

# S&P Dow Jones Indices' 2023 Country Classification Consultation - Nigeria

**NEW YORK, SEPTEMBER 19, 2023:** S&P Dow Jones Indices ("S&P DJI") is conducting a consultation with market participants on the possible reclassification of Nigeria from a Frontier market to a Standalone market.

As previously [announced](#) on August 7, 2023, in light of recent market developments to try and address some of the major accessibility issues currently experienced in Nigeria by international investors, including the Central Bank of Nigeria's issuance of new guidelines, S&P Dow Jones Indices ("S&P DJI") has decided to continue monitoring the situation for a further period to establish if these policy changes would have a tangible impact in the marketplace.

However, despite the efforts by Nigerian authorities to address the market liquidity issues in the foreign exchange market, and the significant delays in capital repatriation, these measures are yet to represent a short or even medium-term solution for market participants.

For this reason, and considering that [a special treatment for Nigerian stocks](#) has been in place since June 2020, S&P DJI is proposing to reclassify Nigeria from a Frontier market to a Standalone market, and consequently remove all Nigeria-domiciled constituents from the S&P Frontier BMI and related sub-indices. Instead, Nigerian stocks would only be included in a separate S&P Nigeria BMI standalone index. Under this proposal, S&P DJI would remove Nigeria-domiciled constituents from the indices at a zero price given the distortion between the parallel and official exchange rates for the Naira and in order to facilitate index replicability.

## IMPACT ANALYSIS

### Estimated Composition of the S&P Frontier BMI

Using data as of September 13, 2023, the table below shows the estimated composition of the S&P Frontier BMI under the scenario of excluding Nigeria from the S&P Frontier BMI index.

Country	Current Composition		Proposed Composition (Excluding Nigeria)	
	Constituent Count	Weight	Constituent Count	Weight
Vietnam	81	13.51%	81	14.03%
Argentina	17	29.42%	17	30.56%
Morocco	26	6.79%	26	7.05%
Iceland	24	4.51%	24	4.68%
<b>Nigeria</b>	14	3.71%		
Bangladesh	59	3.58%	59	3.72%
Bahrain	6	1.84%	6	1.92%
Romania	12	4.03%	12	4.19%
Panama	6	4.12%	6	4.28%
Jordan	16	2.58%	16	2.68%
Oman	15	2.92%	15	3.03%
Kazakhstan	10	3.82%	10	3.97%
Kenya	9	1.29%	9	1.34%
Slovenia	12	2.29%	12	2.37%

Country	Current Composition		Proposed Composition (Excluding Nigeria)	
	Constituent Count	Weight	Constituent Count	Weight
Mauritius	46	1.78%	46	1.84%
Trinidad and Tobago	10	1.63%	10	1.69%
Croatia	12	1.87%	12	1.95%
Jamaica	33	1.24%	33	1.29%
Cote d'Ivoire	33	1.15%	33	1.20%
Tunisia	42	0.86%	42	0.90%
Sri Lanka	96	1.35%	96	1.40%
Estonia	15	0.78%	15	0.81%
Bulgaria	39	0.67%	39	0.69%
Cyprus	20	1.06%	20	1.10%
Lithuania	16	0.67%	16	0.70%
Botswana	9	0.41%	9	0.43%
Namibia	5	0.28%	5	0.29%
Ghana	14	0.29%	14	0.31%
Zambia	8	0.14%	8	0.15%
Slovakia	1	0.03%	1	0.03%
Latvia	4	0.03%	4	0.03%
Pakistan	18	1.34%	18	1.39%
<b>Total</b>	<b>728</b>	<b>100.00%</b>	<b>714</b>	<b>100.00%</b>

The table below shows the hypothetical composition of the S&P Nigeria BMI standalone index based on data as of September 13, 2023.

