

MARKET CLASSIFICATION FRAMEWORK

Euronext Indices

Version 23-01

Effective from 01 November 2023

indices.euronext.com

VERSION NOTES

Version	Effective date	New or changed parts	Reference/announcement
2023-01	01 Nov 2023	Initial version	

This publication is for information purposes only and is not a recommendation to engage in investment activities. This publication is provided "as is" without representation or warranty of any kind. Whilst all reasonable care has been taken to ensure the accuracy of the content, Euronext does not guarantee its accuracy or completeness. Euronext will not be held liable for any loss or damages of any nature ensuing from using, trusting or acting on information provided. All proprietary rights and interest in or connected with this publication shall vest in Euronext. No part of it may be redistributed or reproduced in any form without the prior written permission of Euronext.

Euronext refers to Euronext N.V. and its affiliates. Information regarding trademarks and intellectual property rights of Euronext is located at <https://www.euronext.com/terms-use>.

© 2023, Euronext N.V. - All rights reserved.

For further information in relation to Euronext Indices please contact: index-team@euronext.com

Index

1. Introduction	2
2. Country/Market Classification Framework	3
3. Eligible regulated stock exchanges	5

1. INTRODUCTION

This document provides a description of the framework used by the Index Design Committee to classify countries as developed or out-of-scope for the investable universe as well as

LIABILITY

Euronext and -where applicable- the Independent Supervisor are not liable for any losses resulting from supplementing, amending, revising or withdrawing the rules for the Euronext indices.

Euronext will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the indices in accordance with relevant rules. However, neither Euronext, nor the Independent Supervisor are liable for any inaccuracy in index composition, share prices, calculations and the publication of an index, the information used for making adjustments to an index and the actual adjustments. Furthermore, Euronext and the Independent Supervisor do not guarantee the continuity of the composition of the index, the continuity of the method of calculation of an index, the continuity of the dissemination of the index levels, and the continuity of the calculation of the index.

2. COUNTRY/MARKET CLASSIFICATION FRAMEWORK

Euronext employs a rule-based methodology to classify countries as either developed- or out-of-scope markets, thereby defining the investable universe. For this analysis the three relevant themes are economic development, governance and political stability, and market materiality and tradability. Any changes to the investable universe are published in the month of June and are effective as of the September review.

Economic Development

On the economic development theme, the country needs to be assigned as an **Advanced Economy** by the International Monetary Fund (IMF), as defined by its yearly World Economic Outlook analysis. The reason for choosing the IMF's definition is that it not only looks at the relative per capita GDP figures but also at the structure of the relevant country's economy, with metrics such as integration into the global financial system as well as the diversification of the country's exports.

Governance and Political Stability

In order to guard the consistency and reduce the volatility of the classification, the Index Design Committee look at the governance and political stability of the country in question. To do this, a composite estimate is created with the World Bank's **Worldwide Governance Indicators** pertaining to political stability, regulatory quality, and control of corruption. The resulting figure needs to be positive.

Tradability and Materiality

Since the resulting index constituents must be accessible to investors, the ruleset looks at the **tradability and materiality** of a country's equity markets. To satisfy this constraint, the market should contain a minimum of three companies of at least three billion USD full market capitalisation, one and a half billion free float market capitalisation and an annual traded value ratio of 20%. Based on market developments, the design committee will decide on possibly amending these thresholds on annual basis.

Additional Filters

The ranking uses a cascading approach where only countries fulfilling the economic development criteria pass on to the governance indicator filter and then the remaining ones to the materiality- and tradability analysis. As a last step, the Index Design Committee uses a discretionary filter that looks at individual countries in more detail regarding their openness to foreign investors and stability infrastructure. The analysis is based, but not limited to, metrics such as market sentiment, availability of omnibus accounts, in-kind transfers, capital controls, and custody proceedings that might hindrance international investors from participating in such a market. After the application of these last filters, the resulting universe compositions looks the following:

Investable Universe			
Australia	France	Japan	Spain
Austria	Germany	Netherlands	Sweden
Belgium	Hong Kong SAR	New Zealand	Switzerland
Canada	Ireland	Norway	United Kingdom
Denmark	Israel	Portugal	United States
Finland	Italy	Singapore	

Only countries already present in the Country Observation Table can be added or removed from the investable universe. This table contains countries that pass most filters and are projected to fulfil all of them in the near future or countries inside the investable universe that are close to the threshold. The table is likewise amended on a yearly basis to reflect potential movers, thereby applying a degree of predictability for the index as well as preventing countries from frequently entering and leaving the investable universe.

Country Observation Table	
South Korea	Promotion
Poland	Promotion
Greece	Promotion
Taiwan	Promotion
Israel	Demotion

3. ELIGIBLE REGULATED STOCK EXCHANGES

The following table shows the markets within the investable universe and respective eligible regulated stock exchanges.

Country Name	Exchange Name	Market Segment
Australia	Australian Securities Exchange	-
Austria	Wiener Boerse	Prime Market Standard Market
Belgium	Euronext Brussels	Euronext
Canada	Toronto Stock Exchange	-
	Neo Exchange (CBOE Canada)	-
Denmark	NASDAQ Copenhagen	Main Market First North Denmark
Finland	NASDAQ Helsinki	Main Market First North Finland
France	Euronext Paris	Euronext Euronext Growth
Germany	Deutsche Boerse	EU Regulated Market
Hong Kong	Stock Exchange of Hong Kong	Main Board Growth Enterprise Market
Ireland	Euronext Dublin	Euronext Euronext Growth
Israel	Tel Aviv Stock Exchange	-
Italy	Euronext Milan	Euronext Euronext Growth
Japan	Tokyo Stock Exchange	-
	Nagoya Stock Exchange	-
Netherlands	Euronext Amsterdam	Euronext
New Zealand	New Zealand Exchange	-
Norway	Oslo Stock Exchange	Euronext Euronext Growth Euronext Expand Oslo
Portugal	Euronext Lisbon	Euronext
Singapore	Singapore Exchange	Main Board Catalist

Country Name	Exchange Name	Market Segment
Sweden	NASDAQ Stockholm	Main Market First North Sweden
	Nordic Growth Market	-
Switzerland	SIX Swiss Exchange	-
United Kingdom	London Stock Exchange	Main Market
United States	NASDAQ Stock Exchange	Capital Markets Global Markets Global Select Markets
	New York Stock Exchange	NYSE NYSE American
	CBOE Global Markets	US Equities