

FTSE Custom Southbound Stock Connect Hardware Technology Index

v1.0

The index is not, and is not intended to be, used by supervised entities in the European Union or United Kingdom and accordingly, the European Benchmark Regulation* and the UK Benchmark Regulation# do not apply to the index. Consequently, supervised entities within the European Union and the United Kingdom are not permitted to use the index as a benchmark as set out in article 3(1)(7) of the European Benchmark Regulation.

For the avoidance of doubt, neither FTSE International Limited nor any other member of the London Stock Exchange Group plc group of companies, is the benchmark administrator (as defined in article 3(1)(6) of the European Benchmark Regulation) of the index.

*[*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 Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019 \(which amends the European benchmark regulation in the United Kingdom\)](#)

**FTSE
RUSSELL**

An LSEG Business

For avoidance of doubt, the Index methodology does not use AI technology.

Contents

Section 1 Introduction	4
Section 2 Management responsibilities	6
Section 3 FTSE Russell index policies	7
Section 4 Eligible securities	9
Section 5 Periodic reviews and weighting methodology	10
Section 6 Changes to constituent companies.....	13
Section 7 Corporate actions and events	14
Section 8 Treatment of dividends	15
Section 9 Index calculation	16
Appendix A Calculation schedule	17
Appendix B Status of indices	18
Appendix C Further information	19

Section 1

Introduction

1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE Custom Southbound Stock Connect Hardware Technology Index calculated by FTSE Russell.
- 1.2 The FTSE Custom Southbound Stock Connect Hardware Technology Index is designed to represent the performance of 40 Southbound Stock Connect-eligible securities involved in semiconductors, electronic components, industrial machinery, batteries, technology hardware, communications infrastructure, and advanced manufacturing across the Hardware Technology industries.
- 1.3 These Ground Rules should be read in conjunction with the FTSE Southbound Stock Connect Index Series Ground Rules, which are available at www.lseg.com/en/ftse-russell/.
- 1.4 The FTSE Custom Southbound Stock Connect Hardware Technology Index does not take account of ESG factors in its index design.
- 1.5 Price, total return and net-of-tax total return indices will be calculated on an end-of-day basis.

Total return indices include income based on ex-dividend adjustments. All dividends are applied as declared in FTSE Total Return Indices.

Net-of-tax Total Return Indices are also calculated based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties.
- 1.6 The index will be calculated in real time and published on an intra-second streaming basis.
- 1.7 The base currency for the index is Hong Kong Dollars. Index values may also be published in other currencies.
- 1.8 Index objective and intended use
 - 1.8.1 The index and index statistics are intended to reflect the investment markets included in the index definitions and to facilitate the detailed analysis of such markets.
- 1.9 FTSE Russell
 - 1.9.1 FTSE Russell hereby notifies users of the index 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 and therefore, any financial contracts or other financial instruments that reference the index 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.

- 1.9.2 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 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.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of FTSE Custom Southbound Stock Connect Hardware Technology Index 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 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.

2.1.3 Underlying companies are governed by their respective underlying index Ground Rules and associated committees.

2.2 Amendments to these Ground Rules

2.2.1 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.

2.2.2 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 Ground Rules should subsequently be updated to provide greater clarity.

¹ FTSE is not the benchmark administrator of the Index Series as the term administrator is defined in the [IOSCO Principles for Financial Benchmarks](#) and [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).

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 FTSE Global Equity Index Guide to Calculation Methods

The aim of the guide is to describe how the indices are calculated, to facilitate users' replication of the index in order to support their investment and trading activities and to assist users in understanding the factors which influence the performance of the indices.

[FTSE_Global_Equity_Index_Guide_to_Calc.pdf](#)

3.2 Corporate Actions and Events Guide

3.2.1 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](#)

3.3 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 Ground 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 Index Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

FTSE Russell's Statement of Principles can be accessed using the following link:

[Statement_of_Principles.pdf](#)

3.4 Queries and Complaints

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

[Benchmark_Determination_Complaints_Handling_Policy.pdf](#)

3.5 Index Policy for Trading Halts and Market Closures

3.5.1 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](#)

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

3.6.1 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](#)

3.7 Recalculation Policy and Guidelines

- 3.7.1 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 should be recalculated and/or associated data products reissued. Users of the FTSE Custom Southbound Stock Connect Hardware Technology 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.

[Recalculation Policy and Guidelines Equity Indices.pdf](#)

3.8 Policy for Benchmark Methodology Changes

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

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

3.9 FTSE Russell Governance Framework

- 3.9.1 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 Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

3.10 Real Time Status Definitions

- 3.10.1 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](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ 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.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Eligible securities

4. Eligible securities

- 4.1 The securities in FTSE Southbound Stock Connect All Cap Index are eligible for inclusion in the FTSE Custom Southbound Stock Connect Hardware Technology Index.

