

# **MSCI GLOBAL MARKET ACCESSIBILITY REVIEW**

June 2024

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## 1 Introduction

The MSCI 2024 Global Market Accessibility Review Report includes updated assessments for all markets included in the MSCI Indexes as well as comparisons to the 2023 review. This report provides analysis of the evolution of Developed, Emerging, Frontier and Standalone Markets in regards to each market’s respective market accessibility.<sup>1</sup>

The MSCI Global Market Accessibility Review aims to assess and track the evolution of accessibility in individual markets, and to inform market authorities about areas that global institutional investors perceive as not meeting international standards and would welcome improvements.

On an annual basis, the MSCI Global Market Accessibility Review Report provides a detailed assessment of market accessibility for each equity market included in the MSCI Indexes and evaluates the following five market accessibility criteria:

- Openness to foreign ownership
- Ease of capital inflows and outflows
- Efficiency of the operational framework
- Availability of investment instruments
- Stability of the institutional framework

These five criteria are reflective of the areas international institutional investors generally place strong emphasis on when evaluating investment accessibility of a market, including: equal treatment of investors, free flow of capital, cost of investment, unrestricted use of stock market data, and market specific risk.

MSCI uses 18 distinct accessibility measures (outlined below) to assess these five criteria. The evaluation of the accessibility measures is primarily based on investor experience as documented through feedback from market participants including active and passive asset managers, asset owners, brokers, custodians, stock exchanges and regulators.

The analysis and assessment of each individual accessibility measure were performed in the same way across all markets, regardless of current market classification. The aggregate assessment of where a market stands with respect to the five criteria allows MSCI to determine if a market’s accessibility level meets

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<sup>1</sup> The information and analysis in this report are based on data and market conditions as of May 31, 2024. Any changes in accessibility occurring after this date will be addressed and incorporated into subsequent reports.

Developed, Emerging or Frontier Market standards. MSCI welcomes feedback from the investment community to ensure that its market accessibility assessment continues to reflect international institutional investors' experience of investing in a given equity market. The MSCI Global Market Accessibility Review is updated annually in June with interim updates released as necessary.

## 2 Assessing Accessibility

This section describes the rationale underlying each of the accessibility criteria and related measures and the principles used in their assessment. In some cases, the existence (or the lack of) certain practices systematically defaults to a negative assessment in the relevant category.

### 2.1 Openness to Foreign Investors

In general, one of the most desirable features that international investors would like to see in a market is that no distinction is made between local and international investors. In order to assess this level of openness the following characteristics need to be analyzed and measured.

#### 2.1.1 Investor Qualification Requirement

The international standard for Developed Markets is the absence of any investor qualification requirement. Near the other end of the spectrum, a qualified foreign institutional investor (QFII) license system is highly problematic as it discriminates not only between domestic and foreign investors, but also among different international investors. The requirement of a QFII license would lead to a low assessment.

#### 2.1.2 Foreign Ownership Limit Level

Ideally, international investors would like to see no difference in the opportunity set available to them and to local investors. Foreign ownership restrictions tend to be placed on specific industries which may result in an important sector bias in the opportunity set for foreign investors. MSCI has also considered the proportion of a market that is restricted to assess the materiality of the restrictions using the pro forma data from the most recent index review. In its assessment, more than ten percent of a market being closed to foreign investors has resulted in a negative rating, between ten and three percent has been considered as a matter of some concern, while less than three percent has been considered as not being a material

issue. In general, changes in criteria's rating driven solely by price movement will be reflected if the market consistently breaches the relevant thresholds for 3 consecutive years. These levels were set after analyzing the different market impacts resulting from the foreign ownership limits across all markets.

### 2.1.3 Foreign Room Level

When the foreign ownership limit is reached, investors are faced with a serious problem. In some cases, the most recent buyers may be forced to sell, but more generally the crossing of the limit has historically led to unfair treatment between existing investors and new investors as managers may not be able to offer the same amount of shares across funds. This can be mitigated by the presence of a foreign board or by the listing of depositary receipts in another market where foreign investors could trade with each other, but these solutions may introduce another layer of problems as transactions tend to take place at a premium over the official listing. To assess the materiality of the problem, MSCI has considered the impact on the respective country Investable Market Index resulting from the exclusion or partial exclusion of securities from such index due to low foreign room using pro forma data from the most recent index review. More than one percent impact on the MSCI country Investable Market Index (IMI) has resulted in a negative rating, between one and 0.3 percent impact has been considered as a matter of some concern, while less than 0.3 percent impact has been considered as not being a material issue. In general, changes in criteria's rating driven solely by price movement will be reflected if the market consistently breaches the relevant thresholds for 3 consecutive years. These levels were set after analyzing the different impacts of low foreign room across all markets.

### 2.1.4 Equal Rights to Foreign Investors

Restrictions on foreign investors can take the form of separate share classes with those with reduced voting rights being the only ones available to foreign investors. International investors seek equal treatment in terms of economic and voting rights. As a practical matter, the exercise of equal economic rights requires, among other things, equal treatment in the case of corporate actions which implies proper access to information in English. Equality of voting rights is impacted not only by voting restrictions specific to foreign investors, but also by other limitations imposed on minority shareholders in general. Low foreign ownership limits, generalized use of share classes with different voting rights to facilitate the control of companies, other forms of discrimination against foreign and minority shareholders, as well as major corporate governance problems, generally would lead to lower ratings in this measure.

## 2.2 Ease of Capital Inflows and Outflows

International investors want to be in a position to move capital in and out of a market without disruption, delay and cost inefficiency. This is measured by the following:

### 2.2.1 Capital Flows Restriction Levels

Countries that currently impose or have a record of recent imposition of capital controls to restrict inflows or outflows of capital into or from their equity markets are assessed negatively.

### 2.2.2 Foreign Exchange Market Liberalization Level

In Developed Markets, the standard is the existence of a fully convertible currency, which includes an active offshore deliverable currency market. Developed Markets investors are used to the simultaneous execution of all their FX trades with the counterparty of their choice, based on best execution. The absence of an offshore currency market leads to a negative assessment, as it forces parties to transact onshore at a higher cost, very often through a limited choice of intermediaries, and therefore often not on the basis of best execution. Currency shortages are also problematic.

## 2.3 Efficiency of the Operational Framework

This category reflects the features an international investor views as necessary to ensure that its holdings are well identified and well protected, that operational risks are mitigated as much as possible, and that the various aspects of trading, clearing, settlement and custody work appropriately and on a cost effective basis. In particular, in the context of Developed Markets, the levels of efficiency achieved have made possible the provision of equity funds managed on an extremely cost effective basis, with the natural corollary that preserving this efficiency, rather than diluting it with the addition of less cost effective markets, has become a very strong requirement of an important part of the investment management industry.

### 2.3.1 Market Entry

#### 2.3.1.1 Investor Registration & Account Set Up

The number and the type of required documents as well as the time to complete the full process are the key considerations for this measure. The time to complete the process includes the preparation of the documents. These requirements can be

extremely onerous for asset owners with multiple mandates and for asset managers with multiple funds.

## 2.3.2 Market Organization

### 2.3.2.1 Market Regulations

In addition to the level of advancement of the legal and regulatory framework governing the financial market, the stock exchange and the various other entities involved in the financial markets, an important weight is assigned to: ease of access (including in English), lack of ambiguity in and prompt enforcement of laws and regulations. Lack of consistency and unexpected changes in policy, in particular targeting foreign investors, are assessed negatively.

### 2.3.2.2 Information Flow

Good information flow is a key ingredient in respect of shareholder rights, in sound investment decisions and, more generally, in overall market efficiency. Quality, timeliness, availability in English and affordability play a role in this assessment. In addition, the quality of local accounting standards, as assessed, for example, by the adoption of International Financial Reporting Standard (IFRS), is also important for international investors.

## 2.3.3 Market Infrastructure

### 2.3.3.1 Clearing and Settlement

A well-functioning clearing and settlement system based on the broad framework published by the Bank for International Settlements including Delivery Versus Payment (DVP), the absence of pre-funding requirements/practices, the possibility of using overdrafts and the availability of real omnibus structures are considered in this category.

### 2.3.3.2 Custody

An important requirement is an efficient mechanism that prevents brokers from having unlimited access to the investor's accounts and that guarantees the safekeeping of the investor's assets. The level of competition among custodian banks within each market is measured by the number of active custodian banks as well as the presence of global custodian banks.

### 2.3.3.3 Registry / Depository

The existence of a well-functioning central registry or of independent registrars and a central depository are important characteristics. A central depository acting as a central registry is also considered as a standard feature. Registration at the issuer level or instances where a custodian (or some other financial institution) acts as a central registry are not desirable.

### 2.3.3.4 Trading

An important desired feature is the ability to execute grouped trades at the same price for the various accounts of a fund manager. The level of competition amongst brokers is also measured by the number of active brokers, the presence of global brokers ensuring high quality services and competitive fees.

### 2.3.3.5 Transferability

There are significant cost savings and efficiency gains associated with the possibility of off-exchange transactions and "in-kind" transfers. These are important in case of manager transitions, mergers of funds and in the creation and redemptions of ETF shares, an increasingly important segment of the investment management industry.

### 2.3.3.6 Stock Lending/Short Selling

The existence of well-functioning stock lending and short selling mechanisms has become a standard in certain markets that help support direct hedging practices and quantitative asset management. More broadly, they have become a recognized ingredient in the efficiency of markets, by allowing arbitrage between different instruments (futures, ETFs, etc.)

The existence of rules and regulations governing these activities is not a sufficient condition to meet international standards. Stock lending and short selling activities also need to be efficient and well tested.

## 2.4 Availability of Investment Instruments

Investors increasingly use a variety of investment instruments, such as exchange traded funds, futures, options, swaps and structured products, onshore and offshore, as a complement to direct equity investment to the point that these have become an integral part of their investment processes. Today, the availability of such instruments has become critical to international investors for a number of their investment activities such as gaining exposure to markets, hedging of investments,



equitization of cash positions or overlay strategies. Hence, it is expected that stock exchanges, which often have legal or natural monopolies, would not impose clauses in their provision of stock market data, such as securities' prices, that could lead directly or indirectly to restricting the availability of investment instruments globally. These clauses typically restrict investors' access to derived stock exchange information, data and products, including, for example, the provision of independently calculated indexes or the creation of investment instruments based on such indexes. In addition, the imposition of these types of clauses can result in global or regional investment instruments breaching local market rules, regulations or other restrictions. The existence of these types of practices will lead to a negative assessment.

## 2.5 Stability of Institutional Framework

Long term investors make long term commitments to the market of a country and hence stability is very important to them. The track record of government interventions and the current level of foreign investment restrictions are used as indicators of the stability of the "free-market" economic system. This assessment is not a forward-looking statement but rather, it considers a country's history as an indicator of a potential risk that foreign investors may be impacted by discriminatory measures in times of crisis.

### 3 Review Summary

The MSCI Global Market Accessibility Review provides an assessment of each individual market as well as a summary of changes in market accessibility across 85<sup>2</sup> evaluated markets. The methodology applied by MSCI for this review is consistent with the prior year's review.

In this review, there were more improvements than deteriorations in market accessibility ratings.

A significant portion of those improvements is attributed to developments in Market Infrastructure, particularly in the Frontier Markets. Reforms implemented by market authorities related to the Registry / Depository, Custody, Clearing and Settlement and Transferability criteria have been tested and confirmed to be functional by market participants.

As in previous reviews, Developed Markets continue to maintain the most favorable market accessibility levels with improvements needed only in the Foreign Room Level criterion for Ireland and Spain.

Overall, the distribution of ratings in Emerging Markets and Frontier Markets reflects a lower level of market accessibility compared to Developed Markets. In the Emerging Markets, the main market accessibility issues are in Openness to Foreign Ownership and Market Infrastructure, the latter being the criterion where Frontier Markets exhibit the most shortcomings.

The path towards shorter settlement processes in global equity markets has continued. USA, Canada, Mexico, Argentina and Jamaica recently transitioned from a T+2 settlement cycle to T+1 in May 2024, while other markets, such as the European Union, the United Kingdom, Switzerland and Australia are considering shortening the settlement cycles for their markets and are on a consultation/review phase.

MSCI continues to closely monitor these developments. Feedback received from market participants reemphasized that shorter settlement cycles should not introduce further operational challenges and risks, such as pre-funding requirements. At the same time, it was stressed that a lack of alignment of equity settlement cycles within global equity markets is undesirable.

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<sup>2</sup> 86 markets are covered in total, as China is evaluated as 'China International' and 'China A'.

