

# FTSE China A50 Index

v2.6



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## Section 1

# Introduction

## 1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE China A50 Index. Copies of the Ground Rules are available from [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/).
- The FTSE China A50 Index is designed to represent the performance of the 50 largest companies by full market capitalisation of the mainland Chinese market that is available to international investors via the Stock Connect program. The FTSE China A50 Index is a subset of the FTSE China A All Cap Index.
- 1.2 The FTSE China A50 Index does not take account of ESG factors in its index design.
- 1.3 FTSE China A All Cap Index**
- The FTSE China A All Cap Index is a free float adjusted index that comprises large, mid and small cap China A-share companies.
- Ground Rules for the FTSE China A All Cap Index can be found using the following link:  
[FTSE China A All Cap Index Series English.pdf](#)
- 1.4 FTSE Russell**
- FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.
- 1.5 IOSCO**
- 1.5.1 FTSE Russell considers that the FTSE China A50 Index meets the IOSCO Principles for Financial Benchmarks as published in July 2013.
- Full details can be accessed at [www.iosco.org](http://www.iosco.org).
- Details of FTSE Russell's Statement of Compliance with respect to the IOSCO Principles can be accessed using the following link:  
[IOSCO Statement of Compliance.](#)
- 1.6 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation, of the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.

- 1.7 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell or any members of the FTSE Russell Policy Advisory Board or FTSE Russell Asia Pacific Regional Advisory Committee (or any person concerned with the preparation or publication of these Ground Rules) for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
  - any inaccuracies in these Ground Rules, and/or
  - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
  - any inaccuracies in the compilation of the Index or any constituent data.

## Section 2

# Management responsibilities

## 2. Management responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index.<sup>1</sup>

2.1.2 FTSE is responsible for the daily calculation, production and operation of the Index Series and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the Index Series and apply the changes resulting from the reviews as required by the Ground Rules;
- publish changes to the constituent weightings resulting from their ongoing maintenance and the periodic reviews;
- disseminate the Indices.

### 2.2 FTSE Russell Regional Advisory Committee

2.2.1 To assist in the oversight of the indices FTSE Russell has established the following external advisory committees, consisting of senior market practitioners, providing guidance (as stipulated in their terms of reference) to ensure FTSE Russell indices continue to reflect their underlying market:

- FTSE Russell Asia Pacific Regional Equity Advisory Committee
- FTSE Russell Industry Classification Advisory Committee
- FTSE Russell Policy Advisory Board

2.2.2 The Terms of Reference of the FTSE Russell Advisory Committees are set out on the FTSE Russell website.

[Terms-of-Reference](#)

### 2.3 Status of these Ground Rules

2.3.1 These Ground Rules set out the methodology and provide information about the publication of the FTSE China A50 Index.

<sup>1</sup> The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

## **2.4 Amendments to these Ground Rules**

- 2.4.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.
- 2.4.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.
- 2.4.3 As provided for in the Statement of Principles for FTSE Russell Equity Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.

## Section 3

# FTSE Russell index policies

## 3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

### 3.1 Corporate Actions and Events Guide

3.1.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

### 3.2 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

The Statement of Principles can be accessed using the following link:

[Statement of Principles.pdf](#)

### 3.3 Queries, Complaints and Appeals

A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than 10 users of the Index from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark Determination Complaints Handling Policy.pdf](#)

FTSE Russell's Appeal Process can be accessed using the following link:

[Appeals Against Decisions.pdf](#)

### 3.4 Index Policy for Trading Halts and Market Closures

3.4.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index Policy for Trading Halts and Market Closures.pdf](#)

### 3.5 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.5.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index Policy in the Event Clients are Unable to Trade a Market or a Security.pdf](#)

### **3.6 Recalculation Policy and Guidelines**

3.6.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE China A50 Index will be notified through appropriate media.

