

MARCH 2015 INTERIM UPDATE

FTSE Global Equity Index Series Country Classification

FTSE Group today announces the March 2015 results of the FTSE Country Classification interim review.

The FTSE Country Classification interim review is conducted every March to keep investors fully informed on the markets which have been placed on the Watch List, in the previous September, as part of the annual review. In order to ensure that the potential, as well as the confirmed, movement of markets between categories is completely transparent for investors, FTSE maintains a Watch List of countries that are being considered for promotion or demotion between the various market classifications.

The following Watch List markets remain unchanged since September 2014 at this mid-point review:

- **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
- **Latvia:** Possible inclusion as Frontier
- **Palestine:** Possible inclusion as Frontier
- **Mongolia:** Possible inclusion as Frontier
- **Poland:** Possible promotion from Advanced Emerging to Developed
- **Qatar:** Possible promotion from Frontier to Secondary Emerging
- **Taiwan:** Possible promotion from Advanced Emerging to Developed

FTSE confirms that there are no Country Classification changes in March 2015.

Please note that effective from June 2015, Argentina will be demoted from Frontier to unclassified market status, and Morocco will be demoted from Secondary Emerging to Frontier market status. These changes were first announced in September 2014.

Progress of Watch List markets since September 2014

Developed Watch List

Greece

FTSE has made no changes to its assessment of Greece's market against the Quality of Market criteria, but has noted that the standard Developed market practice of allowing 'In-Kind Transfers' on a daily bases has now been adopted in the Greek market. Greece is retained on the FTSE Watch List as a Developed market, and will be reviewed again for possible demotion from Developed to Advanced Emerging status at the annual review in September 2015.

Advanced Emerging Watch List

Poland

FTSE has made no changes to its assessment of Poland's market against the Quality of Market criteria. Poland is retained on the FTSE Watch List as an Advanced Emerging market, and will be reviewed for possible promotion to Developed status at the annual review in September 2015.

Taiwan

FTSE has made no changes to its assessment of Taiwan's market against the Quality of Market criteria. Taiwan is retained on the FTSE Watch List as an Advanced Emerging market, and will be reviewed again for possible promotion to Developed status at the annual review in September 2015.

Secondary Emerging Watch List

China A

FTSE has made no changes to its assessment of the China A Shares market against the criteria in the Quality of Markets matrix. FTSE acknowledges the efforts of the Chinese authorities to increase accessibility of the China A market to foreign investors, including via the Shanghai Hong Kong Stock Connect program, although a large proportion of the China A market continues to be restricted. China A Shares are retained on the FTSE Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Secondary Emerging market at the annual review in September 2015.

Kuwait

FTSE has upgraded the 'Formal stock market regulatory authorities actively monitor market' criterion for Kuwait from 'Restricted' to 'Pass' against the Quality of Markets matrix. Kuwait is retained on the FTSE Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Secondary Emerging market at the annual review in September 2015.

Qatar

FTSE has upgraded the "Liquidity – sufficient broad market liquidity to support sizeable global investment" criterion for Qatar from 'Restricted' to 'Pass' against the Quality of Markets matrix. FTSE continues constructive engagement with officials at the Qatari Exchange and is closely monitoring the efforts of the market authorities to increase the foreign ownership limits of Qatari companies. Qatar is retained on the FTSE Watch List as a Frontier market, and will be reviewed for possible promotion to Secondary Emerging status at the annual review in September 2015.

Frontier Watch List*Kazakhstan*

FTSE has upgraded the "Custody – omnibus accounts facilities available to international investors" criterion from 'Restricted' to 'Pass' and downgraded the "Liquidity – sufficient broad market liquidity to support sizeable global investment" criterion from 'Restricted' to 'Not Met' for Kazakhstan against the Quality of Markets matrix. One of the outstanding issues remains the reform of the T+0 settlement cycle to bring it into alignment with international standards. In this regard, Kazakhstan has reported a transition from T+0 to T+2 settlement from May 2015. Kazakhstan is retained on the FTSE Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Frontier market at the annual review in September 2015.

Latvia

FTSE has made no changes to its assessment of Latvia's market against the Quality of Market criteria. Latvia meets the five Quality of Markets criteria required for attaining Frontier market status. Latvia is retained on the FTSE Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Frontier market at the annual review in September 2015.

Mongolia

FTSE has made no changes to its assessment of Mongolia's market against the Quality of Market criteria. Mongolia is retained on the FTSE Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Frontier market at the annual review in September 2015.

Palestine

FTSE has made no changes to its assessment of Palestine's market against the Quality of Market criteria. Palestine meets the five Quality of Markets criteria required for attaining Frontier market status. Palestine is retained on the FTSE Watch List, and will be reviewed for possible addition to the FTSE Global Equity Index Series as a Frontier market at the annual review in September 2015.

FTSE, supported by the Country Classification Advisory Committee, will continue to closely monitor the progress of the Watch List countries.

In reaching its March 2015 interim assessments, FTSE is grateful to the authorities in the world's financial markets for their cooperation and constructive engagement and to market participants across the globe for sharing their experiences of working within international equity markets.

September 2015 Annual Review

FTSE welcomes comments from all participants on their experiences and perceptions of market practices across the globe, but particularly those of countries on the current Watch List. Data collection and analysis for the annual review will close in July and the results of the FTSE annual country classification review will be announced in September 2015. FTSE provides a minimum of six months' notice before country classification changes are implemented in its indices following the annual country classification review.

For full information about the FTSE 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 and see FTSE's announcement of its Annual Review dated September 2014 for further details of its assessment of individual markets.

Data definitions available from www.ftse.com

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