US

To learn more, visit lseg.com/ftse-russell; email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810

Asia-Pacific

North America +1 877 503 6437

Hong Kong +852 2164 3333

Tokyo +81 3 6441 1430

Sydney +61 (0) 2 7228 5659

Disclaimer

© 2024 London Stock Exchange Group plc and its applicable group undertakings ("LSEG"). LSEG includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) FTSE Fixed Income Europe Limited ("FTSE FI Europe"), (5) FTSE Fixed Income LLC ("FTSE FI"), (6) FTSE (Beijing) Consulting Limited ("WOFE"), (7) Refinitiv Benchmark Services (UK) Limited ("RBSL"), (8) Refinitiv Limited ("RL") and (9) Beyond Ratings S.A.S. ("BR"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFE, RBSL, RL and BR. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "WMR™", "FR™", "Beyond Ratings®" and all other trademarks and service marks used herein (whether registered or unregistered) are trade marks and/or service marks owned or licensed by the applicable member of LSEG or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFE, RBSL, RL or BR.

FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator. Refinitiv Benchmark Services (UK) Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. Every effort is made to ensure that all information given in this publication is accurate, but no responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for any inaccuracies or for any loss from use of this publication or any of the information or data contained herein.

No member of LSEG nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indices and rates cannot be invested in directly. Inclusion of an asset in an index or rate is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index or a rate containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of LSEG. Use and distribution of LSEG index or rate data and the use of their data to create financial products require a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, WOFE, RBSL, RL, BR and/or their respective licensors.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group data requires a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB, BR and/or their respective licensors.



**FTSE
RUSSELL**
An LSEG Business