

Inclusion of Shanghai STAR Market to the FTSE China A Index Series Market Consultation – Next Steps

02 October 2020

FTSE Russell would like to thank all index users and stakeholders who responded to the [Inclusion of Shanghai STAR Market Consultation](#). After close consideration of the responses, FTSE Russell would like to announce the following updates:

Periodic Index Reviews:

There was a strong support for the proposal to include STAR Market to the list of eligible market segments in the China A Shares review universe; although it was suggested that December 2020 quarterly review implementation as proposed within the consultation did not provide appropriate notice. Therefore, FTSE Russell would like to announce the following changes which will take effect from the March 2021 Semi-Annual review:

- For indices which reflect the mainland Chinese market that is available to investors via the Qualified Foreign Institutional Investors (QFII), RMB Qualified Foreign Institutional Investors (RQFII) scheme and Stock Connect programmes, STAR Market will be added to the list of Eligible Exchanges and Market Segments. Examples of impacted indexes are as below:
 - o FTSE China A All Cap Index Series (incl. FTSE China A All Cap Free Index)
 - o FTSE China A All-Share Index Series
 - o FTSE Global China A Inclusion Index Series (incl. FTSE Emerging All Cap China A Inclusion Index)
- STAR Market stocks that are constituents of the FTSE China A All Cap Index and are also eligible under the Northbound China Stock Connect Scheme Buy-and-sell list will be considered for inclusion to the FTSE Global Equity Index Series (GEIS) and derived indexes.
- FTSE Russell has considered the feedback received regarding the accessibility and tradability of STAR Market therefore only STAR Market stocks that are constituents of the FTSE China A All Cap Free Index and are also eligible under the Northbound China Stock Connect Scheme Buy-and-sell list will be considered for inclusion to the FTSE China A50 Index and derived indexes such as FTSE Greater China 150 Index.

Updated ground rules incorporating the above changes will be published in due course.

Please refer to the below link for the 34 indicative STAR Market securities that met the eligibility screenings for the FTSE China A All Cap Index Series and FTSE Global China A Index Series as at 30 June 2020:

Indicative Additions

Additions Outside of a Review:

FTSE Russell has noted the continued concerns regarding the accessibility and price volatility of China A Share IPOs immediately following listing. Therefore, FTSE Russell will retain the existing rule whereby China A Share IPOs will be considered for inclusion during the quarterly review cycle only (i.e. STAR Market IPOs will not be considered for fast entry inclusion). FTSE Russell will continue to monitor for developments of the China A Share IPO market and will continue to listen to feedback from index users

and review again if deemed necessary

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