Section 5

Periodic reviews and weighting methodology

5. Periodic reviews and weighting methodology

5.1 Review dates

5.1.1 The FTSE Custom Southbound Stock Connect Hardware Technology Index is reviewed semi-annually in March and September, based on the stock prices as at the close of the Wednesday before first Friday of the review month (price cut-off date).

5.1.2 The review is implemented after the close of business on the third Friday (i.e. effective the following Monday) of the review month.

5.2 Constituents selection criteria

5.2.1 Business Activities Screening

Eligible securities are screened based on the TRBC Activity classification data as at the close of the Wednesday before the first Friday of the review month.

TRBC Activity Code	TRBC Activity Name	TRBC Activity Code	TRBC Activity Name
5020101013	Photovoltaic Solar Systems & Equipment	5310102010	Auto, Truck & Motorcycle Parts (NEC)
5120107013	Mining Machinery & Equipment Manufacturing	5310102013	Automotive Batteries
5210101012	Commercial Aircraft Manufacturing	5320403011	Household Appliances
5210101020	Aerospace & Defense Electronics	5710101010	Semiconductors (NEC)
5210201010	Industrial Machinery & Equipment (NEC)	5710101011	Integrated Circuits
5210201014	Testing & Measuring Equipment	5710101012	Memory Chips (RAM)
5210201025	Commercial Equipment	5710101014	Semiconductor Wholesale
5210202010	Heavy Machinery & Vehicles (NEC)	5710102010	Semiconductor Equipment & Testing (NEC)

TRBC Activity Code	TRBC Activity Name	TRBC Activity Code	TRBC Activity Name
5210202011	Construction Machinery	5710201010	Communications & Networking (NEC)
5210202012	Heavy Trucks	5710201017	Fiber Optic Cable Manufacturing
5210203010	Electrical Components & Equipment (NEC)	5710401010	Electronic Equipment & Parts (NEC)
5210203011	Batteries & Uninterruptable Power Supplies	5710401012	Advanced Electronic Equipment
5210204010	Heavy Electrical Equipment (NEC)	5710401014	Electronic Components
5210205010	Shipbuilding (NEC)	5710601010	Computer Hardware (NEC)

5.2.2 The Reference data

5.2.2.1 Constituents in the FTSE Custom Southbound Stock Connect Hardware Technology Index are classified into Economic sectors, Business sectors, Industry Groups, Industries and Activities as defined by The Reference data Business Classification (TRBC).

5.2.2.2 Details of the TRBC Classification are available from FTSE Russell and can be accessed using the following link:

[TRBC Sector Classification](#)

5.2.3 Selection

5.2.3.1 The top 40 eligible securities fulfilled Rule 5.2.1 with the highest full market cap are selected.

5.2.3.2 The constituent selection is based on the stock prices available at the close of Wednesday before first Friday of the review month.

5.3 Weighting methodology

5.3.1 The constituents of FTSE Custom Southbound Stock Connect Hardware Technology Index are weighted by investable market capitalisation.

5.3.2 For the review conducted under section 5.1.1 and 5.1.2, the capping price date will be the second Friday of the review month.

5.3.3 Constituents are capped on a semi-annually basis (March and September) according to the rules below:

- Constituent weights are subject to a company-level capping of 15%; and
- The sum of the largest 5 constituent weights are subject to company-level capping of 60%.

Excess weight is distributed pro rata across all companies with spare capacity. Following capping, the weight of each constituent in the index moves freely in line with price movements.

5.3.4 The calculation of the constituent capping factors will be based on prices at close on the capping price date of the review month using shares in issue and investability weights as designated to take effect after close on the on the review effective date of the review month.

5.3.5 The calculation will take into account any corporate actions/events that take effect after close on the capping price date of the review month up to and including the review effective date if they have been announced and confirmed by the capping price date of the review month.

- 5.3.6 Corporate actions/events announced after the capping price date of the review month that become effective up to and including the review effective date will not result in any further adjustment.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Intra-review additions

- 6.1.1 The FTSE Custom Southbound Stock Connect Hardware Technology Index will not accept intra-review additions, subject to the treatment of spin-offs as detailed in Section 7. Additions to the index will be considered for inclusion at the next semi-annual review.

6.2 Intra-review deletions

- 6.2.1 A constituent will be removed from the FTSE Custom Southbound Stock Connect Hardware Technology Index if it is also removed from the underlying universes (Section 4.1). The deletion from FTSE Custom Southbound Stock Connect Hardware Technology Index will be concurrent with its deletion from the underlying universes. The weight of the deleted stock will be distributed pro-rata amongst the remaining constituents of FTSE Custom Southbound Stock Connect Hardware Technology Index .