For further information refer to the FTSE Russell Recalculation Policy and Guidelines document which is available from the FTSE Russell website using the link below or by contacting [info@ftserussell.com](mailto:info@ftserussell.com).

[Recalculation Policy and Guidelines.pdf](#)

### **3.7 Policy for Benchmark Methodology Changes**

3.7.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

### **3.8 FTSE Russell Governance Framework**

3.8.1 To oversee its Indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to ensure compliance with the IOSCO Principles for Financial Benchmarks<sup>2</sup>, the European benchmark regulation<sup>3</sup> and the UK benchmark regulation<sup>4</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

### **3.9 Real Time Status Definitions**

3.9.1 Please refer to the following guide for details of real time status definitions for indices which are calculated in real time.

[Real Time Status Definitions.pdf](#)

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<sup>2</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013

<sup>3</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds

<sup>4</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019



## Section 4

# Inclusion criteria

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## 4. Inclusion criteria

### 4.1 Company inclusion criteria

4.1.1 The following are regarded as ineligible for inclusion:

- Companies whose business is that of holding equity and other investments (e.g. Investment Trusts) which are classified by the Industry Classification Benchmark as Closed End Investments (30204000) and Open End and Miscellaneous Investment Vehicles (30205000).
- Limited Liability Partnerships (LLP), Limited Partnerships (LP), Master Limited Partnerships (MLP), Limited Liability Companies (LLC) and Business Development Companies (BDC).
- Where a stapled unit comprises an eligible security and a non-eligible security (such as non-equity or an Investment Trust structure) the unit will not be eligible for inclusion.

### 4.2 Security inclusion criteria

4.2.1 Convertible preference shares and loan stocks are excluded until converted.

## Section 5

# Screens applied to eligible securities

## 5. Eligible security screens

5.1 The constituents of the FTSE China A All Cap Index are eligible for inclusion in the FTSE China A50 Index, subject to conforming with following screens (see also Appendix A and Appendix B).

### 5.2 Investability weighting screen

Constituents of the FTSE China A50 Index are adjusted for free float and foreign ownership limits.

In order to calculate the free float of a company, its total A Shares will need to be derived. This is calculated by taking the entire quoted equity capital of a company and excluding its B and H Shares, or by using the following formula:

“Total A Shares = Tradable A Shares + Non-Tradable A Shares + Non-negotiable Shares\*\*”

\* if applicable

#### A. Initial weighting

Free float is calculated using available published information rounded to 12 decimal places.

Further details on free float restrictions can be accessed using the following link:

[Free Float Restrictions.pdf](#)

Companies with a free float of 5% or below are not eligible for inclusion in the Index, unless they exceed 10 times the FTSE GEIS China region inclusion percentage level by investable market capitalisation. For further details please see the Ground Rules for the FTSE China A All Cap Index using the following link:

[FTSE China A All Cap Index Series English.pdf](#)

#### B. Foreign ownership restrictions

FTSE Russell's index methodology takes account of the restrictions placed on the equity holdings of foreign investors in a company where these have been imposed by a government, regulatory authority or the company's constitution.

Further details of the Foreign Ownership Restrictions can be accessed using the following link:

[Foreign Ownership Restrictions and Minimum Foreign Headroom Requirement.pdf](#)

#### C. Minimum foreign headroom requirement

FTSE Russell defines “foreign headroom” as the percentage of shares available to foreign investors as a proportion of the company's Foreign Ownership Limit (FOL), i.e.  $(FOL - \text{foreign holdings})/FOL$ .

For example, if a company has a foreign ownership limit of 28%, of which 19% is held by foreign investors, the foreign headroom will be calculated as 32.14% i.e.  $(28\% - 19\%)/28\%$ .

Further details of the Foreign Ownership Restrictions can be accessed using the following link:

[Foreign Ownership Restrictions and Minimum Foreign Headroom Requirement.pdf](#)

### 5.3 Liquidity screen

5.3.1 Each security will be tested for liquidity semi-annually in March and September by calculation of its monthly median of daily trading volume as part of the FTSE China A All Cap Index review.

