



Reclassification of China A Shares to Secondary Emerging Market Status

Implementation Plan

Commencing June 2019
v1.9



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1.0 Transition of China A Shares from Unclassified to Secondary Emerging market status.

The implementation of China A Shares will be based on those China A Share securities available under the Northbound China Stock Connect Scheme Buy-and-Sell-List.

The first phase (“Phase 1”) of the inclusion of China A Shares to Secondary Emerging market status within the FTSE Global Equity Index Series (GEIS) will be conducted in three tranches. Phase 1 will commence in conjunction with the FTSE GEIS June 2019 quarterly review and be completed in conjunction with the March 2020 semi-annual review.

After each tranche, FTSE Russell will evaluate the ability of index trackers to replicate the benchmark change prior to commencing the next tranche. The initial inclusion of China A Shares will be based on 25% of each security’s investability weight, implemented in the following proportions:

Phase 1	Tranche One	Tranche Two	Tranche Three
Review Schedule	June 2019	September 2019	March 2020
Effective Date	Open Monday 24 June 2019	Open Monday 23 September 2019	Open Monday 23 March 2020
Proportion	20%	40%	40%

The table below illustrates the number of Large, Mid, Small and Micro Cap constituents added to FTSE GEIS effective from the open on Monday, 24 June 2019

Monday, 24 June 2019	Large Cap	Mid Cap	Small Cap	Micro Cap	Total
China A Shares	288	395	322	6	1,011

The China A Shares index eligibility universe for FTSE GEIS will be based on the FTSE China A Stock Connect CNH All Cap Index. China A Shares will be priced in CNH currency (offshore Chinese Yuan Renminbi) in FTSE GEIS.

The FTSE China A Stock Connect CNH All Cap Index which prices securities in CNH currency (offshore Chinese Yuan Renminbi) was launched on Monday, 24 June 2019. The FTSE China A Stock Connect All Cap Index which prices securities in CNY currency (onshore Chinese Yuan Renminbi) is live.

The official foreign ownership limit (FOL) for China A Share securities is 30%, however once foreign ownership holding reaches 28% no further foreign purchases are permitted. Therefore in accordance with the ‘Foreign Ownership Restrictions and Minimum Foreign Headroom Requirement’ rule

[Minimum Foreign Headroom Guide](#)), China A Shares will be added to FTSE GEIS based on a foreign ownership limit of 28% and the FOL of China A Shares in the FTSE China Inclusion Indexes will also reflect a FOL of 28% in conjunction with the June review.

2.0 What percentage of China A Shares will be added to FTSE GEIS?

Phase 1 of the inclusion of China A Shares will be based on 25% of each security's investability weight.

For illustration purposes, if a security has an investability weight of 28%, and an investable market capitalization of USD 20bn it will be added to the FTSE Global All Cap Index with a investability weight of 7.0% ($28\% * 25\% = 7.0\%$) and an investable market capitalization of USD 5bn ($20bn * 25\% = 5bn$) over three tranches.

Phase 1	Tranche One	Tranche Two	Tranche Three
Review Schedule	June 2019	September 2019	March 2020
Proportion	20%	40%	40%
Company A Share investability weight added	1.4%	2.8%	2.8%
Investable market cap	USD 1bn	USD 2bn	USD 2bn
Inclusion Factor	5%	15%	25%
Total Investability weight	1.4%	4.2%	7.0%
Total Investable market cap	USD 1bn	USD 3bn	USD 5bn

3.0 Why are China A Shares being added at 25% of their respective investability weight?

China A Shares are being added at 25% of their respective investability weight in the light of the anticipated inflows and the demonstrated capacity of Stock Connect and the Chinese Yuan Renminbi (CNH) offshore currency.

4.0 Why is the third tranche being delayed until March 2020 and not being implemented in December 2019?

The December 2019 quarterly review is effective from the open on Monday, 23 December 2019.

To ensure there is sufficient liquidity in both the equity and currency markets around the holiday period, the third tranche is delayed until March 2020.

To avoid unnecessary trading in Saudi Arabia constituents, the final tranche for Saudi Arabia's inclusion into FTSE GEIS will also be delayed from December 2019 to March 2020.

5.0 FTSE Russell is including China A Share securities that are available under the Northbound China Stock Connect Scheme Buy-and-Sell-List. How can these securities be traded by international investors?