**Exhibit 1: Summary Assessment Table (number of markets)**

	Developed Markets			Emerging Markets			Frontier Markets			Standalone Markets		
	++	+	-	++	+	-	++	+	-	++	+	-
<b>Openness to foreign ownership</b>												
Investor qualification requirement	23	-	-	21	4	-	24	1	-	12	1	-
Foreign ownership limit (FOL) level	21	2	-	12	5	8	24	-	1	12	-	1
Foreign room level	20	1	2	19	2	4	24	-	1	13	-	-
Equal rights to foreign investors	22	1	-	2	19	4	14	10	1	5	8	-
<b>Ease of capital inflows / outflows</b>												
Capital flow restriction level	23	-	-	22	3	-	21	4	-	8	1	4
Foreign exchange market liberalization level	23	-	-	12	5	8	9	9	7	3	3	7
<b>Efficiency of the operational framework</b>												
<b>Market entry</b>												
Investor registration & account set up	23	-	-	9	10	6	9	12	4	6	3	4
<b>Market organization</b>												
Market regulations	23	-	-	14	10	1	15	10	-	4	8	1
Information flow	21	2	-	9	14	2	12	5	8	2	7	4
<b>Market infrastructure</b>												
Clearing and Settlement	22	1	-	5	14	6	5	7	13	3	1	9
Custody	23	-	-	21	4	-	23	1	1	5	2	6
Registry / Depository	23	-	-	23	2	-	24	1	-	5	7	1
Trading	23	-	-	23	2	-	10	5	10	3	3	7
Transferability	23	-	-	8	8	9	7	4	14	2	3	8
Stock lending	22	1	-	7	9	9	-	-	25	-	-	13
Short selling	21	2	-	3	10	12	-	-	25	-	-	13
Availability of Investment Instruments	23	-	-	20	1	4	25	-	-	12	-	1
Stability of institutional framework	23	-	-	5	17	3	4	15	6	1	6	6

++: no issues; +: no major issues, improvements possible; -: improvements needed

### 3.1 Developed Markets

While there have been no rating changes across Developed Markets, there have been several developments with regards to settlement cycles.

The transition to a T+1 settlement for equity markets in Canada and USA was successfully completed on May 27, 2024, and May 28, 2024, respectively.

From December 21, 2023 to March 15, 2024, MSCI sought feedback from global market participants on the impact of these changes in their investment processes. Overall, market participants agreed that while operational adjustments are required, no amendments are expected from index providers. Additionally, the expectation within market participants is for this trend to continue and for T+1 to eventually become the new standard.

In March 2024, the European Securities and Markets Authority (ESMA) published feedback on its Call for Evidence on the shortening of the EU settlement cycle. Overall, respondents highlighted operational impacts but recognized benefits that arise from a shorter settlement cycle. ESMA will continue to review feedback along with insights gained from the North American transition to T+1 and a comprehensive assessment will be submitted before January 17, 2025.

For the UK, the Accelerated Settlement Taskforce's report was published in March 2024. The report contains several recommendations including that the UK should commit to moving to a T+1 settlement cycle no later than December 31, 2027; that the UK and other European jurisdictions should collaborate to see if a coordinated move to T+1 is possible; that a technical group of industry experts should be set up to determine technical and operational changes necessary for the transition; and that a move to T+0 should only take place after a T+1 settlement cycle has been successfully implemented. All recommendations have been accepted by the government.

On April 23, 2024, the Australian Securities Exchange (ASX) released an industry whitepaper following the establishment of a T+1 working group. The ASX will receive feedback from stakeholders until June 18, 2024, aims to publish a summary of the feedback in August 2024 and is targeting to decide on the transition by November 2024.

Switzerland is actively engaged in discussions regarding the adoption of a T+1 settlement cycle. The Asset Management Association Switzerland (AMAS) is closely monitoring the topic and aims to pursue a joint solution within the EU and the UK.

## 3.2 Emerging Markets

This cycle, rating improvements across Emerging Markets were driven by improvements in Foreign Ownership Limits in Egypt and Qatar. MSCI continues to closely monitor the implementation of market reforms aimed at improving the market accessibility of Korea and Greece.

On February 7, 2023, the Korean Ministry of Economy and Finance (MOEF) announced measures to improve the structure of the Korean FX market. As of 2024, the onshore FX market is open to Registered Foreign Institutions (RFIs), enabling RFIs to execute direct FX transactions. On the extension of trading hours, the pilot operation is ongoing, and the change is aimed to be fully implemented from the second half of 2024 at the earliest.

Furthermore, on January 25, 2023, Korea's Financial Services Commission (FSC) announced several measures to reform the capital market, including replacing the IRC system with LEIs, a two-phased mandatory English disclosure for KOSPI-listed firms that meet specific requirements, ease of reporting duties for omnibus accounts, and expansion of OTC transactions eligible for ex-post reporting. These reforms were implemented in December 2023. While most measures are in early adoption, initial feedback from market participants reflects concerns on the use of LEIs to simplify market access for foreign investors.

Additionally, on January 31, 2023, the FSC and MOEF jointly announced measures to improve dividend procedures in accordance with global standards. Despite regulation amendments in 2023 enabling companies to apply these enhancements in 2024, more time is required to assess the full execution of these advancements.

Moreover, on November 5, 2023, the FSC announced a ban on short selling for all listed securities due to discovered illegal short selling practices.

MSCI may only adjust the relevant market accessibility ratings once the introduced measures are fully implemented and tested by international institutional investors. As a result, there were no improvements in Korea's accessibility ratings this cycle.

In Egypt, the Central Bank allowed the Egyptian pound to depreciate and announced a shift to a more flexible exchange rate system in March 2024. Furthermore, additional funding was obtained from the IMF and the United Arab Emirates. These developments have led to an improvement in onshore USD liquidity and in the ability of international institutional investors to repatriate capital without delay.

In Greece, several measures have recently been taken by market authorities to address accessibility shortcomings in the market. The uptake of omnibus structures in the Greek market, introduced in 2021, remains low, with less than 1% active omnibus accounts as of Q1 2024. Since some market participants are still adapted to the previous framework, the efficiency of the custody ecosystem remains to be

assessed. On the other hand, the measures aiming to stimulate the practice of stock lending and short selling included the introduction of an on-exchange lending arrangement in February 2023; the reduction of the sales tax by 50%, effective on January 2024; and the abolishment of the stamp duty tax on OTC stock lending and exemption of tax in interest earned from on-exchange lending products, effective since April 2024. A potential introduction of a “Hit & Take” board for on-exchange bilateral lending is expected to be introduced later in 2024. As the implementation of some reforms is still ongoing and their capacity continues to be tested by international institutional investors, MSCI will not reflect improvements in these criteria for this year review.

In China, during the first quarter of 2024, the China Securities Regulatory Commission (CSRC) implemented restrictive measures aiming to curb the downturn in the market. The lending of restricted shares was suspended, no new business was allowed for securities re-lending, and the lending of securities on the same day of purchase was banned. Additionally, effective on May 24, new measures were issued to regulate the reduction of shares by major shareholders. These include restrictions on trading methods for reduction, a lock-up period for transfers, and prohibitions on short selling with company’s stocks, as well as on lending or short selling of restricted shares, among others.

In October 2023, China launched Synapse, an integrated optional settlement acceleration platform to enhance Stock Connect. Additionally, on April 19, 2024, the market-regulator announced five measures for capital market cooperation with Hong Kong and to further expand and optimize the Stock Connect mechanism. Implementation details are yet to be announced.

On May 27, 2024, the settlement cycle of the Mexican equity market was reduced from T+2 to T+1 in an effort to align with the Canadian and US markets.

In India, a beta version of a T+0 settlement cycle was introduced on March 28, 2024. It is on an optional basis, limited to a specific list of 25 stocks and with a limited number of brokers. The Securities and Exchange Board of India (SEBI) will review the progress after three and six months and decide on further course of action.

Chile, Colombia, and Peru will also adopt the change in their settlement cycles to T+1 as the first day of the integrated nuam operating model, which is expected for 2025.

### 3.3 Frontier Markets

MSCI continues to monitor accessibility issues across several Frontier Markets and has seen some improvements over the past 12 months.

Following recent funding from the IMF, the Kenyan shilling has appreciated, and FX reserves have increased. Market participants have indicated that liquidity in the FX market and the ability to repatriate capital from Kenya has improved.

Vietnam has had an improvement in its rating for the Transferability criterion on the back of increased uptake for off-exchange and in-kind transactions following regulation changes. Besides this, Vietnam continues to work on market development plans to address certain accessibility issues, such as foreign ownership limits, pre-funding requirements, and the lack of English disclosure of market information. MSCI will continue to closely monitor progress on these reforms.

Improvements were observed in GCC markets following markets reforms. In Bahrain, the rating for the Registry / Depository criterion was improved as Bahrain Clear fulfills the functions of a central registrar and there is no registration happening at issuer level. In Oman, the rating for the Custody criterion was improved following efficiency improvements stemming from the adoption of a single account structure model.

The Stability of Institutional Framework of Estonia, Latvia and Lithuania, the Baltic States, is considered to be in line with other European Developed Markets. This has been reflected as an improvement in the relevant accessibility criterion for this review.

While price floors for most listed securities in the Bangladesh market have been removed, some still retain these restrictions. In addition, some market participants have recently reported delays in capital repatriation due to FX liquidity issues. In May 2024, the Central Bank introduced a gradual peg system (crawling peg) for the Bangladeshi taka. MSCI will continue to closely monitor the accessibility of the Bangladesh market.

Following the addition of a security classified in Niger to the MSCI Frontier Markets IMI as part of the November 2023 Index Review, Niger will be covered as part of the 2024 Global Market Accessibility Review report. The market accessibility of Niger is broadly in line with other WAEMU markets.

In Pakistan, consultations with stakeholders and analysis on the shortening of the settlement cycle from T+2 to T+1 are ongoing. The finalized road map and pilot run date for the transition will be published at a future date following the conclusion of the consultation and analysis.

### 3.4 Standalone Markets

Market developments in some Standalone Markets have been noted in this review.

In Zimbabwe, the presence of central depositories, independent from registrars, has been reflected as an improvement in rating for the Registry/Depository criterion. In addition, to address price and exchange rate instability, the Reserve Bank of Zimbabwe has introduced the Zimbabwe Gold (ZiG) as the new national currency effective from April 5, 2024.

Argentina and Jamaica transitioned to a T+1 settlement cycle on May 27, 2024, in line with the migration of the Canadian, Mexican and US markets.

### 3.5 Summary of the rating changes

Exhibit 2 shows the market assessment evolution, from last year to date, by summarizing the total number of improvements and deteriorations in various assessment categories for the analyzed markets. Most of the changes were related to Stability of Institutional Framework, followed by changes related to Foreign Ownership Limit (FOL) Level.

Exhibit 2: Summary of Improvements/Deteriorations Table (number of markets)

	Developed Markets		Emerging Markets		Frontier Markets		Standalone Markets	
	Improvements	Deteriorations	Improvements	Deteriorations	Improvements	Deteriorations	Improvements	Deteriorations
Openness to foreign ownership								
Investor qualification requirement	-	-	-	-	-	-	-	-
Foreign ownership limit (FOL) level	-	-	2	-	-	-	-	-
Foreign room level	-	-	-	-	-	-	-	-
Equal rights to foreign investors	-	-	-	-	-	-	-	-
Ease of capital inflows / outflows								
Capital flow restriction level	-	-	-	-	-	-	-	-
Foreign exchange market liberalization level	-	-	-	-	-	-	-	-
Efficiency of the operational framework								
Market entry								
Investor registration & account set up	-	-	-	-	-	-	-	-
Market organization								
Market regulations	-	-	-	-	-	-	-	-
Information flow	-	-	-	-	-	-	-	-
Market infrastructure								
Clearing and Settlement	-	-	-	-	1	-	-	-
Custody	-	-	-	-	1	-	-	-
Registry / Depository	-	-	-	-	1	-	1	-
Trading	-	-	-	-	1	-	-	-
Transferability	-	-	-	-	1	-	-	-
Stock lending	-	-	-	-	-	-	-	-
Short selling	-	-	-	1	-	-	-	-
Availability of Investment Instruments	-	-	-	-	-	-	-	-
Stability of institutional framework	-	-	-	-	3	-	-	-
<b>Total</b>	-	-	<b>2</b>	<b>1</b>	<b>8</b>	-	<b>1</b>	-



There were no changes in the Developed Markets, while there were two improvements and one deterioration in the Emerging Markets. In the Frontier Markets, there were eight improvements and no deterioration. There was one improvement and no deterioration in the Standalone Markets.

Exhibit 3 illustrates the overall trends in ratings improvements and deteriorations in recent years. The number of changes has increased compared to last year, which had eight improvements and one deterioration.