For further details please refer to the FTSE Global Equity Index Series – Guide to Calculation Method for the Median Liquidity Test which can be accessed using the following link:

[Guide to Calculation Methods for GEIS Liquidity.pdf](#)

### 5.4 Surveillance stocks screen

Securities which are subject to surveillance by the stock exchanges and have been assigned to any of the following segments will not be eligible for index inclusion. Where an existing constituent is assigned to an ineligible segment it will normally be deleted from the index at the next quarterly review and it will only be reconsidered for index inclusion after a period of 12 months from its deletion subject to it no longer being under surveillance. For the purposes of the index eligibility it will be treated as a new issue.

Country	Exchange	Segment
China	Shanghai Stock Exchange	Special Treatment (ST)
	Shenzhen Stock Exchange	

Securities that are assigned to the above segments after the review announcement date but before the index review effective date are assessed on a case-by-case basis which may generally result in scheduled index review additions, investability weight and shares in issue changes no longer being implemented at the forthcoming review.

### 5.5 Trading screen

5.5.1 Existing and non-constituent securities which have not traded on 60 or more trading days during the past year (up to and including the review cut-off date), will not be eligible for index inclusion. Regular/ad-hoc market holidays, and unscheduled market closures will not count towards the total; otherwise, the reason(s) for a security's non-trading will not be considered. If a security does not have a full year of trading, the 60-day period will be pro-rated according to the number of available trading days passed since its listing. Please note:

- All standard trading days will be incorporated within the calculation (Friday and Sundays as appropriate)
- Ad-hoc non-standard trading days will not be incorporated within the calculation (e.g. ad-hoc Saturday trading will not be considered)
- Where a pro-rata calculation is necessary, the number of available trading days on the underlying market during the previous year up to and including the review cut-off date will be used as the basis of the calculation. E.g. Market ABC has 253 available trading days for the annual period to the review cut-off date; therefore the security would not be eligible if for 23.7% (60/253) or more of its available trading days since listing, it did not trade.
- A security which has been removed from an index as a result of this screen will only be re-considered for inclusion after a period of 12 months from its deletion. For the purposes of index eligibility it will be treated as a new issue.

## Section 6

# Periodic review of constituents

## 6. Periodic review of constituents

### 6.1 Review dates

- 6.1.1 The quarterly review of the FTSE China A50 Index takes place in March, June, September and December. The constituents will be reviewed using data from the close of business on the Monday following the third Friday in February, May, August and November. Where there is a market holiday in either China or Hong Kong on the Monday following the third Friday, the close of business on the last trading day prior to the Monday after the third Friday, where both markets are open, will be used. Any constituent changes will be implemented after the close of business on the third Friday of March, June, September and December.
- 6.1.2 Quarterly changes are published after the close of business on the Wednesday before the first Friday of March, June, September and December to give users of the index sufficient notification of the changes before their implementation.