Stock Connect is a program that links the Hong Kong Stock Exchange to the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Stock Connect permits international investors access to the China A Share market using brokerage accounts in Hong Kong and without the requirement of obtaining a Qualified Foreign Institutional Investor (QFII) or a Renminbi Qualified Foreign Institutional Investor (RQFII) license.

Trading can be conducted by pre-funding and/or opening a Special Segregated Account (SPSA) that provides Delivery-versus-Payment (DvP).

The Hong Kong Exchanges and Clearing Limited (HKEx) has advised international investors to submit their SPSA maintenance forms by Thursday, 6 June 2019 to ensure the set-up of new SPSA accounts in advance of China A Share inclusion into FTSE GEIS effective from the open on Monday, 24 June 2019.

6.0 Which China A Shares constituents will be included in the FTSE Global All Cap Index?

The constituents of the FTSE China A Stock Connect CNH All Cap Index will be used as the underlying universe for screening China A Shares for FTSE GEIS.

7.0 What is the FTSE China A Stock Connect CNH All Cap Index?

The FTSE China A Stock Connect CNH All Cap Index reflects the China A Shares eligible under the Northbound China Stock Connect Scheme Buy-and-Sell-List. The FTSE China A Stock Connect CNH All Cap index is a subset of the FTSE China A All Cap index that is reviewed semi-annually in March and September as part of the FTSE GEIS China regional review.

The FTSE China A Stock Connect CNH All Cap index is scheduled to be launched during Q2 2019. The constituents will be identical to those in the FTSE Stock Connect All Cap Index but priced in CNH.

8.0 Will China A Shares be reviewed as part of the Asia Pacific ex Japan regional review?

Effective from the March 2019 FTSE GEIS semi-annual review, the various China Share classes (including China A shares) will be reviewed as a standalone region. Therefore, markets in the Asia Pacific region will be reviewed as follows:

- Asia Pacific ex China ex Japan
- China – including the following Share classes: A, B, H, N Share, P, Red and S Chip
- Japan

As part of the China regional review, China A Shares that pass the index inclusion screens and that are eligible under the Northbound China Stock Connect Scheme Buy-and-Sell list will be included in the FTSE China A Stock Connect CNH All Cap index and will be added to the FTSE Global All Cap from June 2019, subject to them continuing to be available on the Stock Connect program.

9.0 Why are FTSE Russell reviewing China outside of the Asia Pacific ex Japan region?

FTSE Russell is reviewing China outside of the Asia Pacific ex Japan region due to its size and impact (including historical volatility) that the mainland Chinese market would have on other companies as part of the review process.

The Chinese equity market is the second largest equity market in the world and if included in the Asia Pacific ex Japan regional universe would account for over 50% of the review weight (54% at the September 2018 review). Reviewing China as part of the Asia Pacific ex Japan region would cause a significant impact on the existing regional review constituents and cut-off levels.

10.0 How will China A Share securities be screened for index eligibility? Will they be treated as current index constituents or non-constituents?

China A Share securities which are constituents of the FTSE China A All Cap index (a component of the FTSE Global China A Inclusion Indexes) as at the March 2019 cut-off date (Monday, 31 December 2018) will be screened as index constituents for the size eligibility screens.

All other China A Share securities, which are not constituents of the FTSE China A All Cap Index will be treated as non-constituents for the size eligibility screens. For liquidity screening see Question 18.

FTSE Global All Cap Index eligibility, will be based on the FTSE China A All Cap securities which are available via the Northbound China Stock Connect Scheme Buy-and-Sell List.

11.0 How will Chinese multiple lines be treated within the China regional review?

As with other countries, different listed Chinese share classes (A*, B and H) will be combined to form a full company market capitalization and this company market capitalisation is used for ranking purposes throughout the review process. Companies as a whole, rather than individual securities are assigned to Large, Mid or Small Cap tiers.

Index constituent eligibility screens, such as liquidity, investability weight and trading screening are conducted at a security level.

* Total A Shares = Tradable A Shares + Non-Tradeable A Shares + Non-negotiable Shares

12.0 When will the indicative list of China A Share securities which are eligible for inclusion to FTSE GEIS from June 2019 be published?

The initial indicative list of China A Share securities eligible for inclusion to FTSE GEIS from June 2019 was reflected in the FTSE Watch List Index products from Monday, 18 March 2019. The final list of China A Share securities that will be added to FTSE GEIS in conjunction with the June 2019 review was published from Friday, 24 May 2019 subject to them continuing to be available under the Northbound China Stock Connect Scheme Buy-and-Sell List and not being flagged by the local stock exchanges as approaching their foreign ownership limit or being suspended from trading

13.0 What are the index review cut-off levels for China as a standalone region and for the Asia Pacific ex China ex Japan region?

