



FTSE China A All Cap Index Series

v1.9



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Section 1

Introduction

1.0 Introduction

1.1 FTSE China A All Cap Index Series

1.1.1 The FTSE China A All Cap Index Series is designed to represent the performance of the China A Shares that are available to international and domestic Chinese investors.

1.1.2 The FTSE China A Indexes which are part of this Index Series are incorporated into the FTSE Global China A Inclusion Index Series. The Ground Rules of the FTSE Global China A Inclusion Index Series are available at www.ftserussell.com.

1.1.3 The FTSE China A Stock Connect CNH All Cap Index which is part of this Index Series is incorporated into the FTSE Global Equity Index Series. The Ground Rules of the FTSE Global Equity Index Series are available at www.ftserussell.com.

1.2 The following indexes are included in the FTSE China A All Cap Index Series:

1.2.1 FTSE China A Index

This index comprises the Large and Mid Cap A Share constituents that meet the stated eligibility requirements. The index constituents are weighted by free float and restrictions applied to foreign investors.

1.2.2 FTSE China A All Cap Index

This index comprises the Large, Mid and Small Cap A Share constituents that meet the stated eligibility requirements. The index constituents are weighted by free float and restrictions applied to foreign investors.

Individual Large, Mid and Small Cap Indexes are also calculated.

1.2.3 FTSE China A Sector Indexes

Industry, Supersector, and Sector indexes are calculated for the FTSE China A and FTSE China A All Cap Indexes using the Industry Classification Benchmark (ICB).¹

¹ FTSE indexes will migrate to the new ICB classification system in September 2020.

1.2.4 **FTSE China A Free Indexes**

Free float adjusted versions for each FTSE China A Index included in Rules 1.2.1 to 1.2.3 are calculated that exclude foreign ownership restrictions applied to each index constituent (also see Rule 6.3.2).

1.2.5 **FTSE China A Stock Connect Indexes**

The FTSE China A Stock Connect Indexes have been designed to represent the performance of constituents of the FTSE China A Indexes that are eligible under the Northbound China Stock Connect Scheme Buy-and-Sell list. Two index versions (differentiated by CNH or CNY in the index name) are available with index constituent prices denominated in CNH and CNY, and weighted in the indexes by free float and restrictions applied to foreign investors.

1.2.6 **FTSE China A Innovative Enterprises Indexes**

The FTSE China A Innovative Enterprises Indexes are a combination of large/mid/small cap and sector indexes that measure the performance of companies listed on the Shenzhen Stock Exchange ChiNext market that meet the stated eligibility requirements. The index constituents are weighted by free float and restrictions applied to foreign investors.

1.3 The **FTSE China A All Cap Index Series** is calculated in Renminbi (Chinese Yuan), US Dollars, Euros, UK Pounds Sterling, and Japanese Yen. The FTSE China A Stock Connect Indexes are also calculated in CNH and CNY.

1.4 Price, Total Return and Net of Tax Indexes will be calculated on an end of day basis. The Total Return Index is based on ex dividend adjustments. The Total Return Indexes include income based on ex dividend adjustments. All dividends are applied as declared.

1.5 A series of net of tax Total Return Indexes 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.

The underlying tax rate information is available from FTSE Russell.

1.6 Selected indexes of **FTSE China A All Cap Index Series** are calculated and disseminated on a real time basis.

1.7 **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 MTSNext Limited), Mergent, Inc., FTSE Fixed Income LLC, The Yield Book Inc and Beyond Ratings.

1.8 **Index Objective and Intended Use**

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

1.8.2 FTSE Russell hereby notifies users of the index series 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 series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index series.

1.8.3 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 for any losses, damages, claims and expenses suffered by any person as a result of:

- any reliance on these Ground Rules, and/or
- any errors or 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 errors or inaccuracies in the compilation or any constituent data in the Index.

1.9 **These Ground Rules**

1.9.1 This document sets out the Ground Rules for the construction and maintenance of the FTSE China A All Cap Index Series.

1.9.2 Unless specifically detailed in this document, all areas of the methodology regarding the management of the FTSE China A All Cap Index Series are related to the FTSE Global Equity Index Series and FTSE Global China A Inclusion Index Series Ground Rules. The FTSE China A All Cap Index Series Ground Rules should therefore be read in conjunction with the FTSE Global Equity Index Series and FTSE Global China A Inclusion Index Series Ground Rules. These rules are available on www.ftserussell.com.