Exhibit 3: Trends in Ratings Improvements and Deteriorations<sup>3</sup>

	2024		2023		2022		2021	
	Improvements	Deteriorations	Improvements	Deteriorations	Improvements	Deteriorations	Improvements	Deteriorations
Openness to foreign ownership								
Investor qualification requirement	-	-	-	-	1	-	-	-
Foreign ownership limit (FOL) level	2	-	-	-	1	-	-	1
Foreign room level	-	-	1	-	1	1	1	2
Equal rights to foreign investors	-	-	-	-	-	2	-	-
Ease of capital inflows / outflows								
Capital flow restriction level	-	-	-	-	3	1	-	-
Foreign exchange market liberalization level	-	-	-	-	-	1	1	-
Efficiency of the operational framework								
Market entry								
Investor registration & account set up	-	-	-	-	-	-	-	-
Market organization								
Market regulations	-	-	3	1	2	1	-	-
Information flow	-	-	-	-	-	-	1	-
Market infrastructure								
Clearing and Settlement	1	-	-	-	1	5	-	-
Custody	1	-	2	-	1	1	-	-
Registry / Depository	2	-	-	-	-	-	-	-
Trading	1	-	-	-	-	1	2	-
Transferability	1	-	1	-	-	1	-	-
Stock lending	-	-	-	-	-	-	1	-
Short selling	-	1	1	-	-	1	-	1
Availability of Investment Instruments	-	-	-	-	1	-	-	-
Stability of institutional framework	3	-	-	-	-	-	-	-
<b>Total</b>	<b>11</b>	<b>1</b>	<b>8</b>	<b>1</b>	<b>11</b>	<b>15</b>	<b>6</b>	<b>4</b>

Exhibits 4, 5 and 6 detail the improvements and deteriorations observed across the assessed criteria for Emerging, Frontier and Standalone Markets, respectively. A total of twelve markets exhibited changes in one measure.

<sup>3</sup> The numbers for 2022 include the overall deterioration in the accessibility of the Russian equity market.

### Exhibit 4: Summary of Improvements/Deteriorations Table for Emerging Markets

	Egypt	Korea	Qatar
Openness to foreign ownership			
Foreign ownership limit (FOL) level	I	-	I
Efficiency of the operational framework			
Market infrastructure			
Short selling	-	D	-

-: No change; I: Improvement; D: Deterioration

### Exhibit 5: Summary of Improvements/Deteriorations Table for Frontier Markets

	Estonia	Kazakhstan	Latvia	Lithuania	Bahrain	Oman	Sri Lanka	Vietnam
Efficiency of the operational framework								
Market infrastructure								
Clearing and Settlement	-	-	-	-	-	-	I	-
Custody	-	-	-	-	-	I	-	-
Registry / Depository	-	-	-	-	I	-	-	-
Trading	-	I	-	-	-	-	-	-
Transferability	-	-	-	-	-	-	-	I
Stability of institutional framework	I	-	I	I	-	-	-	-

-: No change; I: Improvement; D: Deterioration

### Exhibit 6: Summary of Improvements/Deteriorations Table for Standalone Markets

	Zimbabwe
Efficiency of the operational framework	
Market infrastructure	
Registry / Depository	I

-: No change; I: Improvement; D: Deterioration

## 4 Developed Markets

The following comments should be read in conjunction with the market-by-market assessment results that can be found in Appendix II of this document.

### 4.1 Americas

#### 4.1.1 Canada

*Foreign Ownership Limit Level:* Canada exhibits relatively stringent foreign ownership limitations compared to most Developed Markets. Some sectors are subject to foreign ownership limits for up to 49 percent. Currently, these limitations affect more than three percent but less than ten percent of the Canadian market.

*Foreign Room Level:* More than 0.3 percent of the MSCI Canada IMI is impacted by low foreign room.

#### 4.1.2 USA

*Foreign Ownership Limit Level:* Airline companies are subject to a 25 percent foreign ownership limit. However, this did not result in a negative assessment due to the very limited impact of these ownership limits on the US market.

### 4.2 Europe, Middle East, and Africa

European airline companies are in general subject to a 50 percent foreign ownership limit for non-European investors but the impact on the different markets is very limited, with the exception of Ireland. Consequently, the presence of these ownership limits did not result in any negative assessments for most of the individual markets.

#### 4.2.1 Ireland

*Foreign Ownership Limit Level:* Ryanair Holdings is subject to the 50 percent foreign ownership limit for EU investors on European airline companies. Currently, this affects more than three percent of the Irish equity market.

*Foreign Room Level:* The MSCI Ireland IMI is impacted by low foreign room due to the adjustment factor applied to Ryanair Holdings.

#### 4.2.2 Israel

*Information Flow:* Corporate actions information is occasionally incomplete or not always disclosed in a timely manner.

*Clearing and Settlement:* DVP mechanism is different from international standards as foreign investors may arrange a different settlement cycle with their brokers.

### 4.2.3 Portugal

*Stock Lending:* Is restricted to certain securities.

*Short Selling:* Is allowed but is restricted to certain securities.

### 4.2.4 Spain

*Foreign Room Level:* The MSCI Spain IMI is impacted by low foreign room due to the adjustment factor applied to International Airlines Group.

*Short Selling:* Is allowed but is not an established market practice.

## 4.3 Asia Pacific

### 4.3.1 Japan

*Foreign Ownership Limit Level:* The airlines, media and telecommunications industries are impacted by foreign ownership limits. These limitations represent less than three percent of the Japanese equity market.

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English. In addition, Japan is the only Developed Market where companies' corporate governance standards have often been questioned by international institutional investors.

*Information Flow:* Detailed stock market information is in general disclosed in a timely manner but not always in English. This type of information is either translated with a significant time lag or not translated at all. In addition, Japanese dividends are usually declared in advance by companies, but the effective dividend amount may be announced after the ex-date of the dividend which is uncharacteristic of Developed Markets. However, the estimated amounts are generally available and broadly used by the market.

## 5 Emerging Markets

The following comments should be read in conjunction with the market-by-market assessment results that can be found in Appendix II of this document.

### 5.1 Americas

#### 5.1.1 Brazil

*Foreign Ownership Limit Level:* Restrictions apply to foreign investors in certain sectors of the Brazilian economy. These limitations affect more than three percent of the Brazilian equity market.

*Equal Rights to Foreign Investors:* Foreign investors are, in general, limited to the non-voting shares of Brazilian banks and, hence, do not have the same voting rights as domestic investors. The general segregation between voting and non-voting shares also negatively impacts the voting rights of minority shareholders due to their limited access to the voting shares. Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions).

*Investor Registration & Account Set Up:* Registration is mandatory, and all foreign investors need to appoint a legal and tax representative as well as obtain approval from the Securities and Exchange Commission of Brazil (CVM) prior to entering the market.

*Market Regulations:* Not all regulations can be found in English.

*Clearing and Settlement:* There is an absence of true omnibus structures in the market. Overdraft facilities are prohibited.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Transferability:* In-kind transfers are prohibited.

*Availability of Investment Instruments:* Restrictions imposed on the use of stock market data have led to limited availability of investment instruments.

#### 5.1.2 Chile

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Capital Flow Restriction Level:* Due to some administrative requirements, repatriation of funds can take up to two weeks after a minimum period of investment.

*Foreign Exchange Market Liberalization Level:* There is no offshore deliverable currency market.

*Investor Registration & Account Set Up:* Registration is mandatory and foreign investors need to obtain a tax ID and provide additional documents to set up local accounts (e.g., power of attorney and letter of good standing from investor's local authority) depending on the registration mechanism chosen by the foreign investor. The process to set up accounts may take up to 15 days.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Transferability:* In-kind transfers and off-exchange transactions are allowed but are difficult to execute as they are not an established market practice.

*Stock Lending:* Is allowed but is not an established market practice due to collateral requirements (e.g., 125 percent of the value of the lending amount must be pledged).

*Short Selling:* Is allowed but is not an established market practice due to the limited capacity of the stock lending market and the complex tax system in Chile.

### 5.1.3 Colombia

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Capital Flow Restriction Level:* Due to some administrative requirements, repatriation of funds can take up some time to be cleared.

*Foreign Exchange Market Liberalization Level:* The offshore market is restricted and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions and registered with the Central Bank).

*Investor Registration & Account Set Up:* Registration is mandatory, and all documents must be filed in Spanish. The registration process can take up to one week.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* There is no nominee concept as well as a lack of a clear legal basis for omnibus accounts.

*Transferability:* Off-exchange transactions are prohibited. In-kind transfers are possible with certain restrictions.

*Stock Lending:* Is allowed but with some restrictions.

*Short Selling:* Is allowed and appears to be a common practice, but with price restrictions in place.

#### 5.1.4 Mexico

*Foreign Ownership Limit Level:* Restrictions on foreign investment affect a significant proportion of the Mexican equity market. Foreign ownership in a number of companies is only possible through Participation Certificates (CPOs), which, in general, do not provide voting rights.

*Equal Rights to Foreign Investors:* Holders of CPOs have, in general, no voting rights and, hence, are not at par with domestic investors. In addition, the general segregation between voting and non-voting shares also negatively impacts the voting rights of minority shareholders due to their limited access to the voting shares.

*Investor Registration & Account Set Up:* Registration is mandatory and foreign investors must have a contract with local agents.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Short Selling:* Is allowed, however, a stock lending trade must be in place in Valpre (electronic securities lending system managed by the Central Securities Depository) before a short selling transaction can be executed.

#### 5.1.5 Peru

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Investor Registration & Account Set Up:* Registration is mandatory, but the process is efficient. All documents, however, must be filed in Spanish.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* Omnibus structures and nominee concept are not available. In addition, there is an absence of a real DVP system on the Lima Stock Exchange.

*Trading:* Limited level of competition among brokers which can lead to relatively higher trading costs.

*Transferability:* In-kind transfers are allowed but with some restrictions.

*Stock Lending:* Stock lending through the Lima Stock Exchange (BVL) is only available for highly liquid stocks included in the TVR (Tabla de Valores de Referencia) table. This lending service is not widely used.

*Short Selling:* Is allowed but is not an established market practice due to the limited capacity.

## 5.2 Europe, Middle East, and Africa

### 5.2.1 Czech Republic

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Investor Registration & Account Set Up:* Registration is not required, but the account setup process can take a significant amount of time.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English and there is no central source for this type of information.

*Clearing and Settlement:* Omnibus structures and nominee status are available but are not widely used.

*Stock Lending:* Is allowed but is not an established market practice due to the limited capacity.

*Short Selling:* Is allowed but is not an established market practice due to the limited capacity.

### 5.2.2 Egypt

*Equal rights to foreign investors:* Company related information is not always available in English.

*Foreign Exchange Market Liberalization Level:* There is a lack of efficiency on the offshore currency market. Liquidity in the onshore currency market has improved and there is no FX backlog outstanding for foreign investors. MSCI will continue to closely monitor the liquidity of the Egyptian FX market and the capacity of international institutional investors to repatriate their capital without delays. In addition, there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions).

*Investor Registration & Account Set Up:* The existence of a restricted investors list may delay the registration process. Also, the process of setting up accounts may be lengthy.



*Market Regulations:* There is an absence of clarity in certain areas of market regulation (e.g., formally there are no foreign ownership limits, but companies can impose limits in their by-laws), In addition, relevant regulations are not available in English, although some progress has been made with certain ones.

*Information Flow:* Lack of robustness and enforcement of local accounting standards.

*Clearing and Settlement:* There is no functioning nominee status and omnibus structures are not available for custody purposes.

*Trading:* Limited level of competition among brokers which can lead to relatively higher trading costs.

*Transferability:* Off-exchange transactions are prohibited. In-kind transfers can only be executed if there is no change in beneficial owner.

*Stock Lending:* Is allowed but is not an established market practice due to the limited capacity.

*Short Selling:* Is allowed but is not an established market practice due to the limited capacity.

*Stability of Institutional Framework:* There have been instances of government interventions that challenged the stability of the “free-market” economy as illustrated by frequently changing market regulations.

### **Improvement**

*Foreign Ownership Limit Level:* "+" to "++". Foreign ownership limits now impact less than 3 percent of the Egyptian market.

## **5.2.3 Greece**

*Clearing and Settlement:* Omnibus structures were introduced in April 2021 as the Central Securities Depository started operating under the European Central Securities Depositories Regulation (CSDR) license. However, the uptake of this service by market participants has been relatively low. More time is needed to assess the efficiency of this mechanism.

*Stock Lending:* Stock lending is not an established market practice due to the limited capacity. The Athens Stock Exchange has introduced several reforms to stimulate stock lending supply. These include the introduction of an on-exchange lending arrangement in February 2023; the reduction of the sales tax by 50%, which took effect in January 2024; and the abolition of the stamp duty tax on OTC stock lending and the exemption of tax in interest earned from on-exchange lending products, effective since April 2024. Additionally, a “Hit & Take” board for on-exchange bilateral lending is expected to be introduced later in 2024. As the implementation of some

reforms is still ongoing and their capacity continues to be tested by international institutional investors, more time is needed to assess the impact of these changes.

