

# FTSE Ping An China A Free ESG Index Series

v1.3



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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 Ping An China A Free ESG Index Series. Copies of these Ground Rules are available at [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/).
- 1.2 The FTSE Ping An China A Free ESG Index Series reflects the performance of companies in the FTSE China A Free Index selected using Ping An CN-ESG scores. The FTSE Ping An China A Free ESG Index Series consists of:
- FTSE Ping An China A Free ESG Advanced 50 Index
  - FTSE Ping An China A Free ESG Advanced 100 Index
- 1.3 The FTSE Ping An China A Free ESG Index Series takes account of ESG factors in its index design. Please see further details in Section 5.
- 1.4 The base currency of FTST Ping An China A Free ESG Index Series is Chinese Yuan (CNY). Index values may also be published in other currencies.
- 1.5 Price and Total Return indices will be calculated on an end-of day-basis.
- The total return index includes income based on ex-dividend adjustments. All dividends are applied as declared.
- 1.6 FTSE Russell**
- 1.6.1 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.
- 1.6.2 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.
- 1.6.3 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 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 index<sup>1</sup>.

2.1.2 FTSE Russell is responsible for the daily calculation, production and operation of the 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 indices.

### 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 series. 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.

<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).

## 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

3.2.1 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 FTSE Russell's Index Governance Board.

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

[Statement of Principles.pdf](#)

### 3.3 Queries, Complaints and Appeals

3.3.1 A constituent or prospective constituent company (or professional adviser 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 Ping An China A Free ESG Index Series 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 Equity Indices.pdf](#)

### **3.7 Recalculation Policy and Guidelines – ESG data and scores**

Where an inaccuracy in an ESG data product is identified, FTSE Russell will follow the guidelines set out in this document when determining if an ESG Data Product should be recalculated.

[Recalculation Policy and Guidelines ESG Products.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 meet the requirements of 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](#)

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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

# Eligible securities

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## 4. Eligible securities

### 4.1 Eligible universe

4.1.1 FTSE Ping An China A Free ESG Index Series consists of securities from FTSE China A Free Index.

### 4.2 Liquidity screen

4.2.1 FTSE Ping An China A Free ESG Index Series applies a liquidity screening based on one-year ADTV. Securities in the bottom 20 percentile of FTSE China A All Cap Free Index by ADTV ranking are not eligible for inclusion.

4.2.2 One-year ADTV is calculated as the last 252 trading days average of traded volume times price, with minimum 60 days of trading history. The data is calculated in CNY.

## Section 5

# ESG data inputs

### 5. ESG data inputs

5.1.1 The following ESG datasets are used in the construction of the indices.

ESG data inputs	Details	Used for selection, weighting or exclusion <sup>5</sup>
<b>Ping An ESG scores</b>	Ping An CN- ESG scores evaluate Chinese companies' ESG practices. More information can be found: <a href="https://group.pingan.com/resource/pingan/esg/reports/pingan-cn-esg-methodology-nov-2022-qrbook.pdf">https://group.pingan.com/resource/pingan/esg/reports/pingan-cn-esg-methodology-nov-2022-qrbook.pdf</a>	Selection

5.1.2 Further information on ESG data provided by FTSE Russell and third parties used in this index (index series) can be found in the following guide:

[Guide to FTSE and Third Party ESG Data used in FTSE Russell Indices](#)

This includes information on the data and standards used for these ESG data inputs. These data sets may include estimated data.

<sup>5</sup> Definitions  
 Selection – ESG data is used to select or rank constituents or calculate minimum scores or thresholds.  
 Weighting – ESG data is used to calculate the weight of a constituent in an index.  
 Exclusion – ESG data is used to exclude companies from the index.



## Section 6

# Periodic review of constituents

## 6. Periodic review of constituents

### 6.1 Review dates

- 6.1.1 The FTSE Ping An China A Free ESG Index Series is reviewed semi-annually in March and September.
- 6.1.2 The constituents will be reviewed as at the close of business on the Wednesday before the second Friday of the review month (review price cut-off date) and incorporating underlying index constituent changes as of the next trading day following the third Friday of the review month.
- 6.1.3 The data cut-off date for Ping An CN-ESG score is the close of business on the last business day two months prior to the review month.
- 6.1.4 The data cut-off date for ADTV is the close of business on the last business day of the month prior to the review month.
- 6.1.5 The review including any constituent changes and capping will be implemented after the close of business on the third Friday of the review month.
- 6.1.6 The initial rebalance of the FTSE Ping An China A Free ESG Indices is September 2015.

### 6.2 Review process

- 6.2.1 There will be total 11 industries in the index according to FTSE ICB classification. FTSE Ping An China A Free ESG Index Series combine financials (ICB industry code 30) and real estates (ICB industry code 35) as one industry.
- 6.2.2 The stocks are ranked from highest to lowest by ESG score in each industry. If two stocks have the same ESG score, the one with higher free float market cap on price cut-off date will take precedence.
- 6.2.3 At the first rebalancing of the index, the top five ranked stocks from each industry will become constituents of the FTSE Ping An China A Free ESG Advanced 50 Index.
- 6.2.4 At the first rebalancing of the index, the top 10 ranked stocks from each industry will become constituents of the FTSE Ping An China A Free ESG Advanced 100 Index.
- 6.2.5 FTSE Ping An China A Free ESG Advanced 50 Index will incorporate rebalance buffers. At subsequent rebalancing of the index, a stock that is not in the index will become a constituent in the index if its ESG rank is at or above third in the corresponding industry. A current index constituent will remain in the index until its ESG rank falls below eighth in the corresponding industry.
- 6.2.6 FTSE Ping An China A Free ESG Advanced 100 Index will incorporate rebalance buffers. At subsequent rebalancing of the index, a stock that is not in the index will become a constituent in the index if its ESG rank is at or above sixth in the corresponding industry. A current index constituent will remain in the index until its ESG rank falls below 15th in the corresponding industry.

