

## S&P Dow Jones Indices Announces Country Classification Consultation Results

**NEW YORK, DECEMBER 11, 2017:** S&P Dow Jones Indices (“S&P DJI”) today announces the results of the annual country classification consultation initiated in June 2017.

S&P DJI will not make any changes to the classification of the countries included in this year’s consultation at this time.

- No change is being made to the treatment of China A-Shares in S&P DJI’s global benchmark indices.
- Saudi Arabia will remain classified as a stand-alone country.
- Argentina, Kuwait, and the Eastern European countries included in the consultation will retain their current classifications.

### Rationale

**China A-Shares.** S&P DJI acknowledges the importance of China in global investment portfolios and the evolution of its markets over the last several years. However, there are several issues that investors continue to face. Monthly repatriation limits, quota limits on the Stock Connect programs, and a high number of A-Share stock suspensions all create operational difficulties for market participants. If the rate of progress accelerates over the course of the year, an additional review may be warranted.

**Saudi Arabia.** S&P DJI recognizes the positive market reforms initiated by the Tadawul Stock Exchange and the Capital Markets Authority of Saudi Arabia this year. They have taken important steps towards achieving Emerging Market status. However, the QFI registration process and custodial requirements still pose challenges for foreign investors. S&P DJI will continue to monitor the progress of the changes implemented, including the enhancements to the custodial model which are scheduled to be implemented in January 2018. A follow up consultation to evaluate Saudi Arabia’s classification may be warranted if the changes enacted significantly improve market accessibility.

**Argentina.** Market participant feedback was generally positive regarding the improvements to foreign investor accessibility in Argentina. The removal of capital controls and foreign exchange restrictions have been encouraging. However, more time is needed to assess these developments to justify a classification change.

**Kuwait.** Market participants are optimistic about the future of foreign investment in Kuwait. However, the consensus of market participants is that more time is needed to evaluate the delivery versus payment (DVP) system as well as QFII restrictions and foreign exchange transaction capabilities.

**Eastern Europe.** Of the countries listed in the consultation, Poland and Romania were cited most often as countries where a classification change could be justified. As such, they may be included in future consultations if conditions continue to improve.

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