Ground Rules

FTSE Greater China 150 Index
v1.6
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Section 1

Introduction

1.0 Introduction

1.1 This document sets out the Ground Rules for the construction and management of the FTSE Greater China 150 Index. Copies of the Ground Rules are available from www.ftserussell.com.

1.2 The FTSE Greater China 150 Index is designed to represent the performance of the Hong Kong, Taiwan and mainland Chinese markets. The Index will be composed of the constituents of the FTSE China A50 Index, the FTSE Hong Kong 50 Index and the FTSE Taiwan 50 Index.

1.3 The FTSE Greater China 150 Index does not take account of ESG factors in its index design.

1.4 The FTSE Greater China 150 Index is calculated in real-time and published every 15 seconds in US dollars.

1.5 The FTSE Greater China 150 Index is also calculated and published in Hong Kong, New Taiwan and US dollars on an end of day basis.

1.6 The total return index is published at the end of each working day. The total return index includes income based on ex dividend adjustments. All dividends are applied as declared in the FTSE Total Return Index. A net of tax total return index is also calculated.

1.7 Unless contained in these Ground Rules, all other areas of the methodology relating to the FTSE Greater China 150 Index are governed by the Ground Rules of the relevant underlying FTSE Russell Indexes (see Section 4). These Ground Rules should therefore be read in conjunction with the Ground Rules of the relevant underlying FTSE Russell Indexes. These rules are available on www.ftserussell.com.

1.8 FTSE Russell


1.9 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.
1.10 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, 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 of the index or any constituent data.

1.11 These Ground Rules
This document sets out the Ground Rules for the construction and maintenance of the FTSE Greater China 150 Index.
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.¹

2.1.2 FTSE is responsible for the daily calculation, production and operation of the FTSE Greater China 150 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;
- disseminate the index.

2.2 FTSE Russell Asia Pacific Regional Equity Advisory Committee

2.2.1 To assist in the oversight of the indexes FTSE Russell has established the FTSE Russell Asia Pacific Regional Equity Advisory Committee.

2.2.2 The Terms of Reference of the FTSE Russell Asia Pacific Regional Equity Advisory Committees are set out on the FTSE Russell website and can be accessed using the following link:

FTSE_Russell_Asia_Pacific_Regional_Equity_Advisory_Committee.pdf

2.3 Status of these Ground Rules

2.3.1 These Ground Rules set out the methodology and provide information about the publication of the FTSE Greater China 150 Index.

2.4 Amendments to these Ground Rules

2.4.1 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.

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).
if appropriate. The feedback from these consultations will be considered by the FTSE Russell Product Governance Board before approval is granted.

2.4.2 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 Ground Rules should subsequently be updated to provide greater clarity.
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 Statement of Principles for FTSE Russell Equity Indexes (the Statement of Principles)

3.1.1 Indexes need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground 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

3.2 Queries and Complaints

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

Benchmark Determination Complaints Handling Policy.pdf

3.3 Index Policy for Trading Halts and Market Closures

3.3.1 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

3.4 Index Policy in the Event Clients are Unable to Trade a Market

3.4.1 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
3.5 **Recalculation Policy and Guidelines**

3.5.1 The FTSE Greater China 150 Index is recalculated whenever errors or distortions occur that are deemed to be significant. Users of the FTSE Greater China 150 Index 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

3.6 **Policy for Benchmark Methodology Changes**

3.6.1 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

Eligible Securities

4.0 Eligible Securities

4.1 The FTSE Greater China 150 Index is composed of the constituents of the following three indexes:

- FTSE China A50 Index
- FTSE Hong Kong 50 Index
- FTSE Taiwan 50 Index

Each security included in the FTSE Greater China 150 Index will be a current constituent of one of the indexes listed above and its constituents will match exactly the composition of these three indexes.

4.2 The investability weighting of an individual constituent is the same as in the respective underlying index.

4.3 Changes in the constituents of the FTSE Greater China 150 Index will occur as a result of the periodic review of the three indexes mentioned above.
Section 5

Changes to Constituent Companies

5.0 Changes to Constituent Companies

5.1 Constituent changes to the underlying indexes (see Section 4) that are effective outside of the review process are incorporated in the FTSE Greater China 150 Index simultaneously. This ensures that the constituents of the FTSE Greater China 150 Index and the union of the constituents from the underlying three indexes remain identical at all times.

5.2 For further information on the treatment of intra review constituent changes to the underlying indexes please refer to the respective Ground Rules.
Section 6

Index Algorithm and Calculation Method

6.0 Index Algorithm and Calculation Method

6.1 Prices

6.1.1 The FTSE Greater China 150 Index uses actual trade prices for securities with local stock exchange quotations.

6.1.2 The FTSE Greater China 150 Index receives share prices in real time.

6.2 Dividend treatment

6.2.1 The total return index is based on ex dividend adjustments. All dividends are applied as declared in the FTSE Total Return Index.