*Short Selling:* Short selling is allowed but it is not an established market practice due to high transaction costs. Effective in January 2024, the sales tax was reduced by 50%. Additionally, the stamp duty tax on OTC stock lending was abolished and interest earned from on-exchange lending products is now tax-exempt, effective since April 2024. More time is needed to assess the impact of these changes on the short selling practice.

#### 5.2.4 Hungary

*Foreign Ownership Limit Level:* Wizz Air Holding is subject to a 49 percent foreign ownership limit. Currently, this affects more than three percent of the Hungarian equity market.

*Foreign Room Level:* The MSCI Hungary IMI is impacted by low foreign room due to the adjustment factor applied to Wizz Air Holdings.

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Market Regulations:* Not all regulations, particularly recent ones, can be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Registry / Depository:* There is an absence of a central registry, with some registration done by financial institutions.

*Stock Lending:* Is allowed but is not an established market practice.

*Short Selling:* Is allowed but is not an established market practice.

#### 5.2.5 Kuwait

*Equal Rights to Foreign Investors:* The presence of large strategic shareholders in many Kuwaiti companies may limit the level of transparency and governance in the market.

*Investor Registration & Account Set Up:* Registration is mandatory, but the process is efficient.

*Information Flow:* Stock market information is often not complete and is often not disclosed in a timely manner.

*Clearing and Settlement:* Overdraft facilities are prohibited.

*Custody:* The introduction of the false trade mechanism has eliminated the need for segregated custody and trading accounts which were previously required in order to mitigate the risk deriving from local brokers having unlimited access to trading accounts. More time is needed to assess the efficiency of the process.

*Transferability:* In-kind transfers and off-exchange transactions are allowed with some restrictions and are not yet common practice.

*Stock Lending:* Is allowed but with some restrictions and is not yet a common practice.

*Short Selling:* Is allowed but is not an established market practice.

### 5.2.6 Poland

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* There is no nominee status. The use of omnibus accounts may be restricted to certain foreign entities.

*Registry / Depository:* There is an absence of a central registry, with some registration done by financial institutions.

*Transferability:* Off-exchange transactions are allowed but may be subject to a tax.

*Stock Lending:* A large proportion of stock lending transactions take place offshore.

*Short Selling:* Short selling may not be available for all listed securities.

### 5.2.7 Qatar

*Equal Rights to Foreign Investors:* The presence of large strategic shareholders in many Qatari companies may limit the level of transparency and governance in the market.

*Investor Registration & Account Set Up:* Registration is mandatory, but the process is efficient.

*Clearing and Settlement:* There is no functioning nominee status and omnibus structures are not available. Overdraft facilities are prohibited.

*Custody:* There are inefficiencies in the local custody workflow that impact pre- and post-trade processes and can result in failed trades. There are also inefficiencies in the existing false trade mechanism.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

*Stock Lending:* Securities lending and borrowing facilities are currently only available for use by liquidity providers and as a mechanism to prevent settlement failures.

*Short Selling:* Is allowed with restrictions and is not an established market practice.

### **Improvement**

*Foreign Ownership Limit Level:* "-" to "+". Several Qatari companies have raised their foreign ownership limit level from 49 percent to 100 percent. Overall, these limitations now affect more than three percent but less than ten percent of the Qatari market.

## **5.2.8 Saudi Arabia**

*Investor Qualification Requirement:* In general, only banks, brokerage and securities firms, fund managers, insurance companies and governments and government-related entities, each of appropriate size with sufficient track records, are eligible to apply for a Qualified Foreign Financial Institutions (QFFI) license. Investors from Gulf Cooperation Council (GCC) markets are not subject to any qualification requirements.

*Foreign Ownership Limit Level:* Listed companies are generally subject to a foreign ownership limit of 49 percent, while a few companies are fully closed to foreign investors. This affects more than ten percent of the Saudi market.

*Equal Rights to Foreign Investors:* The rights of foreign investors are limited as a result of the stringent foreign ownership limits.

*Investor Registration & Account Set Up:* Registration is mandatory and foreign investors must hold a legally valid certificate of incorporation and a local bank account.

*Information Flow:* Some information is still available only in Arabic.

*Clearing and Settlement:* There is no nominee status and omnibus structures are not available.

*Custody:* There are inefficiencies in the local custody workflow that impact pre- and post-trade processes and can result in failed trades. There are also inefficiencies in the existing false trade mechanism.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

*Stock Lending:* Is allowed but is not an established market practice.

*Short Selling:* Is allowed but is not an established market practice.

### 5.2.9 South Africa

*Clearing and Settlement:* Restrictions on the use of overdrafts may be applicable to non-residents.

*Transferability:* Off-exchange transactions and in-kind transfers are allowed but with some restrictions.

### 5.2.10 Turkey

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* There have been several interventions by the authorities restricting the functioning of the foreign exchange market, including the delay in settlement of some foreign exchange transactions.

*Investor Registration & Account Set Up:* Registration is mandatory, but the process is efficient.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Stock market information is not always complete and is not always disclosed in English.

*Clearing and Settlement:* There is no nominee status and omnibus structures are not available.

*Stock Lending:* Is restricted to certain securities.

*Short Selling:* Is restricted to certain securities and is not an established market practice. On February 6, 2023, Borsa Istanbul implemented a ban on short selling due to the market disruption caused by an earthquake, with no specific timeline for a potential resumption.

*Availability of Investment Instruments:* Restrictions imposed on the use of stock market data have led to limited availability of investment instruments.

*Stability of Institutional Framework:* Government interventions may call into question the stability of the country's institutional framework.

### 5.2.11 United Arab Emirates

*Foreign Ownership Limit Level:* Listed companies are in general subject to a foreign ownership limit of 49 percent, but companies may choose to set a lower limit. These limitations affect more than ten percent of the UAE market.

*Equal Rights to Foreign Investors:* The rights of foreign investors are limited as a result of the stringent foreign ownership limits and some companies that do not allow foreign investors to vote.

*Investor Registration & Account Set Up:* Registration is mandatory, but the process is efficient.

*Clearing and Settlement:* Nominee status and omnibus structures are not available. Omnibus structures were introduced in the Dubai Financial Market in March 2023. However, the Abu Dhabi Securities Exchange and Nasdaq Dubai have not yet introduced these structures.

*Custody:* There are inefficiencies in the local custody workflow that impact pre- and post-trade processes and can result in failed trades. There are also inefficiencies in the existing false trade mechanism.

*Transferability:* In-kind transfers are prohibited.

*Stock Lending:* Is allowed with restrictions and is not an established market practice.

*Short Selling:* Is allowed with restrictions and is not an established market practice.

## 5.3 Asia Pacific

### 5.3.1 China (international)

The assessment of the accessibility of the China (international) market considers only the Hong Kong listed portion of the China market (e.g., H-shares, Red-Chips and P-Chips).

*Foreign Ownership Limit Level:* The proportion of Chinese companies' share capital freely accessible to foreign investors is in general limited. Foreign investors can acquire shares of Chinese companies listed in the Hong Kong Stock exchange, which represents a portion of the total market capitalization of Chinese companies.

*Equal Rights to Foreign Investors:* Foreign investors have in general limited voting power due to the limited shares available to them.

*Market Regulations:* There is an absence of clarity in the regulations applying the dividend withholding tax.

### 5.3.2 China A Market

*Investor Qualification Requirement:* There is no qualification requirement for foreign institutional investors who choose to access the China A market via the Stock Connect program. Foreign institutional investors are required to apply for a Qualified Foreign Investor (QFI) qualification, which involves meeting specific eligibility requirements. The application process typically takes approximately 10 days.

*Foreign Ownership Limit Level:* A-shares held by all QFIs as well as through the Stock Connect program in a listed company cannot exceed 30% of the total outstanding shares of the company.

*Foreign Room Level:* More than one percent of the MSCI China A International IMI is impacted by low foreign room. Also, the current threshold of disclosure of foreign holdings does not provide sufficient transparency for the upward revision of the adjustment factors. The threshold of foreign holding disclosure was lowered to 24% from 26% previously since October 2020.

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English. In addition, the corporate governance standards of some Chinese companies have been questioned by some international institutional investors.

*Capital Flow Restriction Level:* While regulations on capital flows for QFIs have been simplified and QFIs can independently import funds to invest in securities after registration with China's SAFE (State Administration of Foreign Exchange), there are still reporting requirements for capital repatriation. Notably, under the Stock Connect Northbound channel, there are no such repatriation requirements.

*Foreign Exchange Market Liberalization Level:* In the past few years, Chinese regulators have been actively promoting the use of offshore RMB. The RMB remained as one of the top 10 most widely used currencies as an international payment and is recognized by the International Monetary Fund (IMF) as a reserve currency. The RMB is not fully convertible onshore, but investors are able to tap into the offshore RMB market in Hong Kong (CNH) for securities settlement through Stock Connect. Since January 2023, the trading hours of the onshore FX market were extended until 3:00 am.

*Investor Registration & Account Set Up:* The rating recognizes that the Shanghai- and the Shenzhen-Hong Kong Stock Connect are increasingly being utilized by investors as a preferred access channel to China A shares. Under the QFI scheme, the application process has been shortened and application requirements were simplified.

*Market Regulations:* More information can now be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* The DVP practice in mainland China is currently different from other global markets and the current T+0/T+1 settlement cycle continues to pose operational challenges such as pre-funding and pre-delivering of shares to some institutional investors. The Master Special Segregated Account (Master SPSA) service, introduced in July 2020, allows pre-trade checking of sell orders at an aggregate level. However, there are still some areas for improvement on the management of multiple accounts.

*Transferability:* Off-exchange transactions are prohibited.

*Stock Lending:* Is allowed with restrictions and is not an established market practice.

*Short Selling:* Is allowed with restrictions and is not an established market practice.

*Availability of Investment Instruments:* The launch of Futures and Options products in recent years has provided international institutional investors with a wider range of available investment instruments. However, there are still restrictions imposed on the use of stock market data.

### 5.3.3 India

*Investor Qualification Requirement:* Foreign investors must register as a Foreign Portfolio Investor (FPI) and obtain a Permanent Account Number (PAN). The FPI regime was introduced in June 2014. Existing Foreign Institutional Investor (FII), FII sub-account and Qualified Foreign Investor (QFI) were merged into the FPI class to unify various portfolio investment routes and simplify the monitoring of foreign investment.

*Foreign Ownership Limit Level:* The Ministry of Finance published a circular raising the statutory FPI limit of Indian companies to the sectoral foreign investment limit, effective April 1, 2020. In addition, the Foreign Exchange Management Act was amended to raise foreign ownership limits in insurance companies, which became effective in August 2021. However, several companies are still subject to foreign ownership limits ranging from zero to 74 percent. Currently, these limitations affect more than 10 percent of the Indian equity market.

*Foreign Room Level:* The equity market is significantly impacted by foreign room issues and there is no active formal foreign board allowing foreign investors to trade among themselves. More than one percent of the MSCI India IMI is impacted by low foreign room. The Central Depository Service Limited (CDSL) and National Securities Depository Limited (NSDL) monitor foreign ownership levels and issue a warning once the levels are close to being breached.

*Equal Rights to Foreign Investors:* Rights of foreign investors are limited as a result of the foreign ownership limits.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions).

*Investor Registration & Account Set Up:* Registration is mandatory and subject to Securities and Exchange Board of India (SEBI) approval. While the online Common Application Form has eased the registration process, the full account setup process can take a significant amount of time.

*Market Regulations:* The regulatory framework governing foreign investments in India is complex and subject to frequent changes and clarifications.



*Clearing and Settlement:* There is no nominee status and omnibus structures are not available. In addition, overdraft facilities are prohibited. In January 2023, following a phased transition, stock exchanges, clearing corporations and depositories in the Indian equity market shifted to a T+1 settlement cycle. In March 2024, SEBI introduced a beta version of the T+0 settlement cycle on an optional basis for selected securities. Optional instant settlement is expected to be introduced in 2025. MSCI is closely monitoring developments in the clearing and settlement process and its implications in the market accessibility and investability of the Indian equity market for international institutional investors.

*Transferability:* In-kind and off-exchange transfers are allowed with restrictions.

*Short Selling:* Is allowed but all transactions must be reported to the Securities and Exchange Board of India.

*Availability of Investment Instruments:* Restrictions imposed on the use of stock market data have led to limited availability of investment instruments.

### 5.3.4 Indonesia

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* The published Indonesia Rupiah (IDR) is not a rate practically achievable by foreign investors due to frequent government interventions. In addition, there is no efficient offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions).