### 6.2 Rules for addition and deletion at the quarterly review

- 6.2.1 The rules for inserting and deleting companies at the quarterly reviews are designed to provide stability in the selection of constituents of the FTSE China A50 Index while ensuring that the Index continues to be representative of the market by including or excluding those companies which have risen or fallen significantly.
- 6.2.2 In determining the full market capitalisation of a company, all share classes are included, while only the eligible share classes are included in the index weighting. Please see Appendix A for the share class description.
- 6.2.3 Northbound Stock Connect Screen: only constituents of the FTSE China A All Cap Index that are eligible under the Northbound China Stock Connect Scheme Buy-and-Sell list will be included in the FTSE China A50 Index. The cut-off date for this screening is the close of business on the Thursday four weeks prior to the third Friday of the review month. For illustration purposes, the cut off was Thursday 21 November 2019 for the December 2019 review.
- 6.2.4 A non-constituent will be inserted at the periodic review if it rises to 40th or above when the eligible securities of the FTSE China A50 Index are ranked by market capitalisation.
- 6.2.5 A constituent will be deleted at the periodic review if it falls to 61st or below for the eligible securities for FTSE China A50 Index are ranked by market capitalisation.
- 6.2.6 A constant number of constituents will be maintained for the FTSE China A50 Index. Where a greater number of companies qualify to be inserted in an index than those qualifying to be deleted, the lowest ranking constituents presently included in the index will be deleted to ensure that an equal number of companies are inserted and deleted at the periodic review. Likewise, where a greater number of companies qualify to be deleted than those qualifying to be inserted, the securities of the highest ranking companies which are presently not included in the index will be inserted to match the number of companies being deleted at the periodic review.

6.2.7 Where a company is scheduled to be deleted after the periodic review changes have been announced but before they have been implemented, the highest ranking company from the new Reserve List (see Rule 6.3), excluding current index constituents, is selected as the replacement company.

**6.3 Reserve list**

6.3.1 FTSE Russell is responsible for publishing the five highest ranking securities that are not constituents of the FTSE China A50 Index at the time of each quarterly review. This Reserve List will be used in the event that one or more constituents is deleted from the FTSE China A50 Index during the period up to the next quarterly review. Companies on the Reserve Lists are constituents of the FTSE China A All Cap Index.

6.3.2 In the event that all the original Reserve List stocks have been used, the highest ranking constituent of the FTSE China A All Cap Index, which is not a current constituent of the FTSE China A50 Index, is selected as the replacement company based on prices two days prior to the deletion of a constituent.

## Section 7

# Changes to constituent companies

## 7. Changes to constituent companies

### 7.1 Removal and replacement

7.1.1 If a constituent ceases to be an eligible constituent of the FTSE China A All Cap Index, is delisted, or ceases to have a firm quotation, or is subject to a takeover offer which has been declared wholly unconditional or has ceased to be a viable constituent as defined by the Ground Rules, it will be removed from the list of constituents of the FTSE China A50 Index and be replaced by the highest ranking company by full market capitalisation eligible on the Reserve List (see Rule 6.3) as at the close of the index calculation two days prior to the deletion.

7.1.2 The removal and replacement are implemented simultaneously with the provision of a minimum two days' notice period.

### 7.2 New issues

7.2.1 There will be no intra review additions for the FTSE China A50 Index. Newly issued securities which meet the criteria for eligible securities set out in Section 4 and Section 5 will be eligible for inclusion at the next quarterly review if large enough to become constituents of the FTSE China A50 Index.

7.2.2 A China "B" share company for the first time issues "A" shares onto the Shanghai or Shenzhen Stock Exchange will be considered a new issue and will be eligible for entry into the FTSE China A50 Index at the next quarterly review if it meets the criteria for eligible securities.

7.2.3 Variable, best effort, and direct listing IPOs are not considered for fast entry inclusion since FTSE Russell is:

- unable to confirm if the minimum free float requirement has been met; and
- unable to assign an accurate free float for the purposes of the index calculation.

7.2.4 Variable, best effort, and direct listing IPOs will be considered for index inclusion at the next quarterly review if, by the review cut-off date, a public disclosure\* (which has been published post IPO) is available confirming the IPO updated shareholder structure. Index inclusion remains subject to meeting all other eligibility criteria. If the post IPO shareholder structure has not been disclosed by the review cut-off date, the evaluation of the company will be deferred to a subsequent quarterly review. If no disclosure is published prior to the cut-off date of the following quarter, the company will be evaluated during the semi-annual review process only (and inclusion will remain contingent on the above disclosures).

\*A public disclosure is typically by way of a company filing, stock exchange notice or shareholding regulatory announcement.

