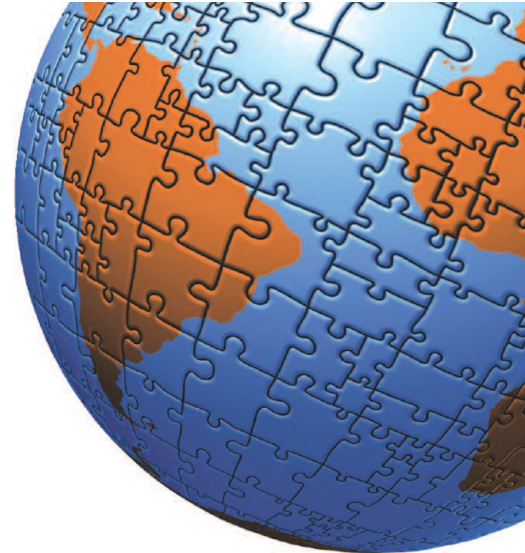


# FTSE Global Equity Index Series Country Classification



## SEPTEMBER 2009 UPDATE

### 1. Classification of Markets 2009 Results

FTSE Group ("FTSE") has confirmed the results of its annual country classification review, the process by which stock markets are classified as either Developed, Emerging or Frontier status within the FTSE Global Equity Index Series.

FTSE's advisory group of market practitioners has approved the promotion of the UAE to Secondary Emerging status, the promotion of Malta to Frontier status and the demotion of Argentina to Frontier status.

The committee also approved the removal of Iceland from the Watch List. While Iceland meets the necessary Quality of Market criteria for Advanced Emerging status, it does not meet the minimum market capitalisation for inclusion in the FTSE Global Equity Index Series.

These changes will be implemented as follows:

- UAE will be included in Secondary Emerging indices from September 2010;
- Malta will be included in Frontier indices from September 2010;
- Argentina will be included in Frontier indices from September 2010.

### 2. FTSE Watch List 2010

In order to ensure that the potential, as well as confirmed, movement of markets between categories is completely transparent for investors, FTSE operates a Watch List of countries that may be subject to a change in their classification if a number of conditions are met. Addition to the FTSE Watch List is the first step in a change of designation status.

The following markets have been added to the Watch List at this review:

- Czech Republic
- Malaysia
- Turkey

The following markets will be retained on the Watch List for a further twelve months:

- China "A" Shares
- Colombia
- Greece
- Kazakhstan
- Kuwait
- Taiwan
- Ukraine

All of these Watch List countries will be reviewed at the next country classification review in September 2009. Each must remain on the Watch List for a minimum of twelve months before any change is made to their status. FTSE will give investors a minimum of six-month's notice prior to changes being implemented in its indices, as a result of a country classification review. A further update on FTSE's assessment of each of these Watch List markets against its Quality of Markets criteria will be published in March 2010.

The Watch List Classification now comprises:

Watch List Country	Details
China "A" Shares:	possible inclusion in FTSE Global Equity Index Series as Secondary Emerging
Colombia:	possible change to Frontier status from Secondary Emerging
Czech Republic:	possible change from Secondary Emerging to Advanced Emerging status;
Greece:	possible change to Advanced Emerging status from Developed
Kazakhstan:	possible inclusion in FTSE GEIS as Frontier
Kuwait:	possible inclusion in FTSE GEIS as Secondary Emerging
Malaysia:	possible move from Secondary Emerging to Advanced Emerging status;
Taiwan:	possible change to Developed from Advanced Emerging status;
Turkey:	possible promotion from Secondary Emerging to Advanced Emerging status;
Ukraine:	possible inclusion in FTSE GEIS as Frontier status

## FTSE GLOBAL EQUITY INDEX SERIES

Developed	Advanced Emerging	Secondary Emerging	Frontier
Australia	Brazil	Argentina (to be moved to Frontier September 2010)	Bahrain
Austria	Hungary	Chile	Bangladesh
Belgium/Luxembourg	Mexico	China	Botswana
Canada	Poland	Colombia	Bulgaria
Denmark	South Africa	Czech Republic	Côte d'Ivoire
Finland	Taiwan	Egypt	Croatia
France		India	Cyprus
Germany		Indonesia	Estonia
Greece		Malaysia	Jordan
Hong Kong		Morocco	Kenya
Ireland		Pakistan	Lithuania
Israel		Peru	Macedonia
Italy		Philippines	Malta (from September 2010)
Japan		Russia	Mauritius
Netherlands		Thailand	Nigeria
New Zealand		Turkey	Oman
Norway		UAE (from September 2010)	Qatar
Portugal			Romania
Singapore			Serbia
South Korea			Slovakia
Spain			Slovenia
Sweden			Sri Lanka
Switzerland			Tunisia
UK			Vietnam
USA			

## QUALITY OF MARKETS CRITERIA

Markets are assessed against the criteria outlined below. Inclusion as Developed status requires that all criteria are met, Advanced Emerging requires that the specified 14 criteria are met, inclusion as Secondary Emerging requires that the specified 8 criteria are met, while inclusion as Frontier requires that the specified 5 criteria are met. Assessment of markets included in FTSE GEIS against these criteria can be found at [www.ftse.com/country](http://www.ftse.com/country)

	DEV	ADV EMG	SEC EMG	FRONTIER
<b>Market and Regulatory Environment</b>				
Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC)	X	X	X	X
Fair and non-prejudicial treatment of minority shareholders	X	X		
Non or selective incidence of foreign ownership restrictions	X	X		
No objections or significant restrictions or penalties applied on the repatriation of capital	X	X	X	X
Free and well-developed equity market	X	X		
Free and well-developed foreign exchange market	X	X		
Non or simple registration process for foreign investors	X	X		
<b>Custody and Settlement</b>				
Settlement - Rare incidence of failed trades	X	X	X	X
Custody-Sufficient competition to ensure high quality custodian services	X	X	X	
Clearing & settlement - T +3 or shorter, T+7 or shorter for Frontier	X	X	X	X
Stock Lending is permitted	X			
Settlement - Free delivery available	X			
Custody - Omnibus account facilities available to international investors	X	X		
<b>Dealing Landscape</b>				
Brokerage - Sufficient competition to ensure high quality broker services	X	X	X	
Liquidity - Sufficient broad market liquidity to support sizeable global investment	X	X	X	
Transaction costs - implicit and explicit costs to be reasonable and competitive	X	X	X	
Short sales permitted	X			
Off-exchange transactions permitted	X			
Efficient trading mechanism	X			
Transparency - market depth information / visibility and timely trade reporting process	X	X	X	X
<b>Derivatives</b>				
Developed derivatives market	X			

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