

Index Treatment of Alibaba Group Holding in FTSE Russell Indexes - Update

11 February 2021

Further to the FTSE Russell [notification](#) released on 05 February 2021, and subject to Alibaba Group Holding (P Chip) passing all the eligibility screens, the following notification illustrates how FTSE Russell proposes to implement the conversion from Alibaba Group Holding ADS (N Shares) (China BP41ZD1, NYSE listed) to Alibaba Group Holding (P Chip) (China, BK6YZP5, HK Listed) in conjunction with the March 2021 index reviews*, effective from the open on Monday 22 March 2021.

Within the FTSE Global Equity Index Series (GEIS) and associated market capitalisation weighted indexes* there will be no change in the underlying shares in issue or investability weight for Alibaba for the FTSE GEIS March 2021 semi-annual review. Therefore, the conversion from the Alibaba N Shares (priced in USD) to the Alibaba P Chip (priced in HKD) will be reflected as a market capitalisation neutral event via the utilisation of a temporary line. The temporary line will reflect the HKD difference in the investable market capitalisation of Alibaba N Shares and Alibaba P Chip at market close on Friday 19 March 2021, accounting for the ratio of one N Share equal to eight P Chips and the USD:HKD exchange rate.

For illustration purposes only, if the Alibaba N Shares closing price on 19 March 2021 is USD 265, the Alibaba P Chip closing price on 19 March 2021 is HKD 255 and the USD/HKD 4pm Spot Rate on Friday 19 March 2021 is 7.7524, effective from the open on Monday 22 March 2021, the temporary line will be priced as illustrated in the table below:

Alibaba	Close Price (local)	Shares in Issue	Free Float	USD/HKD FX Rate	ADR Ratio	Investable Market Cap (HKD)
N Shares	USD 265	2,682,723,033	65.544555%	7.7524	8	3,612,388,957.999.50
P Chip	HKD 255	21,461,784,264	65.544555%			3,587,092,902,679.20
Temp Line	HKD 1.79825	21,461,784,264	65.544555%			25,296,055,320.30**

** This simulates the difference in investable market capitalization of Alibaba N Share and Alibaba P Chip based on closing prices on Friday 19 March 2021. Please note this could be a negative value depending upon closing prices on Friday 19 March 2021.

Monday 22 March 2021 (at market open)

- P Chip will replace the N Shares in relevant FTSE Russell indexes*.
- A HKD temporary line which represents the difference in the investable market capitalisation between the Alibaba N Shares and Alibaba P Chip as at the close of 19 March 2021 will be added to the same indexes.
- The HKD temporary line will be held static at this valuation during the HK market trading day.

Monday 22 March 2021 (at market close)

- The HKD temporary line closing price will be set to zero at the HK market close.

Tuesday 23 March 2021 (at market open)

- The HKD temporary line will be deleted from all relevant indexes at zero price.

The temporary line will be reflected in the opening constituent, T+1 and T+5 tracker products that are distributed after market close on Friday 19 March 2021. FTSE Russell will confirm the eligibility of Alibaba Group Holding (P Chip) for FTSE GEIS and associated market capitalisation weighted indexes* on Friday 19 February 2021.

*except in those indexes which already have Alibaba (P Chip) as an existing index constituent such as the FTSE MPF Index Series.

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