Stock Name	Index Weight
ACCESS HOLDINGS PLC	8.00%
Dangote Cement Plc	11.88%
Dangote Sugar Refinery Plc	2.48%
FBN Holdings Plc	8.66%
Flour Mills Nigeria	0.79%
Guaranty Trust Holding Company	14.59%
Lafarge Africa Plc	1.31%
MTN Nigeria Communications PLC	17.55%
Nestle Foods Nigeria Plc	3.77%
Nigerian Breweries Plc	2.41%
STANBIC IBTC HOLDING	3.82%
Seplat Energy PLC	5.59%
United Bank for Africa Plc	6.23%
Zenith International Bank	12.92%

## Nigeria

Downstream S&P DJI indices with **Nigerian** listed constituents:

Index Name	Index Code
S&P Frontier Ex-GCC BMI (USD)	SPFCMD
S&P Pan Africa BMI (USD)	STEIPADP
S&P Africa Frontier BMI (USD)	STEIAFDP
S&P Pan Africa Ex-South Africa BMI (USD)	SPPAXSA
S&P Emerging Frontier Super Composite BMI (US Dollar)	SPCBMIRFSUSD
S&P Frontier BMI Shariah (US Dollar)	SPSHFRONT
S&P Frontier BMI ex-GCC Shariah (US Dollar)	SPSHFXGC
S&P ME and Africa BMI Index (Custom)	CPTAXD
S&P Emerging and Frontier ME and Africa BMI Index (Custom)	SPEFMEAXI
S&P Pan Africa Ex-Zimbabwe BMI (USD)	SPPAXZWP

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Index Name	Index Code
S&P Africa Frontier Ex-Zimbabwe BMI (USD)	SPAFXZWP
S&P Pan Africa Ex-South Africa & Zimbabwe BMI (USD)	SPPAXZAZWP
S&P West Africa	SPXWAUP
S&P All Africa Capped	SPXAACUP
S&P All Africa Select	SPXAASUP
S&P All Sub-Saharan Africa ex-South Africa Capped Index	SPSSXACU
S&P All Sub-Saharan Africa ex-South Africa Index	SPSSXAU
Dow Jones Islamic Market World Extended Index (USD)	DJISWEUP
S&P All Africa ex-South Africa	SPXABUP
S&P All Africa	SPXAAUP
S&P All Africa ex-South Africa Select	SPXABSUP
S&P All Africa ex-South Africa Capped	SPXABCUP
S&P Pan Africa Ex South Africa Capped Index	SPPAXSCP
Dow Jones Africa Titans 50 Index	DJAFK
S&P Pan Africa ex-South Africa Select	SPPAXSS
S&P Sub-Saharan Africa ex-South Africa Select	SPSAXSUP
S&P West Africa 25	SPXWA25UP
S&P/OIC COMCEC 50 Shariah	SPOIC50P

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described changes, if adopted, in conjunction with the upcoming March 2024 Frontier Reconstitution, which takes effect prior to the market open on **Monday, March 18, 2024**. If adopted, the changes will first be visible to clients in pro-forma files beginning on **Friday, March 1, 2024**.

## QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

- 1. Do you agree with the proposal to reclassify Nigeria to Standalone market status and the consequent ineligibility/removal of all Nigerian-domiciled constituents from the S&P Frontier BMI and related sub-indices?**
- 2. If S&P DJI adopts the proposals described in question 1, do you agree with removing Nigerian-domiciled constituents from the indices at a zero price (if no, then please specify what price you would apply and why in question 4 below)?**
- 3. Should the proposed changes be adopted, do you agree with the suggested implementation date?**
- 4. Do you have any other comments or feedback regarding the proposed changes outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Please respond to this survey by **October 23, 2023**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at [SPDJI\\_Index\\_Governance@spglobal.com](mailto:SPDJI_Index_Governance@spglobal.com).

*Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees nor is under any obligation to comply*

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*with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.*

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit [www.spglobal.com/spdji](http://www.spglobal.com/spdji).

## ABOUT S&P DOW JONES INDICES

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### **FOR MORE INFORMATION:**

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