

FTSE QUALITY OF MARKETS CRITERIA (ASIA PACIFIC) as at September 2018																											
CRITERIA	DEV	COUNTRY NAMES																			SEC EMG WATCH	FRONT	Bangladesh	Sri Lanka	Vietnam	China A via QFII	China A via RQFII
		Australia	Hong Kong	Japan	New Zealand	Singapore	South Korea	ADV EMG	Malaysia	Taiwan	Thailand	SEC EMG	China*	China A via Stock Connect**	India	Indonesia	Pakistan	Philippines	Lower Middle Speculative	Lower Middle Speculative							
World Bank GNI Per Capita Rating, 2017		High Investment	High Investment	High Investment	High Investment	High Investment	High Investment		Upper Middle Investment	High Investment	Upper Middle Investment		Upper Middle Investment	Upper Middle Investment	Lower Middle Investment	Lower Middle Investment	Lower Middle Investment	Lower Middle Investment					Lower Middle Speculative	Lower Middle Speculative	Lower Middle Speculative	Upper Middle Investment	Upper Middle Investment
<b>Market and Regulatory Environment</b>																											
Formal stock market regulatory authorities actively monitor market (e.g., SEC, PSA, SFC)	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Restricted	Pass	Pass		X	X		Pass	Pass	Pass	Pass	Pass
Fair and non-prejudicial treatment of minority shareholders	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass		Not Met	Not Met	Not Met	Not Met	Pass	Pass					Restricted	Restricted	Restricted	Not Met	Not Met
No or selective incidence of foreign ownership restrictions	X	Pass	Pass	Restricted	Pass	Pass	Restricted	X	Restricted	Pass	Restricted		Pass	Not Met	Not Met	Pass	Pass	Restricted					Pass	Restricted	Restricted	Not Met	Not Met
No objection to or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	Pass		X	X		Pass	Pass	Pass	Restricted	Restricted
Developed equity market	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass		Pass	Pass	Pass	Pass	Pass	Pass					Restricted	Restricted	Restricted	Pass	Pass
Developed foreign exchange market	X	Pass	Pass	Pass	Pass	Pass	Restricted	X	Restricted	Restricted	Restricted		Not Met	Restricted	Not Met	Restricted	Restricted	Restricted					Not Met	Not Met	Restricted	Not Met	Not Met
No or simple registration process for foreign investors	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass		Pass	Pass	Not Met	Pass	Restricted	Pass					Restricted	Restricted	Restricted	Not Met	Not Met
<b>Custody and Settlement</b>																											
Settlement - Rare incidence of failed trades	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	Pass		X	X		Pass	Pass	Pass	Pass	Pass
Custody-Sufficient competition to ensure high quality custodian services	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	Pass		X			Pass	Pass	Pass	Pass	Pass
Clearing & Settlement - T+2 / T+3	X	T+2	T+2	T+3	T+2	T+3	T+2	X	T+3	T+2	T+2	X	T+3	T+0 / T+1	T+2	T+3	T+2	T+3		X	X		T+1, T+3	T+3	T+2	T+0	T+0
Settlement - Free delivery available	X	Pass	Pass	Pass	Pass	Pass	Restricted		Restricted	Restricted	Pass		Restricted	Not Met	Restricted	Restricted	Restricted	Restricted					Not Met	Not Met	Not Met	Not Met	Not Met
Custody - Omnibus and segregated account facilities available to international investors	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass		Pass	Restricted	Not Met	Pass	Restricted	Pass					Not Met	Not Met	Pass	Restricted	Restricted
<b>Dealing Landscape</b>																											
Brokerage - Sufficient competition to ensure high quality broker services	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	Pass		X			Pass	Pass	Pass	Restricted	Restricted
Liquidity - Sufficient broad market liquidity to support sizeable global investment	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	Pass					Pass	Not Met	Pass	Pass	Pass
Transaction costs - implicit and explicit costs to be reasonable and competitive	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	Pass		X			Pass	Not Met	Pass	Pass	Pass
Stock Lending is permitted	X	Pass	Pass	Pass	Pass	Pass	Pass		Restricted	Restricted	Restricted		Not Met	Restricted	Pass	Restricted	Restricted	Restricted					Not Met	Not Met	Not Met	Not Met	Not Met
Short sales permitted	X	Pass	Pass	Restricted	Pass	Pass	Pass		Restricted	Restricted	Pass		Not Met	Restricted	Restricted	Restricted	Restricted	Restricted					Not Met	Not Met	Not Met	Not Met	Not Met
Off-exchange transactions permitted	X	Pass	Pass	Pass	Pass	Pass	Restricted		Pass	Restricted	Pass		Not Met	Not Met	Not Met	Pass	Pass	Pass					Not Met	Not Met	Restricted	Not Met	Not Met
Efficient trading mechanism	X	Pass	Pass	Pass	Pass	Pass	Restricted		Pass	Pass	Pass		Pass	Restricted	Restricted	Pass	Pass	Pass					Restricted	Restricted	Restricted	Restricted	Restricted
Transparency - market depth information / visibility and timely trade reporting process	X	Pass	Pass	Pass	Pass	Pass	Pass	X	Pass	Pass	Pass	X	Pass	Pass	Pass	Pass	Pass	Pass		X	X		Restricted	Pass	Pass	Pass	Pass
<b>Derivatives</b>																											
Developed Derivatives Market	X	Pass	Pass	Pass	Restricted	Pass	Pass		Restricted	Pass	Restricted		Not Met	Not Met	Restricted	Not Met	Not Met	Not Met					Not Met	Not Met	Not Met	Not Met	Not Met

Shading indicates a rating change from March 2018

\*Includes China B Shares, H Shares, Red Chips, P Chips, S Chips and N Shares

\*\*China A via Stock Connect to be reclassified as Secondary Emerging, commencing June 2019

-Other China A access routes - currently Unclassified