

FTSE Russell announces the results of its 2021 annual country classification review for equities and fixed income

- Saudi Arabia will be added to the FTSE Emerging Markets Government Bond Index (EMGBI) following the upgrade of its Market Accessibility Level to “1”
- Kazakhstan government bonds to be included in the newly launched FTSE Frontier Emerging Markets Government Bond Index
- Russia and Vietnam retained on the FTSE Equity Country Classification Watch List
- Iceland and Mongolia added to FTSE Equity Watch List for possible promotions

FTSE Russell, a leading global index, data and analytics provider, has published the results of the annual Country Classification Review for countries monitored by its global equity and fixed income indices.

Fixed Income

Saudi Arabian local currency government sukuk will be included in the FTSE Emerging Markets Government Bond Index (EMGBI) after its market accessibility level was upgraded from “0” to “1”. Index inclusion of Saudi Arabian sukuk is scheduled to start in April 2022 and is projected to comprise 2.75% of the index on a market value weighted basis.

The recently launched FTSE Frontier Emerging Markets Government Bond Index (FRNTEMGBI) will now see the addition of Kazakhstan’s government bonds to the universe of eligible markets. The development of this new offering and a more transparent emerging market choice set continues to receive positive feedback from global investors. Additionally, New Zealand will enter the FTSE World Inflation-Linked Securities Index (WorldILSI). The inclusion of Kazakhstan and New Zealand will commence in April 2022.

FTSE Russell has retained India on its FTSE Fixed Income Watch List for an upgrade of its Market Accessibility Level to “1”, acknowledging the ongoing market structure reforms intended to enhance accessibility for foreign investors and the progress made to date. Switzerland will also be placed on the Watch List for a potential upgrade to Market Accessibility Level of “1” and inclusion in the WGBI.

The full FTSE Fixed Income Country Classification Announcement can be found here: [Fixed Income Country Classification September 2021 Results.pdf \(ftserussell.com\)](https://www.ftserussell.com/~/media/FTSE%20Russell/2021/2021-Fixed-Income-Country-Classification-Announcement-September-2021-Results.pdf)

Equities

Russia is retained on the FTSE Equity Watch List as a Secondary Emerging market and will be reviewed for possible reclassification to an Advanced Emerging market within the FTSE Equity Country Classification scheme

at the Interim Review in March 2022. FTSE Russell added Russia to the FTSE Equity Watch List in September 2020 and specified that it would look for evidence of improvements to the registration process for new accounts.

Vietnam is retained on the FTSE Equity Watch List as a Frontier market and will be reviewed for possible reclassification as a Secondary Emerging market within the FTSE Equity Country Classification scheme at the Interim Review in March 2022. Although Vietnam enhanced its legislative framework, it has yet to demonstrate reforms to its post-trade settlement cycle. Additionally, improvements are sought regarding the registration of new accounts for international investors.

Iceland is being added to the FTSE Equity Watch List for possible reclassification to Secondary Emerging from its current classification as a Frontier market, while Mongolia is being added to the FTSE Equity Watch List for possible reclassification as a Frontier market. Mongolia is currently unclassified.

The full FTSE Equity Country Classification Announcement can be found here: [FTSE-Country-Classification-Update-2021.pdf \(ftserussell.com\)](https://www.ftserussell.com/FTSE-Country-Classification-Update-2021.pdf)

David Sol, Managing Director, Index Policy, FTSE Russell, said:

“FTSE Russell is pleased to see Saudi Arabia and Kazakhstan receive fixed income country classification promotions, and is encouraged by India’s progress towards inclusion in mainstream local currency emerging markets indices such as the FTSE EMGBI. FTSE Russell continues to evolve its full range of global government bond indices with notable market inclusion changes to the EMGBI, Fronter Emerging Markets Government Bond Index, and the World Inflation-Linked Securities Index.

In terms of those countries retained on the equity and fixed income Watch Lists, we continue to engage with relevant authorities in India, Vietnam and Russia, and will provide an update to the market in March 2022. FTSE Russell is also pleased to announce the addition of Iceland and Mongolia to the FTSE Equity Watch List for potential promotions following domestic market structure enhancements.”

– Ends –

Notes

More information on the [Equity Country Classification framework](#) and the [Fixed Income Country Classification framework](#) can be found on our website. The next interim update will be published in March 2022.

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

Equities

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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Press Release



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