Section 2

Management Responsibilities

2.0 Management Responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series.²

2.1.2 FTSE is responsible for the daily calculation, production and operation of the Index Series 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 Series and apply the changes 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 indexes.

2.2 Amendments to these Ground Rules

2.2.1 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 Product Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Equity Indexes, 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 Rules should subsequently be updated to provide greater clarity.

² 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).



Section 3

FTSE Russell Index Policies

3.0 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 indexes are calculated, to facilitate users replication of the indexes in order to support their investment and trading activities and to assist users in understanding the factors which influence the performance of the indexes.

[FTSE Global Equity Index Series 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 Indexes (the Statement of Principles)

Indexes 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 the FTSE Russell Product Governance Board.

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

[Statement of Principles.pdf](#)

3.4 Queries, Complaints and Appeals

A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than ten users of the Indexes from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

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

FTSE Russell's Appeal Process can be accessed using the following link:

[Appeals Against Decisions.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**

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.pdf](#)

3.7 **Recalculation Policy and Guidelines**

3.7.1 The FTSE China A All Cap Index Series are recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE China A All Cap Index Series are 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 Indexes.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](#)



Section 4

Inclusion Criteria

4.0 Inclusion Criteria

- 4.1 The large cap, mid cap and small cap China A Share securities that are selected as the result of the FTSE Global Equity Index Series China Region review constitute the companies in the FTSE China A All Cap Index Series (also see Rule 6.3.2). Please refer to FTSE Global Equity Index Series Ground Rules for further details.



Section 5

Investability Weightings

5.0 Investability Weightings

5.1 Constituents of the FTSE China A Indexes, FTSE China A Innovative Enterprise Indexes, FTSE China A Stock Connect Indexes and FTSE China A Stock Connect Indexes are adjusted for free float and foreign ownership limits.

Constituents of the FTSE China A Free Indexes are adjusted for free float and exclude foreign ownership limits.

Further details on free float restrictions can be accessed using the following link:

[Free Float Restrictions.pdf](#)

For information on free float, and any subsequent adjustments based on foreign ownership restrictions and minimum foreign headroom requirements, please refer to FTSE Global Equity Index Series Ground Rules.



Section 6

Periodic Review of Constituents

6.0 Periodic Review of Constituents

6.1 Index Reviews

6.1.1 The large cap, mid cap and small cap China A share constituents that are selected as the result of the FTSE Global Equity Index Series China Regional review constitute the companies in the FTSE China A All Cap Index Series.

6.1.2 The China A All Cap Index Series is reviewed semi-annually in March and September, based on data as at the close of business on the last business day of December and June. Any constituent changes resulting from the periodic review will be implemented after the close of business on the third Friday (i.e. effective the following Monday) of March and September.

6.2 FTSE China A Stock Connect Indexes

6.2.1 On a quarterly basis in March, June, September and December, using data as at the close of business on the Wednesday before the first Friday of the review month, constituents of the FTSE China A Indexes that are eligible under the Northbound China Stock Connect Scheme Buy-and-Sell list will constitute the FTSE China A Stock Connect Indexes.

6.3 FTSE China A Free Indexes

6.3.1 The FTSE China A Free Indexes will be free float adjusted versions (i.e. excluding foreign ownership adjustments) of the FTSE China A Indexes.

6.3.2 As part of the FTSE Global Equity Index Series China regional review, companies with a free float of 5% or below that exceed 10 times the China region inclusion percentage level by investable market capitalisation will be eligible for inclusion in the FTSE China A Free Indexes.



Section 7

Changes to Constituent Companies

7.0 Changes to Constituent Companies

7.1 New Issues

- 7.1.1 Newly eligible securities, for example a non-constituent moving to an eligible market, will be reviewed for inclusion at the next semi-annual review.
- 7.1.2 Variable and best effort IPOs and direct listing IPOs will be considered for index inclusion at the next index review if, by the review cut-off date, a public disclosure* is available confirming either the actual number of shares sold during the offering or the post IPO shareholder structure. Index inclusion remains subject to meeting all other eligibility criteria. If the number of shares sold during the IPO, or the post IPO shareholder structure, remains unknown on the review cut-off date, the evaluation of the company will be deferred to a subsequent index review.