## Section 8

# Corporate Actions and Events

## 8. Corporate Actions and Events

8.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide using the following link:

[Corporate Actions and Events Guide.pdf](#)

A Corporate 'Action' is an action on shareholders with a prescribed ex date. The share price will be subject to an adjustment on the ex date. These include the following:

- Capital Repayments
- Rights Issues/Entitlement Offers
- Stock Conversion
- Splits (sub-division)/Reverse splits (consolidation)
- Scrip issues (Capitalisation or Bonus Issue)

A Corporate 'Event' is a reaction to company news (event) that may impact the index depending on the index rules. For example, a company announces a strategic shareholder is offering to sell their shares (secondary share offer) – this could result in a free float weighting change in the index. Where an index adjustment is required FTSE will provide notice advising of the timing of the change.

### 8.2 Shares in issue

Changes to the number of shares in issue for constituent securities are covered in the Corporate Actions and Events Guide.

### 8.3 Investability weightings

8.3.1 Changes to free float for constituent securities are covered in the Corporate Actions and Events Guide.

### 8.4 Mergers, restructuring and complex takeovers

8.4.1 If the effect of a merger or takeover is that one constituent in the FTSE China A50 Index is absorbed by another constituent, the resulting company will remain a constituent of the appropriate index, and a vacancy will be created. This vacancy will be filled by selecting the highest ranking security in the appropriate Reserve List (see Rule 6.3) as at the close of the index calculation two days prior to the deletion and the FTSE China A50 Index adjusted in accordance with Rules 7.1.1 and 7.1.2.

8.4.2 If a constituent company in the FTSE China A50 Index is taken over by a non-constituent company, the original constituent will be removed and replaced by the company resulting from the takeover if eligible. If not eligible, the replacement will be selected according to Rule 7.1.1.

8.4.3 If a constituent company is split so as to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the FTSE China A50 Index based on their respective full market capitalisations i.e. before the application of any investability weightings and if they qualify in all other respects, e.g. a FTSE China A50 Index constituent splits into two companies may result in one or both of these companies remaining in the FTSE China A50 Index. The smallest FTSE China A50 Index constituent will be removed.

8.4.4 The full market capitalisations at close on the first day of trading of the spun-off company will be used to determine continued inclusion. Any changes will then be applied at market close giving two days' notice. Consequently, the FTSE China A50 may have more than 50 companies for three days (or more if the spun-off company does not trade on effective date).

## **8.5 Investability weightings**

8.5.1 Changes to free float for constituent securities are covered in the Corporate Actions and Events Guide.

## **8.6 Suspended companies**

8.6.1 Suspension of dealing rules can be found within the Corporate Actions and Events Guide.

Where the company to be removed is a constituent of the FTSE China A50 Index, the replacement company will be the highest ranking company by full market capitalisation on the Reserve List (see Rule 6.3).

## **8.7 Trading under the Northbound China Stock Connect Scheme Buy-and-Sell List**

8.7.1 Constituents will be removed from the FTSE China A50 Index if they are removed from the Northbound China Stock Connect Scheme Buy-and-Sell List. The deletion will be concurrent with the Northbound China Stock Connect Scheme Buy-and-Sell List. Where limited notification has been provided of a change to the Northbound China Stock Connect Scheme Buy-and-Sell List, FTSE Russell will provide notice advising of the timing of the change.



## Section 9

# Industry Classification Benchmark (ICB)

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## 9. Industry Classification Benchmark (ICB)<sup>5</sup>

### 9.1 Classification structure

9.1.1 The FTSE China A50 Index constituents are classified into Industries, Supersectors, Sectors and Subsectors, as defined by the Industry Classification Benchmark (ICB).

9.1.2 Details of the Industry Classification Benchmark are available from FTSE Russell and published on the FTSE Russell website ([www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)) and can be accessed using the following link:

[Industry Classification Benchmark](#)

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<sup>5</sup> FTSE Indices will migrate to the new ICB classification system in January 2022.