The tables below illustrate the market capitalization threshold levels (USD millions) used for the June 2019 FTSE GEIS review based on a cut-off date of Monday, 31 December 2018, index adjusted to 10 May 2019

Gross Market Cap Inclusion and Exclusion Levels (USD m)

	68% - Large Cap Inclusion	72% - Large Cap Exclusion	86% - Mid Cap Inclusion	92% - Mid Cap Exclusion	98% - Small Cap Inclusion	101% Small Cap Exclusion
Asia Pacific ex China ex Japan	4,466.75	3,577.79	2,777.58**	537.23	169.60	55.10
* China	4,378.41	3,530.61	3,549.41***	811.76	469.74	291.95

* China A, B, H, N Share, P, Red and S Chip

**0.04% of All-World Asia Pacific ex China ex Japan Gross Market Cap

***0.04% of All-World China Gross Market Cap

Investable Market Cap Inclusion and Exclusion Levels

	Inclusion Level		Exclusion Level	
	Regional Small Cap %	Inv. Mkt Cap (USD m)	Regional Small Cap %	Inv. Mkt Cap (USD m)
Asia Pacific ex China ex Japan	0.05%	291.45	0.01%	58.29
* China	0.1%	361.76	0.02%	72.35

* China A, B, H, N Share, P, Red and S Chip

FTSE Global Equity Index Series June 2019 Quarterly Inclusion Levels: [\(June 2019 Inclusion Levels\)](#)

14.0 What is the impact on constituents of reviewing China as a standalone region?

The table below illustrates the index constituent count for Asia Pacific ex Japan as of the 24 December 2018, and the index constituent count of Asia Pacific ex China ex Japan and China as a standalone region based on the cut-off levels detailed in Question 13.

	*Asia Pacific ex Japan	**China (as a component of Asia Pacific ex Japan)	***Asia Pacific ex China ex Japan	China (ex A) ****	***** China A	***** Total China
Large Cap	526	162	427	184	288	472
Mid Cap	467	113	339	91	395	486
Small Cap	1,444	198	1,257	181	322	503
Total	2,437	473	2,023	456	1,005	1,461

*Asia Pacific ex Japan - FTSE Global All Cap as of 24 December 2018 (December quarterly review)

**China B, H, N Share, P, Red and S Chip – FTSE Global All Cap (24 December 2018)

***Asia Pacific ex China ex Japan – FTSE Global All Cap as of open on 24 June 2019 (June quarterly review)

****China B, H, N Share, P, Red and S Chip – FTSE Global All Cap (as of open on 24 June 2019)

***** China A additions from June 2019 – FTSE Global All Cap Index (as of open 24 June 2019)

***** China A, B, H, N Share, P, Red and S Chip – FTSE Global All Cap Index (as of open 24 June 2019)

15.0 What are the projected weights of China in FTSE Global All Cap and FTSE Emerging All Cap indexes following the completion of Phase 1 of the China A Share inclusion program?

The table below illustrates the weight in index of China (ex A Shares) based on prices and index constituents as of 21 June 2019 compared to the projected weight in index of China A Shares and Total China post Phase 1 implementation based on prices as of close on 21 June 2019.

	Global All Cap	Emerging All Cap	All World	Emerging
China ex A Shares*	3.07%	31.00%	3.27%	32.45%
China A**	0.58%	5.43%	0.59%	5.36%
China***	3.71%	34.55%	3.93%	35.83%

*Weight of China (B, H, N, P, Red and S) based on prices and index constituents as of close on 21 June 2019

**Projected weight of China A Share as of March 2020 reflecting the Country Classification change for Saudi Arabia (EM) and based on a China A Share foreign ownership limit of 28%

***Projected weight of China A, B, H, N Share, P, Red and S Chip as of March 2020

16.0 When will FTSE Russell publish the FTSE GEIS, June 2019 quarterly review results?

The provisional June 2019 quarterly review changes for FTSE GEIS was published on Friday, 24 May 2019. The list of additions will be locked down from Monday, 10 June 2019 subject to the additions continuing to be available under the Northbound China Stock Connect Scheme Buy-and-Sell List and not being flagged by the local stock exchanges as approaching the foreign ownership limit or being suspended from trading.