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* Overdraft facilities for foreign investors are prohibited.

*Transferability:* In-kind transfers are only allowed in certain cases.

*Stock Lending:* Is allowed but is restricted to certain securities and to 90-day lending contracts.

*Short Selling:* Is allowed but with some restrictions.

### 5.3.5 Korea

*Foreign Room Level:* More than 0.3%, but less than 1% of the MSCI Korea IMI is impacted by low foreign room.

*Equal Rights to Foreign Investors:* Information disclosure in English has improved but is not always readily available. Company related information is not always readily available in English. In addition, the corporate governance standards of Korean

companies have often been questioned by international institutional investors. On January 25, 2023, the FSC proposed a two-phase mandatory English disclosure for Korean companies. The first phase is set for 2024 and 2025, targeting KOSPI-listed firms with a minimum market capitalization of KRW 10 trillion or those with foreign ownership of at least 30% (for market capitalization of KRW 2 trillion). The second phase, scheduled for implementation in 2026, will apply to KOSPI-listed firms with market capitalization of KRW 2 trillion or more. While there are advancements, the impact of this proposal will be thoroughly evaluated with international institutional investors once it is fully implemented.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and constraints persist on the onshore currency market. On February 7, 2023, MOEF announced improvement measures to the structure of the Korean FX market. These include allowing foreign financial institutions to participate in the onshore interbank FX market via government-approved local FX brokers upon registration, extending the onshore interbank FX market trading hours from the current close at 3:30 pm to 2:00 am of the following day, and allowing local FX brokers to offer APIs to registered financial institutions. As per MOEF, these measures aim to be fully implemented from the second half of 2024 at the earliest with a pilot operation period conducted for about six months starting from early 2024. While there are advancements, the impact of these proposals will be thoroughly evaluated with international institutional investors once they are fully implemented.

*Investor Registration & Account Set Up:* Registration is mandatory and new foreign corporate investors shall use a Legal Entity Identifier (LEI). On January 25, 2023, the FSC announced that the IRC system will be abolished and replaced with the use of corporate LEI. In December 2023, this measure was implemented after developing relevant technological infrastructure. MSCI is closely monitoring the use of LEI, as obstacles such as difficult documentation or complicated requirements to obtain the record may not be simplifying market access for foreign investors. More time is needed to assess the impact of this change on the ease of registration process.

*Information Flow:* Information disclosure in English has improved but is not always readily available for all companies. In addition, most Korean companies still disclose dividend amounts after the ex-date of the dividends, which is different from international standards. Also, estimated dividends are generally not provided. As mentioned under the Equal Rights to Foreign Investors criterion, in January 2023, the FSC proposed a two-phase mandatory English disclosure for Korean companies. Further, on January 31<sup>st</sup>, 2023, the FSC and MOEF unveiled measures aimed at determining the dividend amount to be distributed by companies prior to designating the shareholders eligible to receive the dividend payouts. These regulations were amended in 2023, allowing companies to begin applying these procedures as early as 2024, but only few companies have adopted the new procedures. While there are

advancements, the impact of these proposals will be thoroughly evaluated once they are fully implemented.

*Clearing and Settlement:* Omnibus accounts enable consolidated trading orders, but settlements are still on a per investor ID basis. Overdraft facilities remain unavailable for securities settlement purpose. In January 2023, the FSC announced that the reporting requirement at settlement date by each end-investor under omnibus accounts will be abolished. In December 2023, this measure was implemented after developing relevant technological infrastructure. More time is needed to assess the impact of the eased reporting duty for end investors of Omnibus Account managers.

*Transferability:* The ability to carry out in-kind transfers and off-exchange transactions remains very limited and is impractical due to the rigidity and the approval process. In January 2023, the FSC announced that the list of over-the-counter (OTC) transactions eligible for ex-post reporting will be expanded to not require preliminary regulatory examination. In December 2023, this measure was implemented after developing relevant technological infrastructure. More time is needed to assess the impact of this change.

*Availability of Investment Instruments:* Restrictions imposed on the use of stock market data have led to limited availability of investment instruments.

**Deterioration**

*Short Selling:* "+" to "-". In November 2023, short selling was banned for all Korean listed securities.

**5.3.6 Malaysia**

*Foreign Ownership Limit Level:* Industries that are of strategic importance, including the brokerage, insurance, and telecommunication industries, are subject to foreign ownership restrictions ranging from 30 to 70 percent. These limitations still affect more than three percent but less than ten percent of the Malaysian equity market.

*Equal Rights to Foreign Investors:* Foreign investors holding shares that exceed the foreign ownership limits are not treated equally in terms of voting rights compared with domestic investors holding the same shares in the same company.

*Foreign Exchange Market Liberalization Level:* There is an absence of an efficient offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions). In addition, there have been instances of interventions by the authorities restricting the functioning of the foreign exchange market.

*Transferability:* Off-exchange and in-kind transfers are allowed but require prior approval from the stock exchange.

*Short Selling:* Is allowed but is restricted to certain securities.

### 5.3.7 Philippines

*Foreign Ownership Limit Level:* All industries are in general subject to a 40 percent foreign ownership limit. These limitations affect more than ten percent of the Philippine equity market.

*Foreign Room Level:* More than one percent of the MSCI Philippines IMI is impacted by low foreign room.

*Equal Rights to Foreign Investors:* Rights of foreign investors are limited as a result of the stringent foreign ownership limits.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions).

*Clearing and Settlement:* Overdraft facilities for foreign investors are prohibited.

*Stock Lending:* The Philippines Stock Exchange Short Selling Program was implemented in November 2023. More time is needed to assess the efficiency of this mechanism.

*Short Selling:* The Philippines Stock Exchange Short Selling Program was implemented in November 2023. More time is needed to assess the efficiency of this mechanism.

### 5.3.8 Taiwan

*Investor Qualification Requirement:* Foreign investors must formally apply for a Foreign Institutional Investor (FINI) or a Foreign Individual Investor (FIDI) qualification, but the process is efficient.

*Foreign Ownership Limit Level:* The media, transportation, telecommunication, and utilities industries are impacted by foreign ownership limits ranging from zero to 50 percent. These limitations affect more than three percent of the Taiwanese equity market.

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* The New Taiwan Dollar (TWD) is not freely convertible, there is no offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions).

*Investor Registration & Account Set Up:* Registration is mandatory and requires a significant amount of paperwork (ID system). In October 2023, The Taiwan Stock Exchange amended the operating guidelines for Foreign Institutional Investor (FINI) registration. FINIs are no longer required to fill out the application form for ID

registration or for other status changes. More time is needed to assess the efficiency of this mechanism.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* Overdraft facilities are not available overnight and pre-funding practices may still be used by local brokers even though the authorities implemented a T+2 DVP settlement cycle. In addition, the ID system makes it difficult for investors and brokers to use omnibus structures.

*Transferability:* Off-exchange transactions and in-kind transfers are allowed but, in some cases, they are difficult to execute.

*Stock Lending:* Is allowed but with some restrictions.

*Short Selling:* Is allowed but with some restrictions.

### 5.3.9 Thailand

*Foreign Ownership Limit Level:* All industries are in general subject to a 49 percent foreign ownership limit. These restrictions affect a very large proportion of the equity market. However, foreign investors can obtain access to Thai companies through Non-Voting Depository Receipts (NVDRs).

*Foreign Room Level:* There are companies from specific sectors that are unable to issue NVDRs or have limits on NVDR issuance. Prolonged low level of foreign room is found in Bangkok Bank, a major company within the banking industry that is subject to limits on NVDR issuance. More than one percent of the MSCI Thailand IMI is impacted by low foreign room.

*Equal Rights to Foreign Investors:* By definition, foreign investors holding NVDRs are not treated equally in terms of voting rights compared with domestic investors holding common stock in the same company. In addition, company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* There is an offshore currency market but there have been instances of interventions by the authorities restricting the functioning of the foreign exchange market.

*Clearing and Settlement:* There is no nominee status in the market.

*Stock Lending:* Is allowed but restricted to the stocks included in the SET 100 Index.

*Short Selling:* Is allowed but restricted to the stocks included in the SET 100 Index and to those that meet the criteria set by the Stock Exchange of Thailand.

## 6 Frontier Markets

The following comments should be read in conjunction with the market-by-market assessment results that can be found in Appendix II of this document.<sup>4</sup>

### 6.1 Europe, Middle East, and Africa

#### 6.1.1 Bahrain

*Investor Registration & Account Set Up:* Registration is mandatory, but the process is efficient.

*Information Flow:* Stock market information is often not complete and often is not disclosed in a timely manner.

*Clearing and Settlement:* There is no functioning nominee status and omnibus structures are not available.

*Custody:* There are inefficiencies in the local custody workflow connected with the existing dual account structure. These can at times impact pre-trade processes in the market.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

#### **Improvement**

*Registry / Depository:* "+" to "++". Bahrain Clear is the central registrar of all listed companies and there is no registration happening at issuer level.

#### 6.1.2 Benin

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market.

*Investor Registration & Account Set Up:* The process of setting up accounts may be lengthy.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Lack of robustness and enforcement of local accounting standards. In addition, detailed stock market information is not always available in English.

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<sup>4</sup> Stock lending and short selling are activities that are either not developed or are completely prohibited in all Frontier Markets and the summary does not highlight these issues on a market-by-market basis.

*Clearing and Settlement:* There is no nominee status in the market and overdraft facilities are prohibited.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are prohibited. In-kind transfers are possible but must be approved by the stock exchange.

### 6.1.3 Burkina Faso

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market.

*Investor Registration & Account Set Up:* The process of setting up accounts may be lengthy.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Lack of robustness and enforcement of local accounting standards. In addition, detailed stock market information is not always available in English.

*Clearing and Settlement:* There is no nominee status in the market and overdraft facilities are prohibited.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are prohibited. In-kind transfers are possible but must be approved by the stock exchange.

### 6.1.4 Croatia

*Investor Registration & Account Set Up:* Registration is mandatory, and the process can take up to five days. Additionally, investors are required to open segregated accounts for trading (at nominee level) and for taxation (at beneficiary owner level).

*Clearing and Settlement:* Shares of local credit institutions cannot be held under an omnibus account. The Croatian CSD (SKDD) migrated to TARGET2-Securities in September 2023, introducing transactions on a DVP basis. More time is needed to assess the efficiency of this mechanism.

*Trading:* Limited level of competition among brokers which can lead to relatively higher trading costs.

### 6.1.5 Estonia

#### **Improvement**

*Stability of Institutional Framework:* "+" to "++". The Stability of Institutional Framework of Estonia is in line with other European Developed Markets.

### 6.1.6 Iceland

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and liquidity can at times be limited in the onshore currency market.

*Investor Registration & Account Set Up:* Registration is required, but the process is efficient.

### 6.1.7 Ivory Coast

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market.

*Investor Registration & Account Set Up:* The process of setting up accounts may be lengthy.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Lack of robustness and enforcement of local accounting standards. In addition, detailed stock market information is not always available in English.

*Clearing and Settlement:* There is no nominee status in the market and overdraft facilities are prohibited.

*Trading:* There is a limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are prohibited. In-kind transfers are possible but must be approved by the stock exchange.

### 6.1.8 Jordan

*Equal Rights to Foreign Investors:* The presence of large strategic shareholders in many Jordanian companies may limit the level of transparency and governance in the market.

*Information Flow:* Detailed stock market information is not always available in English.



*Clearing and Settlement:* There is no functioning nominee status and omnibus structures are not available. Overdraft facilities are not available for foreign investors.

*Trading:* There is a limited level of competition among brokers which can lead to relatively higher trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

### 6.1.9 Kazakhstan

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and there is a legislative framework regarding the potential imposition of temporary foreign currency restrictions.

*Investor Registration & Account Set Up:* Registration is mandatory, and the process can take up to two weeks.

*Information Flow:* Detailed stock market information is not always available in English.

*Clearing and Settlement:* T+2 settlement is available for liquid equity securities. However, partial pre-funding is still required for these transactions.

*Transferability:* In-kind transfers with change of beneficial ownership are possible either through the central depository or the central registry. Off-exchange transactions are possible but with some restrictions.

*Stability of Institutional Framework:* There have been instances of government interventions that challenged the stability of the “free-market” economy.

#### **Improvement**

*Trading:* "+" to "++". The number of active brokers in the market is sufficient and trading costs are competitive.

### 6.1.10 Kenya

*Capital Flow Restriction Level:* Currently, there are no additional documentation requirements that would impact the ability of foreign investors to repatriate capital. More time is needed to assess the efficiency of the capital repatriation process in Kenya.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market. Market participants have indicated that liquidity in the FX market and the ability to repatriate capital from Kenya has improved.

*Investor Registration & Account Set Up:* The process to set up accounts can take up to one week.