## Section 10

# Index algorithm and calculation method

## 10. Index algorithm and calculation method

### 10.1 Prices

10.1.1 The FTSE China A50 Index uses actual trade prices for securities with local stock exchange quotations. The foreign exchange rates received from Reuters at the closing time of the Index (see Appendix B and Appendix C) are used to calculate the end of day index values in Offshore Renminbi (CNH), Hong Kong dollars and US dollars.

10.1.2 The FTSE China A50 Index receives share prices in real time.

### 10.2 Dividend treatment

10.2.1 Cash dividends are included in the total return calculations of the FTSE China A50 Index based on their ex-dividend dates.

10.2.2 Total Return Indices are published at the end of each working day.

### 10.3 Algorithm

10.3.1 The index is calculated using the algorithm described below.

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i)}{d}$$

Where,

- $i=1,2,\dots,N$
- $N$  is the number of securities in the Index.
- $p_i$  is the latest trade price of the component security (or the price at the close of the Index on the previous day).
- $e_i$  is the exchange rate required to convert the security's currency into the Index's base currency.
- $s_i$  is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules.
- $f_i$  is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index.
- $d$  is the divisor, a figure that represents the total issued share Capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share Capital of individual securities to be made without distorting the Index.

## Appendix A

# Markets and stock exchanges

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- 1.0 The FTSE China A50 Index consists of A share classes of equity that trade on the Shanghai and Shenzhen stock exchanges. In determining the full market capitalisation of a company for ranking purposes, all share classes are included, while only the eligible share classes are included in the index weighting.
- 2.0 Share descriptions**
- 2.1 For a description of Chinese share classes please see the “Guide to Chinese Share Classes” document which can be accessed using the following link:  
[Guide to Chinese Share Classes.pdf](#)
- 2.2 The definitions these share classes are reviewed annually in September effective on the same day as the FTSE Global Equity Index Series.

## Appendix B

# Eligible markets, exchanges and exchange rates

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Markets eligible for the FTSE China A50 Index and sources of trading volume data used in accordance with Rule 5.3:

Region	Country	Exchange Locations	Market Sections
Asia/Pacific	China (the People's Republic of)	Shanghai	Main Board, STAR Board
		Shenzhen	Main Board, ChiNext Board

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### Foreign exchange rates

The FTSE China A50 Index is calculated in Offshore Renminbi (CNH) for real time calculations, and is calculated in Offshore Renminbi (CNH), Hong Kong dollars and US dollars for end of day index values.

The foreign exchange rates received from Reuters at the closing time of the Index (15:00, local time – see Appendix C) are used to calculate the final Index levels and are termed the “closing FTSE China A50 Index foreign exchange rates”.

## Appendix C

# Index and market opening and closing hours

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Index	Open	Close
FTSE China A50 Index	09:30	15:00
<b>Stock Market Trading Times:</b>		
Shanghai	09:30	11:30
	13:00	15:00
Shenzhen	09:30	11:30
	13:00	15:00

All times are Local China Time.

The FTSE China A50 Index is calculated on public holidays whenever at least one exchange is trading. The Index will not be calculated on 1 January.

## Appendix D

# Status of indices

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The FTSE China A50 Index is calculated in real time. The FTSE China A50 Index is published on an intra-second streaming basis. The index may exist in the following states:

The official opening and closing hours of the FTSE China A50 Index are set out in Appendix C. Variations to the official hours of the index is published by FTSE Russell as appropriate.

The FTSE China A50 Index is calculated on public holidays whenever at least one exchange is trading. The Index will not be calculated on 1 January.

For further details of real time definitions please refer to the following guide:

[Real Time Status Definitions.pdf](#)

## Appendix E

# Further information

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A Glossary of Terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

Further information on the FTSE China A50 Index is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at [info@ftserussell.com](mailto:info@ftserussell.com).

**Website:** [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/)

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