*A public disclosure is typically by way of a company filing, stock exchange notice or shareholding regulatory announcement.

7.2 Deletions Outside of a Review

- 7.2.1 A constituent will be removed from the FTSE China A Stock Connect Indexes if it is removed from the Northbound China Stock Connect Scheme Buy-and-Sell List. The deletion will be concurrent with the Northbound China Stock Connect Scheme Buy-and-Sell List. Where limited notification has been provided of a change to the Northbound China Stock Connect Scheme Buy-and-Sell List, FTSE Russell will provide notice advising of the timing of the change.

Section 8

Corporate Actions and Events

8.0 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 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.

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 Investability Weightings

8.3.1 Changes to free float for constituent securities are covered in the Corporate Actions and Events Guide.

8.4 Spin-offs

If a constituent company is split and forms two or more companies by issuing new equity to existing shareholders, then the resulting companies may be eligible to continue as constituents in the same indexes within the FTSE Global Equity Index Series as their predecessor company. Where eligible to continue as a constituent, the spin-off entity (entities) will remain in the same indexes as the parent company until the next quarterly review, where subject to there being a minimum 3 month trading record, it will be tested for liquidity as a new issue and be re-ranked or deleted, if below the exit threshold.

For further details please refer to the Corporate Actions and Events Guide.

8.5 **Suspension of Dealing**

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

8.6 **Takeovers, Mergers and Demergers**

The treatment of takeovers, mergers and demergers can be found within the Corporate Actions and Events Guide.

8.7 **Trading Under the Northbound China Stock Connect Scheme Buy-and-Sell List**

China A shares will be removed from FTSE Global Equity Index Series if they are removed from the Northbound China Stock Connect Scheme Buy-and-Sell List. The deletion will be concurrent with the Northbound China Stock Connect Scheme Buy-and-Sell List. Where limited notification has been provided of a change to the Northbound China Stock Connect Scheme Buy-and-Sell List, FTSE Russell will provide notice advising of the timing of the change.



Section 9

Algorithm and Calculation Method

9.0 Algorithm and Calculation Method

9.1 Prices

9.1.1 The FTSE China A All Cap Index Series use actual closing mid-market or last trade prices, where available, for securities with local market quotations. Further details can be accessed using the following link:

[Closing Prices Used For Index Calculation.pdf](#)

9.1.2 Thomson Reuters real time exchange rates are used in the index calculations which are disseminated in real-time. Exchange rates used in the End of Day calculations are WM/Reuters Closing Spot Rates™, at 16:00 UK time (further information on The WM/Reuters Closing Spot Rates service is available from The WM Company).

9.2 Calculation Frequency

9.2.1 See the calculation schedule for the FTSE Global Equity Index Series.

9.3 Algorithm

9.3.1 For details on the Algorithm and calculation methods used for the FTSE China A All Cap Indexes see the FTSE Global Equity Index Series Guide to Calculation Methods.



Appendix A: China Share Descriptions

- 1.0 In determining the full market capitalisation of a company for index ranking purposes, all share classes are included, while only the A shares are included in the index weighting.
- 2.0 **Share Descriptions**
- 2.1 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](#)
- 2.2 The definitions these share classes are reviewed annually in September effective on the same day as the Global Equity Index Series.



Appendix B: Eligible Markets and Sources of Trading

Please note: Source of volume data for all markets is Thomson Reuters.

Asia Pacific ex Japan

Country	Exchange Location	Market Section(s)
China (the People's Republic of China)	Shanghai	Main Board
	Shenzhen*	Main Board, Small and Medium Enterprise Board ChiNext Board

* For the FTSE China A Innovative Enterprises Indexes the market section of ChiNext will comprise the eligible universe.



Appendix C: Index Algorithm & Calculation Method

Please refer to the FTSE Global Equity Index Series Guide to Calculation for details on the algorithms and calculation methods available at www.ftserussell.com.



Appendix D: 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 China A All Cap Index Series and FTSE Global Equity Index Series Ground Rules visit www.ftserussell.com or e-mail info@ftserussell.com. Contact details can also be found on this website.

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