

S&P Dow Jones Indices Country Classification – Update on the 2023/2024 Watchlists and Nigeria

NEW YORK, JULY 20, 2023: S&P Dow Jones Indices (“S&P DJI”) conducts an annual country classification review on markets where material updates could potentially lead to a classification change. To provide further transparency, S&P DJI also maintains and publishes a watchlist of markets that are being monitored for potential classification changes. This update announcement provides a summary of actions that S&P DJI is currently considering regarding market classifications for 2023/2024.

The following countries were placed on S&P DJI’s **2023 Watchlist** in June 2022:

2023 Watchlist			
Country	Current Classification	Potential Reclassification	Comments
Turkey	Emerging	Reclassify to Frontier	Monitoring market and economic development
Vietnam	Frontier	Reclassify to Emerging	
Panama	Frontier	Reclassify to Standalone	
Slovakia	Frontier	Reclassify to Standalone	

Turkey, Panama, and Slovakia. Based on S&P DJI’s latest analysis and review, the financial situation of these markets does not suggest serious issues impacting index replicability. Hence, S&P DJI is not considering classification changes for these markets at this time.

Vietnam. Please refer to the 2024 Watchlist section below for further details.

2024 WATCHLIST

S&P DJI has identified the following markets for potential inclusion in the 2024 annual review:

2024 Watchlist			
Country	Current Classification	Potential Reclassification	Comments
Vietnam	Frontier	Reclassify to Emerging	Monitoring market and economic development
Greece	Emerging	Reclassify to Developed	

Vietnam. S&P DJI will keep Vietnam on its 2024 Watchlist, as this market meets most of the criteria required for Emerging Market status based on the [Country Classification Methodology](#). However, several reforms planned to further improve market accessibility and foreign capital inflows have not yet taken place and the expected implementation timeframe remains unclear. Therefore, S&P DJI will continue to monitor market and economic developments in Vietnam and welcomes any feedback from market participants and other stakeholders with interests in the Vietnamese equity market.

Greece. Over the past 13 years, Greece has faced financial stagnation and a debt crisis which has forced the country to enter into three international bailout programs, the last of which ended in 2018. The Greek equity market continues to lag behind other developed markets in terms of advancements in market practices. Nonetheless, all macroeconomic indicators are generally turning positive, and the economy recorded solid growth in the first half of 2022.

The [European Commission Recovery and Resilience Plan for Greece](#) includes a robust combination of reforms and investments designed to address the specific challenges of Greece, whose growth outlook is subject to downside risks related to the potential impact of geopolitical tensions on international tourism. All reforms and investments foreseen by the Regulation on the Recovery and Resilience Facility must be completed by August 2026.

For these reasons, S&P DJI has decided to add Greece to its 2024 Watchlist and will continue to monitor its market and economic development with a view to potentially reclassifying it to Developed Market status.

S&P DJI welcomes any feedback from market participants and other stakeholders operating within the Greek equity market.

MARKETS UNDER SPECIAL TREATMENT AND NIGERIA

S&P DJI is aware of and closely monitoring the ongoing issues in [Sri Lanka](#), [Nigeria](#), [Lebanon](#), [Argentina](#) and [Egypt](#) and has taken the steps outlined in the relevant announcements to address these issues.

Considering the general global economic environment, as well as the financial crises and foreign exchange liquidity issues impacting certain markets, the special treatments implemented as per the aforementioned announcements aim to address index replicability issues and mitigate problems experienced by market participants and international investors.

However, these measures were designed to be temporary in nature and do not replace the regular market classification cycle long-term. With this in mind, S&P DJI is seeking feedback from market participants in order to properly evaluate the utility of these treatments. In particular, S&P DJI welcomes feedback from market participants regarding:

- If and how these ad-hoc measures are fulfilling investor strategies
- What lifespan these treatments should have, before considering a classification status change
- What changes or corporate events should be frozen/not implemented, if different from those currently applied
- If, from an index perspective, measures implemented for stocks in equal-weighted indices should include other actions (e.g., using the AWF to neutralize changes)
- At what price should stocks part of a market under special treatment be removed
- At what effective date should stocks part of a market under special treatment be removed (e.g., immediately with an appropriate notice period, at the next rebalancing reference date, at the next rebalancing effective date, etc.)

NIGERIA

As [announced](#) in May 2020, S&P DJI halted the implementation of certain events for stocks listed in Nigeria beginning with the June 2020 rebalancing due to liquidity issues in the foreign exchange market and, more recently, significant delays in capital repatriation.

Given the length of time this suspension has been in place and the type of events impacted, including the non-implementation of constituent additions and deletions in the March 2022 and 2023 annual Frontier reconstitutions, S&P DJI has put Nigeria under further review for a potential reclassification from Frontier Market to Standalone status.

INDEX ANNOUNCEMENT

However, in view of recent market developments, including the Central Bank of Nigeria's issuance of new guidelines, S&P DJI will monitor the situation for a further period in order to establish if these policy changes will effectively address some of the major issues currently experienced by international investors.

S&P DJI will provide an update by **September 18, 2023**, in order to inform market participants of decisions made on potential actions regarding Nigeria's classification status. A consultation on Nigeria's market classification status may then be issued with any results implemented in conjunction with the **December 2023** rebalancing. In the meantime, S&P DJI will continue to welcome any feedback from market participants and other stakeholders operating within the Nigerian equity market.

For further information on the country classification process, please visit www.spglobal.com/spdji/en/landing/topic/market-classification/.

FEEDBACK WELCOMED

S&P DJI welcomes input and feedback on the topics discussed in this announcement. Market participants can submit feedback to S&P DJI at index_services@spglobal.com.

For more information about S&P Dow Jones Indices, please visit www.spglobal.com/spdji.

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