6.2.7 A constant number of constituents in each industry will be maintained in the FTSE Ping An China A Free ESG Advanced 50 Index at the periodic review. If there are more than five proposed constituents in certain industry after the application of rule 6.2.5, the lowest-ranking proposed constituent(s) in the industry will be deleted to ensure the number of constituents in the industry remains at five. Conversely, if there are fewer than five proposed constituents in certain industry after the application of rule 6.2.5, the highest-ranking non-constituent(s) in the industry will be added to ensure the number of constituents is five in the industry. If there are less than five eligible securities in a certain industry, the number of constituents in the industry is adjusted to be the total number of eligible securities in the industry.

6.2.8 A constant number of constituents in each industry will be maintained in the FTSE Ping An China A Free ESG Advanced 100 Index at the periodic review. If there are more than 10 proposed constituents in certain industry after the application of rule 6.2.6, the lowest-ranking proposed constituent(s) in the industry will be deleted to ensure the number of constituents in the industry remains at 10. Conversely, if there are fewer than 10 proposed constituents in certain industry after the application of rule 6.2.6, the highest-ranking non-constituent(s) in the industry will be added to ensure the number of constituents is 10 in the industry. If there are less than 10 eligible securities in a certain industry, the number of constituents in the industry is adjusted to be the total number of eligible securities in the industry.

6.2.9 The FTSE Ping An China A Free ESG Indices are weighted by free float adjusted market capitalisation.

### **6.3 Capping constituent weights at the periodic review**

6.3.1 The capping will be based on prices at close on the second Friday of the review month (capping cut-off date).

6.3.2 The constituents of FTSE Ping An China A Free ESG Indices are capped at 10%. Weight in excess of the maximum stock weight is redistributed pro-rata across the remaining constituents. The stock capping process is repeated until all the stock constraints are satisfied.

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

6.3.4 Index weighting is applied using prices adjusted for corporate actions at the close of business on the second Friday in March and September. Index weighting is implemented after the close of business on the third Friday (i.e. effective the following Monday) of March and September based on the constituents' shares in issue and free float on the Monday following the third Friday of the review month.

### **6.4 Treatment of suspensions at the periodic review**

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

## Section 7

# Changes to constituent companies

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## 7. Changes to constituent companies

### 7.1 Intra-review additions

7.1.1 Outside of spin-offs (see Section 8 below), the FTSE Ping An China A Free ESG Index Series will not accept intra-review additions. Additions to the index will be considered for inclusion at the next semi-annual review.

### 7.2 Intra-review deletions

7.2.1 A constituent will be removed from the FTSE Ping An China A Free ESG Index Series if it is removed from the FTSE China A Free Index. The deletion will be concurrent with the deletion from the underlying universes and its weight will be distributed pro-rata amongst the remaining constituents in the FTSE Ping An China A Free ESG Index Series.

## 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 for Market Capitalisation 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); 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 Russell 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 Mergers, acquisitions and spin-offs

8.3.1 Where two FTSE Ping An China A Free ESG Index Series constituents merge, or one FTSE Ping An China A Free ESG Index Series constituent is acquired by another constituent, the resulting company will remain a constituent.

8.3.2 If a constituent of the FTSE Ping An China A Free ESG Index Series acquires a non-constituent, the resulting entity will remain a constituent of the index.

8.3.3 If an existing constituent is acquired by a non-constituent, the resulting entity will be deleted from the FTSE Ping An China A Free ESG Index Series. The eligibility of the resulting entity will be assessed in full at the next semi-annual review occurring at least 6 months after the takeover.

8.3.4 If a constituent splits and forms two or more companies and any of the new entities are retained in the FTSE China A Free Index, those new entities will be retained in the FTSE Ping An China A Free ESG Index Series. The eligibility of the resulting companies will be assessed in full at the next semi-annual review occurring at least six months after the demerger.

8.3.5 FTSE Russell may, in exceptional circumstances, convene a special meeting to advise on the eligibility of corporate entities arising from corporate events where these events give rise to immediate concern as to the eligibility of the resulting companies in FTSE Ping An China A Free ESG Index Series. FTSE Russell may determine that the circumstances are such that one or more of the resulting companies will be ineligible for inclusion in the FTSE Ping An China A Free ESG Index Series.

**8.4 Suspension of dealing**

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

## Section 9

# Industry Classification Benchmark (ICB)

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## 9. Industry Classification Benchmark (ICB)

### 9.1 Classification structure

- 9.1.1 Index constituents are classified into industries, supersectors, sectors and subsectors, as defined by the ICB.
- 9.1.2 Details of the ICB 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](#)

## Appendix A

# China share descriptions

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## 1. Share descriptions

- 1.1 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](#)

## Appendix B

# Index opening and closing hours

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Index	Open	Close
FTSE Ping An China A Free ESG Index Series	09:30	15:00

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All times are China Standard Time.

The FTSE Ping An China A Free ESG Index Series is calculated on public holidays whenever at least one exchange is trading. The index will not be calculated on 1 January.



## Appendix C

# Status of index

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The FTSE Ping An China A Free ESG Index Series may be calculated in real time.

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

[Real Time Status Definitions.pdf](#)

## Appendix D

# Further information

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

[Glossary.pdf](#)

[Glossary - ESG.pdf](#)

Further information on the FTSE Ping An China A Free ESG Index Series 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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