*Clearing and Settlement:* Overdrafts are not allowed for a tenor of less than one year and pre-funding is required. In addition, there are operational concerns related to the use of omnibus accounts.

*Registry / Depository:* There is an absence of a central registry, with some registration done by financial institutions.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

### 6.1.11 Latvia

***Improvement***

*Stability of Institutional Framework:* "+" to "++". The Stability of Institutional Framework of Latvia is in line with other European Developed Markets.

### 6.1.12 Lithuania

***Improvement***

*Stability of Institutional Framework:* "+" to "++". The Stability of Institutional Framework of Lithuania is in line with other European Developed Markets.

### 6.1.13 Mauritius

*Foreign Exchange Market Liberalization Level:* The onshore currency market is not liquid. No official exchange rate is published, and only indicative rates are published daily by commercial banks. In addition, there is no offshore currency market.

*Clearing and Settlement:* There is no nominee status and omnibus structures are not available.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

### 6.1.14 Morocco

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Capital Flow Restriction Level:* In general, there are no capital flow restrictions but the absence of evidence of foreign currency inflows may result in restrictions on the capital outflows. Repatriation has to be performed only using convertible Moroccan Dirham accounts. Investments funded by inward remittance are required to be reported to the Exchange Control Office.

*Foreign Exchange Market Liberalization Level:* There are restrictions on the offshore currency market.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* There is no legal recognition of nominee status. In addition, there are restrictions on overdraft facilities for foreign investors.

*Trading:* The limited level of competition among brokers may lead to relatively higher trading cost.

*Transferability:* Off-exchange transactions are prohibited.

### 6.1.15 Niger

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market.

*Investor Registration & Account Set Up:* The process of setting up accounts may be lengthy.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Lack of robustness and enforcement of local accounting standards. In addition, detailed stock market information is not always available in English.

*Clearing and Settlement:* There is no nominee status in the market and overdraft facilities are prohibited.

*Trading:* There is a limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are prohibited. In-kind transfers are possible but must be approved by the stock exchange.

### 6.1.16 Oman

*Equal Rights to Foreign Investors:* The presence of large strategic shareholders in many Omani companies may limit the level of transparency and governance in the market.

*Investor Registration & Account Set Up:* Registration is mandatory, but the process is efficient.

*Information Flow:* The level of stock market information has improved, and financial reports have been disclosed in a timely manner.

*Clearing and Settlement:* There is no functioning nominee status and omnibus structures are not available. Overdraft facilities are not available for foreign investors.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

**Improvement**

*Custody:* "+" to "++". Following the adoption of the single account structure model, the efficiency of the custody workflow in Oman has improved significantly.

**6.1.17 Romania**

*Clearing and Settlement:* There is no nominee status and omnibus structures are available, but with special conditions.

*Transferability:* Free-of-Payment (FOP) transfers can only be executed if there is no change in beneficial owner.

**6.1.18 Senegal**

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market.

*Investor Registration & Account Set Up:* The process of setting up accounts may be lengthy.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Lack of robustness and enforcement of local accounting standards. In addition, detailed stock market information is not always available in English.

*Clearing and Settlement:* There is no nominee status in the market and overdraft facilities are prohibited.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are prohibited. In-kind transfers are possible but must be approved by the stock exchange.

**6.1.19 Serbia**

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Capital Flow Restriction Level:* Due to some administrative requirements, repatriation of funds can take up to two weeks.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market.

*Investor Registration & Account Setup:* Registration is mandatory, and all foreign investors need to appoint a legal and tax representative. All documents, however, must be filed in Serbian.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* Overdraft facilities are restricted to foreign banks.

*Trading:* There is a limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions and in-kind transfers are only allowed in certain cases and require approval from the authorities. Overdraft facilities are available with restrictions.

### 6.1.20 Slovenia

*Trading:* There is a limited level of competition among brokers which can lead to relatively higher trading costs.

### 6.1.21 Tunisia

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* There is a lack of robustness in, and enforcement of, local accounting standards. In addition, detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* There is no nominee status and omnibus structures are not available. Only short-term overdrafts are allowed; however, this is not market practice.

*Custody:* There is no formal segregation between custody and trading accounts. In addition, there are only two active custodians available to foreign investors.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

*Stability of Institutional Framework:* Inability to enforce some provisions of the country's Constitution has put into question the stability of the institutional framework.

## 6.2 Asia Pacific

### 6.2.1 Bangladesh

*Capital Flow Restriction level:* The shares of an issuer held by foreign investors, at the time of according consent to the IPO, shall be subject to a one-year lock-in from the first trading day at the exchange.

*Foreign Exchange Market Liberalization Level:* There is no efficient offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions). In addition, some market participants have recently reported delays in capital repatriation due to FX liquidity issues.

*Investor Registration & Account Set Up:* There is a need to apply for a registration certificate with a relatively heavy documentation requirement.

*Market Regulations:* Not all regulations can be found in English.

*Clearing and Settlement:* There is no nominee status and omnibus structures are not available. Overdraft facilities are prohibited.

*Trading:* There is a limited level of competition among brokers which can lead to higher trading costs. While price floors for most stocks in the Bangladesh exchange have been removed, they remain for a few.

*Transferability:* Off-exchange transactions are prohibited.

*Stability of Institutional Framework:* The political situation and inability of the country to enforce regulations has put into question the stability of the institutional framework.

### 6.2.2 Pakistan

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and there are constraints on the onshore currency market (e.g., currency can only be bought / sold through a Special Convertible Rupee Account).

*Investor Registration & Account Set Up:* Despite the implementation of digital onboarding regime for non-resident investors, registration can take up to four days.

*Market Regulations:* Regulations have frequently changed over the past few years.

*Clearing and Settlement:* Omnibus structures are not available. Direct overdraft facilities remain prohibited.

*Stock Lending:* Is allowed but is not an established market practice.

*Short Selling:* Is allowed but is not an established market practice.

*Stability of Institutional Framework:* There have been instances of interventions that challenged the stability of the “free-market” economy as illustrated by frequently changing market regulations.

### 6.2.3 Sri Lanka

*Investor Qualification Requirement:* International institutional investors are required to obtain approval from the Sri Lanka Securities Exchange Commission (SEC) prior to entering the market.

*Foreign Exchange Market Liberalization Level:* There are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions). In addition, market participants have indicated that liquidity in the FX market and the ability to repatriate capital from Sri Lanka has improved.

*Investor Registration & Account Set Up:* Registration is mandatory, and the account setup requires approval from the Central Depository for Securities. The full process can last up to three weeks.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are prohibited, and in-kind transfers require prior approval from the SEC.

#### **Improvement**

*Clearing and Settlement:* "-" to "+". The DVP settlement system implemented at the Colombo Stock Exchange (CSE) in August 2021 has been confirmed to be functional. However, overdraft facilities for foreign investors remain prohibited.

### 6.2.4 Vietnam

*Foreign Ownership Limit Level:* Companies in certain conditional and sensitive sectors are subject to foreign ownership limits ranging from zero to 51 percent. These limitations still affect more than ten percent of the Vietnamese equity market.

*Foreign Room Level:* The equity market is significantly impacted by foreign room issues. More than one percent of the MSCI Vietnam IMI is impacted by low foreign room.

*Equal Rights to Foreign Investors:* Some company related information is not always readily available in English. In addition, the rights of foreign investors are limited as a result of the stringent foreign ownership limits imposed on both total as well as individual foreign investors.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions).

*Investor Registration & Account Set Up:* Registration is mandatory and account setup requires the approval of the Vietnam Securities Depository and Clearing Corporation (VSDC).

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Stock market information is not always disclosed in English and occasionally is not detailed enough.

*Clearing and Settlement:* There are no overdraft facilities and pre-funding of trades is required.

**Improvement**

*Transferability:* "-" to "+". Following changes in regulation, more types of off-exchange transactions and in-kind transfers can be executed without the need for regulatory pre-approval, leading to volumes for these transactions increasing significantly in recent years. However, VSDC typically takes several days to review required documentation before these transactions can be executed.



## 7 Standalone Markets

The following comments should be read in conjunction with the market-by-market assessment results that can be found in Appendix II of this document.<sup>5</sup>

Standalone Markets include all markets covered by MSCI but not included in the MSCI Composite Indexes. This category includes potential candidates for the MSCI Frontier Markets Indexes that currently do not meet the minimum liquidity requirements as well as markets that are currently partially or fully closed to foreign investors.

### 7.1 Americas

#### 7.1.1 Argentina

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Capital Flow Restriction Level:* International investors have not been able to access the domestic equity market since the government imposed capital controls in September 2019. These restrictions on capital mobility have led to repatriation concerns among international investors.

*Foreign Exchange Market Liberalization Level:* There is an absence of an efficient offshore currency market. Additionally, constraints were placed on the onshore currency market following imposition of the capital controls in September 2019.

*Investor Registration & Account Setup:* All documents must be filed in Spanish.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* There is no nominee status in the market. Overdraft facilities remain prohibited.

*Trading:* Limited level of competition among brokers which can lead to relatively higher trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are restricted to domestic investors.

*Availability of Investment Instruments:* Restrictions imposed on the use of stock market data have led to limited availability of investment instruments.

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<sup>5</sup> Stock lending and short selling are activities that are either not developed or are completely prohibited in Standalone Markets and the summary does not highlight these issues on a market-by-market basis.

*Stability of Institutional Framework:* There have been instances of government interventions that challenged the stability of the “free-market” economy, including with respect to investment activities of foreign investors.

### 7.1.2 Jamaica

*Clearing and Settlement:* There is no formal clearing house and the Jamaica Central Securities Depository Limited acts as the clearing agent.

*Custody:* Absence of active local custodians.

*Registry / Depository:* There is an absence of a central registry, with some registration done by financial institutions.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are limited and not an established market practice.

### 7.1.3 Panama

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Investor Registration & Account Set Up:* The process of setting up accounts may be lengthy.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* Pre-funding of trades is required.

*Custody:* There is only one active custodian available to foreign investors.

*Registry / Depository:* There is an absence of a central registry, with some registry at issuer level.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are allowed but are not a common practice. In-kind transfers are possible with certain restrictions.

### 7.1.4 Trinidad and Tobago

*Foreign Exchange Market Liberalization Level:* There is an absence of an offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be executed by the local custodian).

*Investor Registration & Account Set Up:* Registration is mandatory and approval from the Ministry of Finance is required. The process can take up to five days.

*Market Regulations:* Information on regulations is not centralized.

*Information Flow:* Occasionally stock market information is not disclosed in a timely manner.

*Clearing and Settlement:* There is no nominee status and omnibus structures are not available. Overdraft facilities remain prohibited.

*Custody:* The Trinidad and Tobago Central Depository is the only registered custodian.

*Registry / Depository:* There is an absence of a central registry, with some registry at issuer level. It can take up to eight weeks for investors to have their shares registered.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are prohibited, and in-kind transfers are restricted.

## 7.2 Europe, Middle East, and Africa

### 7.2.1 Bosnia and Herzegovina

*Equal Rights to Foreign Investors:* Company related information is not readily available in English at the Banja Luka Stock Exchange (BLSE).

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market.

*Market Regulations:* Not all regulations can be found in English. Financial system is quite fragmented as the country continues to have two semi-autonomous political entities, judicial system and stock exchange.

*Information Flow:* Stock market information, including dividend information, is often not complete and is not always disclosed in English. There is no central source for this type of information.

*Clearing and Settlement:* Pre-funding of trades is required by the Registry of Securities of the Federation of Bosnia and Herzegovina.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

### 7.2.2 Botswana

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market. In addition, liquidity on the onshore currency market has been relatively low in the recent past.

*Market Regulations:* The re-enactment of the Financial Intelligence Act and the commencement of the Financial Intelligence Regulations took place in 2022, along with further developments introduced with the new Central Securities Depository of Botswana. More time is needed to assess the complete impact of these changes.

*Information Flow:* Stock market information is occasionally not disclosed in a timely manner.

*Clearing and Settlement:* There is an absence of a real DVP system and true omnibus structures.

*Registry / Depository:* There is an absence of a central registry, with some registry at issuer level.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

### 7.2.3 Bulgaria

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market. The Bulgarian government has approved a national plan for its accession to the Eurozone and adoption of the Euro, with a target date of January 1, 2025.

*Investor Registration & Account Set Up:* The process to set up an account is lengthy due to the requirement to provide several documents in notarized form.

*Information Flow:* Stock market information is occasionally not disclosed in a timely manner and there is no central source of such information.

*Custody:* There is no formal segregation between custody and trading accounts.

### 7.2.4 Lebanon

*Investor Qualification Requirement:* Israeli nationals are formally prohibited from investing in Lebanese companies.