6.3 Changes to constituent classification

- 6.3.1 When a constituent undergoes changes to its TRBC classification after the data-cut off date of a review, resulting in ineligibility (Rule 5.2.1), the company will be retained in the index until the next review.

Section 7

Corporate actions and events

7. Corporate actions and events

- 7.1 Full details of changes to constituent companies due to corporate actions and events can be accessed in the Corporate Actions and Events Guide for Market Cap Weighted Indices 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 Russell will provide notice advising of the timing of the change.

7.2 Takeovers, mergers and spin-offs

The treatment of takeovers, mergers and spin-offs can be found within the respective Corporate Actions and Events Guide for Market Cap Weighted Indices.

7.3 Suspension of dealing

Suspension of dealing rules can be found within the Corporate Actions and Events Guide for Market Cap Weighted Indices .

Section 8

Treatment of dividends

8. Treatment of dividends

- 8.1 Declared dividends are used to calculate the Standard Total Return Index. All dividends are applied as at the ex-div date.
- 8.2 The net of tax Total Return Index also calculated based on the maximum withholding tax rates applicable to dividends received by institutional investors who are not resident in the same country as the remitting company and who do not benefit from double taxation treaties.

Withholding tax rates used in the net-of-tax indices can be accessed using the following link:

[Withholding_Tax_Service](#)

Please also refer to the FTSE Russell Withholding Tax Guide which can be accessed using the following link:

[FTSE_Russell_Withholding_Tax_Guide.pdf](#)

Section 9

Index calculation

9. Index calculation

9.1 Calculation frequency

9.1.1 FTSE Custom Southbound Stock Connect Hardware Technology Index use actual closing mid-market or last trade prices, where available, for securities with local bourse quotations.

9.2 Index calculation

9.2.1 FTSE Custom Southbound Stock Connect Hardware Technology Index will be calculated to an accuracy of eight decimal points.

9.2.2 FTSE Custom Southbound Stock Connect Hardware Technology Index are calculated using the following formula:

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

Where,

- $i=1, 2, \dots, N$
- N is the number of securities in the FTSE Custom Southbound Stock Connect Hardware Technology 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.
- 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 eligible index.
- c_i is the Capping Factor to be applied to a security to correctly weight that security in the 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

Calculation schedule

Index	Open	Close
FTSE Custom Southbound Stock Connect Hardware Technology Index	09:30	16:15

**The “+1” represents for the next calendar day.*

All times are local Hong Kong Time.

The FTSE Custom Southbound Stock Connect Hardware Technology Index will not be calculated on January 1st.

The official closing index value non-base currency will be calculated after receipt of the WMR FX Benchmarks Closing Spot Rates™ at 16:00 HK time.

Appendix B

Status of indices

The FTSE Custom Southbound Stock Connect Hardware Technology Index will be calculated in real time.

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

[Real Time Status Definitions.pdf](#)

Appendix C

Further information

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 Custom Southbound Stock Connect Hardware Technology 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.

Website: www.lseg.com/en/ftse-russell/

Disclaimer

© 2026 London Stock Exchange Group plc and its applicable group undertakings ("LSEG"). LSEG includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. "FTSE Canada", (4) FTSE Fixed Income LLC ("FTSE FI"), (5) FTSE (Beijing) Consulting Limited ("WOFE"), (6) FTSE EU SAS ("FES"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, WOFE, FES and other LSEG entities providing LSEG Benchmark and Index services. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "Refinitiv", "WMR™", "FR™" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of LSEG or their respective licensors.

The FTSE Custom Southbound Stock Connect Hardware Technology Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner.

FTSE International Limited is authorised as a Benchmark Administrator and regulated in the United Kingdom (UK) by the Financial Conduct Authority ("FCA") under the UK Benchmark Regulation.

FTSE EU SAS is authorised as a Benchmark Administrator by the Autorité des Marchés Financiers ("AMF") and is supervised by the European Securities and Markets Authority ("ESMA") under the EU Benchmark Regulation.

All information is provided for information purposes only. All information and data contained in this publication is obtained by LSEG, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical inaccuracy as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or LSEG Products, or of results to be obtained from the use of LSEG products, including but not limited to indices, rates, data and analytics, or the fitness or suitability of the LSEG products for any particular purpose to which they might be put. The user of the information assumes the entire risk of any use it may make or permit to be made of the information.

No responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any inaccuracy (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of LSEG is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of LSEG nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of LSEG nor their respective directors, officers, employees, partners, or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indices and rates cannot be invested in directly. Inclusion of an asset in an index or rate is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index or rate containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of LSEG. Use and distribution of LSEG data requires a licence from LSEG and/or its licensors.