6.2.2 A net of tax total return Index is 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.

6.2.3 Total return indexes are published at the end of each working day.

6.3 Algorithm

6.3.1 The index algorithm and calculation method are detailed in Appendix C.
Appendix A: Eligible Markets, Exchanges & Exchange Rates

<table>
<thead>
<tr>
<th>Region</th>
<th>Country</th>
<th>Exchange Locations</th>
<th>Market Sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia / Pacific</td>
<td>China (the People’s Republic of China)</td>
<td>Shanghai</td>
<td>Main Board</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shenzhen</td>
<td>Main Board, Small and Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Enterprise Board</td>
</tr>
<tr>
<td>Asia / Pacific</td>
<td>Hong Kong Special Administrative Region of the People’s Republic of China (Hong Kong)</td>
<td>Hong Kong</td>
<td>Total Main Market</td>
</tr>
<tr>
<td>Asia / Pacific</td>
<td>Taiwan</td>
<td>Taipei</td>
<td>Taiwan Stock Exchange</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Taipei Exchange</td>
</tr>
</tbody>
</table>

**Foreign exchange rates**

The foreign exchange rates used in the intra-day calculation of the FTSE Greater China 150 Index are Reuter’s real-time spot rates.

The FTSE Greater China 150 Index is calculated in US dollars for real time calculations, and is calculated in Hong Kong, New Taiwan and US dollars for end of day index values.

The real-time foreign exchange rates are used throughout the period of calculation (see Appendix B). Therefore foreign exchange movements are taken into account in the index calculation for each constituent even though the underlying market for that constituent may be closed.

The WM/Reuters Closing Spot Rates™ are used to calculate the final index levels and are termed the “closing FTSE Greater China 150 Index foreign exchange rates".
## Appendix B: Index and Market Opening and Closing Hours

<table>
<thead>
<tr>
<th>Index</th>
<th>Open</th>
<th>Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTSE Greater China 150 Index</td>
<td>09:00</td>
<td>16:15</td>
</tr>
</tbody>
</table>

Stock Market Trading Times:

- **Hong Kong**
  - Open: 09:30
  - Close: 12:00
  - 13:00
  - Close: 16:00

- **Shanghai**
  - Open: 09:30
  - Close: 11:30
  - 13:00
  - Close: 15:00

- **Shenzhen**
  - Open: 09:30
  - Close: 11:30
  - 13:00
  - Close: 15:00

- **Taiwan**
  - Open: 09:00
  - Close: 13:30

All times are China Standard Time

The FTSE Greater China 150 Index is calculated whenever at least one exchange is trading. The Index will not be calculated on 1 January.
Appendix C: Index Algorithm and Calculation Method

The index is calculated using the algorithm described below.

\[
\sum_{i=1}^{N} \left( p_i \times e_i \times s_i \times f_i \times c_i \right) \div d
\]

Where,

- \( i=1,2,\ldots,N \)
- \( N \) is the number of securities in the index.
- \( p_i \) is the latest trade price of the component security (or the price at the close of the index on the previous day).
- \( e_i \) is the exchange rate required to convert the security’s currency into the index’s base currency.
- \( s_i \) is the number of shares in issue used by FTSE Russell for the security, as defined in these Ground Rules.
- \( f_i \) is the Investability Weighting Factor to be applied to a security to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE Russell for each security in the underlying index.
- \( c_i \) is the Capping Factor to be applied to a security to correctly weight that security in the respective underlying index, expressed as a number between 0 and 1, where 1 represents 100%, i.e. no cap. This factor maps the investable market capitalisation of each stock to a notional market capitalisation for inclusion in the underlying index.
- \( d \) is the divisor, a figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual securities to be made without distorting the index.
Appendix D: Status of Index

The FTSE Greater China 150 Index is calculated in real time and may exist in the following states:

A) Firm

The index is being calculated using trade prices from the relevant local stock exchanges for all constituents during the hours of the Official Index Period (see Appendix B).

The Official Closing Index for the FTSE Greater China 150 Index is the last index value calculated at the end of the firm period.

B) Closed

When the index has ceased all calculations for the day, the message ‘CLOSED’ is displayed against the index value.

C) Held

During the firm period, the index has exceeded pre-set operating parameters and calculation has been suspended pending resolution of the problem. The message ‘HELD’ is displayed against the last index value calculated.

D) Indicative

If there is a system problem or a situation in the market that is judged to be affecting the quality of the constituent prices at any time when the index is being calculated, the index will be declared indicative. The message ‘IND’ will be displayed against the index value.

The official opening and closing hours of the FTSE Greater China 150 Index are set out in Appendix B. Variations to the official hours of the indexes are published by FTSE Russell as appropriate.

The FTSE Greater China 150 Index is calculated whenever at least one market is trading. The index will not be calculated on 1 January.
Appendix E: 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 150 Index visit www.ftserussell.com or e-mail info@ftserussell.com. Contact details can also be found on this website.