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Capital Flow Restriction Level:* Since October 2019, restrictions were implemented on the repatriation of funds outside Lebanon. This has impacted the ability of foreign investors to repatriate funds from investments in the local equity market.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and there are constraints on the onshore currency market (e.g., foreign investors are not allowed to hold Lebanese pound balances and foreign exchange transactions must be linked to security transactions).

*Investor Registration & Account Set Up:* Registration is mandatory and may take up to five days.

*Market Regulations:* Not all regulations can be found in English.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* There is no functioning nominee status and omnibus structures are not available. Overdraft facilities remain prohibited.

*Custody:* Segregated custody and trading accounts are required in order to mitigate the risk deriving from local brokers having unlimited access to trading accounts. In addition, there is an absence of global custodians in the market.

*Registry / Depository:* There is an absence of a central registry, with some registry at issuer level. Not all listed shares are dematerialized.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

*Stability of Institutional Framework:* The political situation in the country may call into question the stability of its institutional framework.

## 7.2.5 Nigeria

*Equal Rights to Foreign Investors:* In general, the rights of minority shareholders are negatively impacted by the scarcity of relevant information.

*Capital Flow Restriction Level:* A certificate of foreign currency inflow is required for any capital repatriation.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market and there are constraints on the onshore currency market (e.g., foreign exchange transactions must be linked to security transactions and interbank foreign exchange rates are set by the authorities). Following operational changes in the Nigerian FX Market that started in June 2023, FX liquidity has improved in recent months. More time is needed to assess the impact of these changes.

*Market Regulations:* Not all relevant information is readily available to foreign investors.

*Information Flow:* There is limited information available to foreign investors regarding market regulations and the shareholding structure for Nigerian banks.

*Registry / Depository:* There is an absence of a central registry, with some registry at issuer level.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are restricted.

*Stability of Institutional Framework:* There have been instances of government interventions that challenged the stability of the “free-market” economy as illustrated by frequently changing market regulations.

### 7.2.6 Palestine

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Foreign Exchange Market Liberalization Level:* All transactions are carried out in foreign currency as the country does not issue its own currency.

*Investor Registration & Account Set Up:* Registration is mandatory, but the process is efficient.

*Information Flow:* Detailed stock market information is not always disclosed in English.

*Clearing and Settlement:* Overdraft facilities for foreign investors are prohibited. In addition, there is no nominee status and omnibus structures are not available.

*Custody:* A number of global and local custodian banks currently operate in the market. More time is needed to assess the efficiency of the local custody process.

*Trading:* There is a limited level of competition among brokers which can lead to higher trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

*Stability of Institutional Framework:* Instability in the political landscape may call into question the stability of the country’s institutional framework.

### 7.2.7 Ukraine

*Equal Rights to Foreign Investors:* Company related information is not always readily available in English.

*Capital Flow Restriction Level:* In February 2019, new foreign exchange regulations aiming at liberalizing the foreign exchange market were introduced. Following this, the limits on the repatriation of funds received from the payment of dividends and from the sale of securities were lifted in July 2019 and September 2019, respectively. MSCI will continue to monitor the effectiveness of the new regulatory framework.

*Foreign Exchange Market Liberalization Level:* There is no offshore currency market. In addition, liquidity on the onshore currency market has been relatively low in the recent past.

*Investor Registration & Account Set Up:* Registration is mandatory and requires a significant amount of manual paperwork. The process is difficult and requires a lot of time to complete.

*Market Regulations:* Regulations are not fully enforced by the supervisory authority resulting in many investors trading over the counter. In addition, not all relevant information can be found in English.

*Information Flow:* Stock market information is often not complete and is often not disclosed in a timely manner. In addition, the information is often not in English.

*Clearing and Settlement:* There are no overdraft facilities on the PFTS Stock Exchange. In addition, there is no nominee status and omnibus structures are not available.

*Custody:* There is no formal segregation between custody and trading accounts.

*Registry / Depository:* The central securities depository and the central registry remain inefficient.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* Off-exchange transactions are allowed but require approval from the authorities.

*Stability of Institutional Framework:* There have been instances of government interventions that challenged the stability of the “free-market” economy.

### 7.2.8 Zimbabwe

*Foreign Ownership Limit Level:* Listed companies are, in general, subject to a 49 percent foreign ownership limit. Currently, this affects more than ten percent of the Zimbabwe equity market.

*Equal Rights to Foreign Investors:* Rights of foreign investors are limited as a result of the stringent foreign ownership limits.

*Capital Flow Restriction Level:* Repatriation costs via the repatriation mechanism are relatively high and the process takes a long time.

*Foreign Exchange Market Liberalization Level:* The ease of convertibility of foreign exchange has been affected due to the illiquidity in the market. The Reserve Bank of Zimbabwe confirmed the adoption of the Zimbabwe Gold (ZiG) as the national currency applicable from April 8th, 2024. More time is needed to assess the

impact of this change.

*Information Flow:* Stock market information is often not complete.

*Market Regulations:* Most regulations are publicly available. More time is needed to assess the prompt enforcement of laws and regulations.

*Clearing and Settlement:* Omnibus structures are not available and pre-funding of trades is required.

*Custody:* There are only two active custodians.

*Trading:* There is a very limited level of competition among brokers which can lead to high trading costs.

*Transferability:* In-kind transfers and off-exchange transactions are prohibited.

*Stability of Institutional Framework:* There is a lack of enforcement of the rule of law.

**Improvement**

*Registry / Depository:* "-" to "+". There are three private registries and two central depositories licensed by the Securities and Exchange Commission of Zimbabwe, and the registry and depository activities are independent. More time is needed to assess the efficiency of the registry and depository ecosystem in Zimbabwe.



## 8 Appendices

### 8.1 Appendix I: MSCI Market Classification Framework

The classification of markets is a key input in the process of index construction as it drives the composition of the investment opportunity sets to be represented. The approach used by MSCI aims to reflect the views and practices of the international investment community by striking a balance between a country’s economic development and the accessibility of its market while preserving index stability.

The MSCI Market Classification Framework consists of following three criteria: economic development, size, and liquidity as well as market accessibility.

In order to be classified in a given investment universe, a country must meet the requirements of all three criteria as described in the table below.

Criteria	Frontier	Emerging	Developed
<b>A Economic Development</b>  A.1 Sustainability of economic development	No requirement	No requirement	Country GNI per capita 25% above the World Bank high income threshold* for 3 consecutive years
<b>B Size and Liquidity Requirements</b>  B.1 Number of companies meeting the following Standard Index criteria Company size (full market cap) ** Security size (float market cap) ** Security liquidity	1 USD 126 mm USD 63 mm 2.5% ATVR	3 USD 2,548 mm USD 1,274 mm 15% ATVR	5 USD 5,096 mm USD 2,548 mm 20% ATVR
<b>C Market Accessibility Criteria</b>  C.1 Openness to foreign ownership C.2 Ease of capital inflows / outflows C.3 Efficiency of operational framework C.4 Availability of Investment Instrument C.5 Stability of the institutional framework	At least some At least partial Modest High Modest	Significant Significant Good and tested High Modest	Very high Very high Very high Unrestricted Very high

\* High income threshold: 2022 GNI per capita of USD 13,845 (World Bank, Atlas method)

\*\* Minimum in use for the May 2024 Index Review, updated on a quarterly basis

The economic development criterion is only used in determining the classification of Developed Markets while that distinction is not relevant between Emerging and Frontier Markets given the very wide variety of development levels within each of these two universes.

The size and liquidity requirements are based on the minimum investability requirements for the MSCI Global Standard Indexes.

Market accessibility aims to reflect international institutional investors’ experience of investing in a given market and as a result, this criterion includes several sub-criteria. These criteria are generally based on qualitative measures that are reviewed for all markets at least once a year during the MSCI Global Market Accessibility Review.

MSCI regularly reviews the market classification of all markets included in the MSCI Indexes to ensure that they remain reflective of the evolution of the different markets. In particular, changes in the assessments under the classification framework serve as the basis for determining the markets that will be reviewed for potential market reclassification as part of the Annual Market Classification Review.

MSCI will only consider markets for upgrade if a change in classification status can be viewed as irreversible. Every June, MSCI will communicate its conclusions from the discussions with the investment community on the list of markets under review and announce the new list of markets, if any, under review for potential market reclassification in the upcoming cycle. While adhering to the regular timeline for such communication helps provide greater predictability and is less disruptive to a market's normal functioning, MSCI may from time to time exercise prudent discretion and consider off-cycle communications should significant market events take place outside the regular review cycle.

## 8.2 Appendix II: Assessment Results

### 8.2.1 Developed Markets

	Americas		EMEA									
	Canada	USA	Austria	Belgium	Denmark	Finland	France	Germany	Ireland	Israel	Italy	Netherlands
Openness to foreign ownership												
Investor qualification requirement	++	++	++	++	++	++	++	++	++	++	++	++
Foreign ownership limit (FOL) level	+	++	++	++	++	++	++	++	+	++	++	++
Foreign room level	+	++	++	++	++	++	++	++	-	++	++	++
Equal rights to foreign investors	++	++	++	++	++	++	++	++	++	++	++	++
Ease of capital inflows / outflows												
Capital flow restriction level	++	++	++	++	++	++	++	++	++	++	++	++
Foreign exchange market liberalization level	++	++	++	++	++	++	++	++	++	++	++	++
Efficiency of the operational framework												
Market entry												
Investor registration & account set up	++	++	++	++	++	++	++	++	++	++	++	++
Market organization												
Market regulations	++	++	++	++	++	++	++	++	++	++	++	++
Information flow	++	++	++	++	++	++	++	++	++	+	++	++
Market infrastructure												
Clearing and Settlement	++	++	++	++	++	++	++	++	++	+	++	++
Custody	++	++	++	++	++	++	++	++	++	++	++	++
Registry / Depository	++	++	++	++	++	++	++	++	++	++	++	++
Trading	++	++	++	++	++	++	++	++	++	++	++	++
Transferability	++	++	++	++	++	++	++	++	++	++	++	++
Stock lending	++	++	++	++	++	++	++	++	++	++	++	++
Short selling	++	++	++	++	++	++	++	++	++	++	++	++
Availability of Investment Instruments	++	++	++	++	++	++	++	++	++	++	++	++
Stability of institutional framework	++	++	++	++	++	++	++	++	++	++	++	++

++: no issues; +: no major issues, improvements possible; -: improvements needed

	EMEA						Asia Pacific				
	Norway	Portugal	Spain	Sweden	Switzerland	United Kingdom	Australia	Hong Kong	Japan	New Zealand	Singapore
Openness to foreign ownership											
Investor qualification requirement	++	++	++	++	++	++	++	++	++	++	++
Foreign ownership limit (FOL) level	++	++	++	++	++	++	++	++	++	++	++
Foreign room level	++	++	-	++	++	++	++	++	++	++	++
Equal rights to foreign investors	++	++	++	++	++	++	++	++	+	++	++
Ease of capital inflows / outflows											
Capital flow restriction level	++	++	++	++	++	++	++	++	++	++	++
Foreign exchange market liberalization level	++	++	++	++	++	++	++	++	++	++	++
Efficiency of the operational framework											
Market entry											
Investor registration & account set up	++	++	++	++	++	++	++	++	++	++	++
Market organization											
Market regulations	++	++	++	++	++	++	++	++	++	++	++
Information flow	++	++	++	++	++	++	++	++	+	++	++
Market infrastructure											
Clearing and Settlement	++	++	++	++	++	++	++	++	++	++	++
Custody	++	++	++	++	++	++	++	++	++	++	++
Registry / Depository	++	++	++	++	++	++	++	++	++	++	++
Trading	++	++	++	++	++	++	++	++	++	++	++
Transferability	++	++	++	++	++	++	++	++	++	++	++
Stock lending	++	+	++	++	++	++	++	++	++	++	++
Short selling	++	+	+	++	++	++	++	++	++	++	++
Availability of Investment Instruments	++	++	++	++	++	++	++	++	++	++	++
Stability of institutional framework	++	++	++	++	++	++	++	++	++	++	++

