

FTSE Greater China HKD Index Series

v2.0



**FTSE
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Section 1

Introduction

1. Introduction

1.1 The FTSE Greater China HKD Index Series

1.1.1 The FTSE Greater China HKD Index Series consists of the large and mid-cap stocks from the following markets and share classes:

- China (A shares, B shares, H shares, red chips and P chips)
- Hong Kong
- Taiwan

1.1.2 The FTSE Greater China HKD Index Series follows the FTSE Global Equity Index Series Ground Rules.

1.1.3 The FTSE Greater China HKD Index Series does not take account of ESG factors in its index design.

1.1.4 The base currency of the Index is Hong Kong Dollars (HKD).

1.1.5 The following indices are calculated:

FTSE Greater China HKD Index

FTSE Greater China HKD Net of Tax Index (using customised tax rates)

1.2 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, The Yield Book Inc and Beyond Ratings.

1.3 Index objective and intended use

1.3.1 The indices and index statistics are intended to reflect the investment markets included in the index definitions and to facilitate the detailed analysis of such markets.

1.3.2 FTSE Russell hereby notifies users of the index that it is possible that factors, including external factors 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.

- 1.3.3 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 group or FTSE Russell Asia Pacific Regional Equity 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;
 - any inaccuracies in these Ground Rules;
 - 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 index¹.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE Greater China HKD 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; and
- disseminate the index.

2.2 Status of these Ground Rules

2.2.1 These Ground Rules set out the methodology and provide information about the publication of the FTSE Greater China HKD Index.

2.3 Amendments to these Ground Rules

2.3.1 These Ground Rules shall be subject to regular review 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.

¹ 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).

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 Queries and Complaints

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

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

3.2 Index Policy for Trading Halts and Market Closures

3.2.1 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](#)

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

3.3.1 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](#)

3.4 Recalculation Policy and Guidelines

3.4.1 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 Greater China HKD 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](#)

3.5 Policy for Benchmark Methodology Changes

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

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

3.6 FTSE Russell Governance Framework

3.6.1 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 meet the requirements of 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](#)

3.7 Real Time Status Definitions

3.7.1 Please refer to the following guide for details of real time status definitions for indices that 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 Large and mid-cap constituents of the FTSE Global Equity Index Series in China, Hong Kong and Taiwan are included in the FTSE Greater China HKD Index Series.
- 4.2 For China, constituents designated as A shares*, B shares, H shares, red chips and P chips** will be eligible for inclusion.
- *Quarterly 9% capping on China A share constituents was removed from the June 2021 review. Securities listed on Shanghai Stock Exchange's STAR Board were eligible from the June 2021 review.
- **A non-constituent P Chip whose associated N Share is already a constituent of the FTSE All-World Index will be eligible for inclusion in the FTSE Greater China HKD Index at the next quarterly review after a minimum three-month trading period, subject to satisfying all other FTSE All-World Index eligibility criteria. Please note the P chip will be subject to the FTSE All-World minimum liquidity requirement and will be tested in line with FTSE All-World semi-annual review.
- 4.3 As all eligible constituents are members of the FTSE Global Equity Index Series, the constituents have already had the FTSE Global Equity Index Series investibility screens (as defined in the FTSE Global Equity Index Series Ground Rules) applied in order to become eligible.

Section 5

Periodic review of constituents

5. Periodic review of constituents

- 5.1 The constituent changes will be in line with the FTSE Global Equity Index Series. The constituent changes will be implemented after the close of the index calculation on the third Friday in March, June, September and December.
- 5.2 Details of the review procedures can be found in the FTSE Global Equity Index Series Ground Rules.

Section 6

Changes to constituent companies

6. Changes to constituent companies

6.1 Addition outside of a review

- 6.1.1 If a constituent is added to the FTSE Global Equity Index Series and this constituent meets the eligible markets and share class criteria as defined in the eligible securities section, then the constituent will be automatically added to the FTSE Greater China HKD Index Series.
- 6.1.2 If a constituent company splits so as to form two or more companies and the resulting companies are added to the FTSE Global Equity Index Series, subject to the constituents meeting the eligible markets and share classes criteria as defined in the eligible securities section, these constituents will be concurrently added to the FTSE Greater China HKD Index Series.

6.2 Deletions outside of a review

- 6.2.1 If a constituent ceases to be a constituent of the FTSE Global Equity Index Series, the removal will be concurrent with its removal from the FTSE Greater China HKD Index Series.

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 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); and
- 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.

Appendix A

Treatment of dividends

Treatment of dividends

Declared dividends are used to calculate the Standard Total Return Indices in the FTSE Greater China HKD Index. All dividends are applied as at the ex-div date.

The FTSE Greater China HKD Net of Tax Index is calculated based on customised tax rates.

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

[FTSE_Russell_Withholding_Tax_Guide.pdf](#)

Appendix B

Further information

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

[Glossary.pdf](#)

For further information on the FTSE Great China HKD Index, visit www.ftserussell.com or e-mail info@ftserussell.com. Contact details can also be found on this website.

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