++: no issues; +: no major issues, improvements possible; -: improvements needed

### 8.2.2 Emerging Markets

	Americas					EMEA						
	Brazil	Chile	Colombia	Mexico	Peru	Czech Republic	Egypt	Greece	Hungary	Kuwait	Poland	Qatar
Openness to foreign ownership												
Investor qualification requirement	++	++	++	++	++	++	++	++	++	++	++	++
Foreign ownership limit (FOL) level	+	++	++	-	++	++	++	++	+	++	++	+
Foreign room level	++	++	++	++	++	++	++	++	+	++	++	++
Equal rights to foreign investors	-	+	+	-	+	+	+	++	+	+	+	+
Ease of capital inflows / outflows												
Capital flow restriction level	++	+	+	++	++	++	++	++	++	++	++	++
Foreign exchange market liberalization level	-	+	-	++	++	++	-	++	++	++	++	++
Efficiency of the operational framework												
Market entry												
Investor registration & account set up	-	-	-	+	+	+	+	++	++	+	++	+
Market organization												
Market regulations	+	+	+	++	+	+	-	++	+	++	++	++
Information flow	+	+	+	+	+	+	+	++	+	-	+	++
Market infrastructure												
Clearing and Settlement	-	++	+	++	-	+	+	+	++	+	+	+
Custody	++	++	++	++	++	++	++	++	++	+	++	+
Registry / Depository	++	++	++	++	++	++	++	++	+	++	+	++
Trading	++	++	++	++	+	++	+	++	++	++	++	++
Transferability	+	-	-	++	+	++	-	++	++	-	+	-
Stock lending	++	-	+	++	-	+	-	-	+	-	+	+
Short selling	++	-	+	+	-	+	-	-	+	-	+	-
Availability of Investment Instruments	-	++	++	++	++	++	++	++	++	++	++	++
Stability of institutional framework	+	++	-	+	+	++	-	++	++	+	++	+

++: no issues; +: no major issues, improvements possible; -: improvements needed

	EMEA				Asia Pacific									
	Saudi Arabia	South Africa	Turkey	United Arab Emirates	China	China A	India	Indonesia	Korea	Malaysia	Philippines	Taiwan	Thailand	
Openness to foreign ownership														
Investor qualification requirement	+	++	++	++	++	+	+	++	++	++	++	+	++	
Foreign ownership limit (FOL) level	-	++	++	-	-	-	++	++	+	-	+	-	-	
Foreign room level	++	++	++	++	++	-	++	+	++	-	++	++	-	
Equal rights to foreign investors	-	++	+	+	+	+	+	+	+	+	+	+	-	
Ease of capital inflows / outflows														
Capital flow restriction level	++	++	++	++	++	+	++	++	++	++	++	++	++	
Foreign exchange market liberalization level	++	++	+	++	++	+	-	-	-	+	-	-	+	
Efficiency of the operational framework														
Market entry														
Investor registration & account set up	+	++	+	+	++	+	-	++	-	++	++	-	++	
Market organization														
Market regulations	++	++	+	++	+	+	++	++	++	++	++	++	++	
Information flow	+	++	+	++	++	+	++	+	-	++	++	+	++	
Market infrastructure														
Clearing and Settlement	+	+	+	+	++	-	-	+	-	++	+	-	+	
Custody	+	++	++	+	++	++	++	++	++	++	++	++	++	
Registry / Depository	++	++	++	++	++	++	++	++	++	++	++	++	++	
Trading	++	++	++	++	++	++	++	++	++	++	++	++	++	
Transferability	-	+	++	+	++	-	-	+	-	+	++	+	++	
Stock lending	-	++	+	-	++	-	++	+	++	++	-	+	+	
Short selling	-	++	-	-	++	-	+	+	-	+	-	+	+	
Availability of Investment Instruments	++	++	-	++	++	+	-	++	-	++	++	++	++	
Stability of institutional framework	+	+	-	+	+	+	+	+	+	+	+	+	+	

++: no issues; +: no major issues, improvements possible; -: improvements needed

### 8.2.3 Frontier Markets

	EMEA											
	Bahrain	Benin	Burkina Faso	Croatia	Estonia	Iceland	Ivory Coast	Jordan	Kazakhstan	Kenya	Latvia	Lithuania
Openness to foreign ownership												
Investor qualification requirement	++	++	++	++	++	++	++	++	++	++	++	++
Foreign ownership limit (FOL) level	++	++	++	++	++	++	++	++	++	++	++	++
Foreign room level	++	++	++	++	++	++	++	++	++	++	++	++
Equal rights to foreign investors	++	+	+	++	++	++	+	+	++	++	++	++
Ease of capital inflows / outflows												
Capital flow restriction level	++	++	++	++	++	++	++	++	++	+	++	++
Foreign exchange market liberalization level	++	+	+	++	++	-	+	++	-	-	++	++
Efficiency of the operational framework												
Market entry												
Investor registration & account set up	+	+	+	-	++	+	+	++	+	+	++	++
Market organization												
Market regulations	++	+	+	++	++	++	+	++	++	++	++	++
Information flow	-	-	-	++	++	++	-	+	+	++	++	++
Market infrastructure												
Clearing and Settlement	+	-	-	-	++	++	-	-	+	-	++	++
Custody	+	++	++	++	++	++	++	++	++	++	++	++
Registry / Depository	++	++	++	++	++	++	++	++	++	+	++	++
Trading	++	-	-	+	++	++	-	+	++	-	++	++
Transferability	-	-	-	++	++	++	-	-	+	-	++	++
Stock lending	-	-	-	-	-	-	-	-	-	-	-	-
Short selling	-	-	-	-	-	-	-	-	-	-	-	-
Availability of Investment Instruments	++	++	++	++	++	++	++	++	++	++	++	++
Stability of institutional framework	+	+	+	+	++	++	-	+	-	+	++	++

++: no issues; +: no major issues, improvements possible; -: improvements needed

	EMEA									Asia Pacific			
	Mauritius	Morocco	Niger	Oman	Romania	Senegal	Serbia	Slovenia	Tunisia	Bangladesh	Pakistan	Sri Lanka	Vietnam
Openness to foreign ownership													
Investor qualification requirement	++	++	++	++	++	++	++	++	++	++	++	+	++
Foreign ownership limit (FOL) level	++	++	++	++	++	++	++	++	++	++	++	++	-
Foreign room level	++	++	++	++	++	++	++	++	++	++	++	++	-
Equal rights to foreign investors	++	+	+	+	++	+	+	++	+	++	++	++	-
Ease of capital inflows / outflows													
Capital flow restriction level	++	+	++	++	++	++	+	++	++	+	++	++	++
Foreign exchange market liberalization level	-	+	+	++	++	+	+	++	+	-	+	-	-
Efficiency of the operational framework													
Market entry													
Investor registration & account set up	++	++	+	+	++	+	-	++	++	-	+	-	+
Market organization													
Market regulations	++	+	+	++	++	+	++	++	+	+	+	++	+
Information flow	++	+	-	+	++	-	+	++	-	++	++	++	-
Market infrastructure													
Clearing and Settlement	+	-	-	+	+	-	+	++	-	-	-	+	-
Custody	++	++	++	++	++	++	++	++	-	++	++	++	++
Registry / Depository	++	++	++	++	++	++	++	++	++	++	++	++	++
Trading	-	+	-	++	++	-	+	+	-	-	++	-	++
Transferability	-	-	-	-	+	-	-	++	-	+	++	-	+
Stock lending	-	-	-	-	-	-	-	-	-	-	-	-	-
Short selling	-	-	-	-	-	-	-	-	-	-	-	-	-
Availability of Investment Instruments	++	++	++	++	++	++	++	++	++	++	++	++	++
Stability of institutional framework	+	+	-	+	+	+	+	+	-	-	-	+	+

++: no issues; +: no major issues, improvements possible; -: improvements needed



### 8.2.4 Standalone Markets

	Americas				EMEA									
	Argentina	Jamaica	Panama	Trinidad & Tobago	Bosnia and Herzegovina	Botswana	Bulgaria	Lebanon	Malta	Nigeria	Palestine	Ukraine	Zimbabwe	
Openness to foreign ownership														
Investor qualification requirement	++	++	++	++	++	++	++	+	++	++	++	++	++	
Foreign ownership limit (FOL) level	++	++	++	++	++	++	++	++	++	++	++	++	-	
Foreign room level	++	++	++	++	++	++	++	++	++	++	++	++	++	
Equal rights to foreign investors	+	++	+	++	+	++	++	+	++	+	+	+	+	
Ease of capital inflows / outflows														
Capital flow restriction level	-	++	++	++	++	++	++	-	++	-	++	+	-	
Foreign exchange market liberalization level	-	++	++	-	+	+	+	-	++	-	-	-	-	
Efficiency of the operational framework														
Market entry														
Investor registration & account set up	+	++	-	-	++	++	+	-	++	++	+	-	++	
Market organization														
Market regulations	+	++	+	+	+	+	++	+	++	+	++	-	+	
Information flow	+	++	-	+	-	+	+	+	++	-	+	-	+	
Market infrastructure														
Clearing and Settlement	-	-	+	-	-	-	++	-	++	++	-	-	-	
Custody	++	-	-	-	++	++	-	-	++	++	+	-	+	
Registry / Depository	++	+	+	+	++	+	++	-	++	+	++	+	+	
Trading	+	-	+	-	-	-	++	++	++	-	+	-	-	
Transferability	+	+	-	-	-	-	++	-	++	-	-	+	-	
Stock lending	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short selling	-	-	-	-	-	-	-	-	-	-	-	-	-	
Availability of Investment Instruments	-	++	++	++	++	++	++	++	++	++	++	++	++	
Stability of institutional framework	-	+	+	+	+	+	+	-	++	-	-	-	-	

++: no issues; +: no major issues, improvements possible; -: improvements needed

## 8.3 Appendix III: Market Accessibility Measures

	Definition
<b>Openness to foreign ownership</b>	
Investor qualification requirement	Existence of qualifying conditions for international investors. Existence of a level playing field for all international investors.
Foreign ownership limit (FOL) level	Proportion of the market being accessible to non-domestic investors.
Foreign room level	Proportion of shares still available for non-domestic investors. Existence of a foreign board where non-domestic investors could trade with each other.
Equal rights to foreign investors	Equal economic and voting rights as well as availability of information in English. Equal rights for minority shareholders.
<b>Ease of capital inflows / outflows</b>	
Capital flow restriction level	Existence of restriction on inflows and outflows of foreign capital to/from the local stock market (excluding foreign currency exchange restrictions).
Foreign exchange market liberalization level	Existence of a developed onshore and offshore foreign exchange market.
<b>Efficiency of the operational framework</b>	
<b>Market entry</b>	
Investor registration & account set up	Existence/level of complexity of registration requirements for international investors such as Tax IDs as well as ease/complexity for setting up local accounts (e.g., documents to be provided, approvals required). The time to complete the process includes the preparation of the documents.
<b>Market organization</b>	
Market regulations	Level of advancement of the legal and regulatory framework governing the financial market, the stock exchange and the various other entities involved in the financial markets, an important weight is assigned to: ease of access (including in English), lack of ambiguity and prompt enforcement of laws and regulations, as well as consistency over time.
<b>Information flow</b>	
Information flow	Timely disclosure of complete stock market information items (e.g., stock exchange alerts, corporate news, float information, dividend information) in English and under reasonable commercial terms.
<b>Market infrastructure</b>	
Clearing and Settlement	Well functioning clearing and settlement system based on the broad framework published by the Bank for International Settlements including Delivery Versus Payment (DVP), the absence of pre-funding requirements/practices and the possibility to use overdrafts. Availability of real omnibus structures.
Custody	Level of competition amongst local custodian banks as well as the presence of global custodian banks. Existence of an efficient mechanism that prevents brokers to have unlimited access to the investor's accounts and guarantees the safekeeping of its assets.
Registry / Depository	Well functioning central registry or independent registrars and a central depository.
Trading	Level of competition amongst brokers ensuring high quality services (e.g., cost efficient trading, ability to execute grouped trades at the same price for the various accounts of a fund manager).
<b>Transferability</b>	
Stock lending	Possibility of off-exchange transactions and "in-kind" transfers.
Short selling	Existence of a regulatory framework as well as an efficient mechanism allowing extensive use of stock lending.
	Existence of a regulatory and practical framework allowing short selling.
<b>Availability of Investment Instruments</b>	Existence of restrictions on access to derived stock exchange information, data and products that prevents the creation of investment instruments.
<b>Stability of institutional framework</b>	Basic institutional principles such as the rule of law and its enforcement as well as the stability of the "free-market" economic system. Track record of government intervention with regards to foreign investors.

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### AMERICAS

United States	+ 1 888 588 4567 *
Canada	+ 1 416 687 6270
Brazil	+ 55 11 4040 7830
Mexico	+ 52 81 1253 4020

### EUROPE, MIDDLE EAST & AFRICA

South Africa	+ 27 21 673 0103
Germany	+ 49 69 133 859 00
Switzerland	+ 41 22 817 9777
United Kingdom	+ 44 20 7618 2222
Italy	+ 39 02 5849 0415
France	+ 33 17 6769 810

### ASIA PACIFIC

China	+ 86 21 61326611
Hong Kong	+ 852 2844 9333
India	+ 91 22 6784 9160
Malaysia	1800818185 *
South Korea	+ 82 70 4769 4231
Singapore	+ 65 67011177
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Taiwan	008 0112 7513 *
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Japan	+ 81 3 4579 0333

\* toll free

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