17.0 What is the cut-off date for selecting China A Shares to FTSE GEIS at the June 2019 quarterly review?

Thursday, 23 May 2019 is the cut-off date for selecting new additions to FTSE GEIS that are eligible under the Northbound China Stock Connect Scheme Buy-and-Sell list as part of the June 2019 quarterly review.

18.0 Which liquidity thresholds will China A Shares be assessed against?

Constituents will be tested for liquidity at the March 2019 review. Current index constituents of the FTSE China A All Cap Index will require median daily trading volume per month of at least 0.04% of the shares in issue (after the application of any investability weight weightings, see Q 19) for at least eight out of twelve months prior to a full market review.

China A Share securities which are not constituents of the FTSE China A All Cap index at the March 2019 review will be tested as non-constituents and will require median daily trading volume per month of at least 0.05% of the shares in issue (after the application of any investability weight weightings) for at least ten out of twelve months.

Additionally, all securities will be screened as part of a new trading eligibility rule (Rule 6.5 in the FTSE GEIS ground rules: [Ground Rules](#)).

Securities that have not traded on 60 or more trading days in the preceding 12 months will be ineligible for index inclusion. The new rule was implemented in conjunction with the March 2019 FTSE GEIS semi-annual review.

FTSE Global All Cap Index eligibility, will be based on the FTSE China A All Cap securities which are available via the Northbound China Stock Connect Scheme Buy-and-Sell List.

19.0 What investability weight will be used to conduct the liquidity screen?

When testing liquidity, 100% (not 25%) of the investability weight will be used for the calculation. For example, if a security has an investability weight of 28%, as at the last date in the testing period, it will be tested for liquidity at its 28% investability weight (and not 7.0%).

20.0 How will Initial Public Offerings (IPO) via Stock Connect – be treated?

Foreign investors are currently not permitted to participate in China A Share Initial Public Offerings (IPO) available via the Stock Connect program and hence China A Shares will not be assessed for fast entry.

IPOs will be assessed for index eligibility at a subsequent quarterly or semi-annual review. An IPO eligible for inclusion at a quarterly/semi-annual review will be added to FTSE GEIS based on the same tranche factor as existing China A Share index constituents in FTSE GEIS.

21.0 Will China A Share securities be tested for foreign headroom?

China A Share securities will be screened for foreign headroom. Please refer to the FTSE GEIS ground rules for additional details. If any of the China A Share securities which are projected to be added to FTSE GEIS from June 2019 are flagged by the local stock exchanges as either in breach of or approaching their foreign ownership limit, those securities will not be added to FTSE GEIS from June 2019. As of Monday, 18 March 2019 the following China A Share securities have been flagged as either being in breach of or approaching their foreign ownership limit and hence will not be added to FTSE GEIS from June 2019:

- Han's Laser Technology (A) (Local Code, 002008)
- Midea Group (A) (Local Code, 000333)

Following the June 2019 inclusion of China A Share to FTSE GEIS, any FTSE GEIS China A Share constituent that is in breach of the minimum headroom requirement will have a headroom adjustment applied to its investability weight. Its scheduled inclusion factor increase will proceed. The table below illustrates the increase in the investability weight of two China A Share securities during Phase 1. Security 1 does not experience any headroom issues during Phase 1. Security 2 experiences headroom issues at the September 2019 tranche.

Implementation Schedule	China A Share security 1	China A Share security 2	Notes
June 2019	$28\% \times 0.05 = 1.4\%$	$28\% \times 0.05 = 1.4\%$	Security 1 and 2 do not experience a headroom issues
September 2019	$28\% \times 0.15 = 4.2\%$	$18\% \times 0.15 = 2.7\%$	Security 2 experiences headroom issues. FOL is reduced but factor increase proceeds
March 2020	$28\% \times 0.25 = 7.0\%$	$18\% \times 0.25 = 4.5\%$	Security 1 and 2 do not experience any headroom issues

Please refer to the Foreign Ownership Restrictions and Minimum Foreign Headroom Policy Guide: [\(Minimum Headroom Requirement Rule\)](#)

22.0 What will be the treatment of China A Share securities which are added to FTSE GEIS from June 2019, but which fail index eligibility at a subsequent review?

If a partially added China A Share security fails index eligibility, it will be deleted in accordance with the index methodology and subsequent quarterly tranches of the security will not be implemented.

23.0 What happens if the China A Share security is no-longer available to foreign investors via Stock Connect?

If a China A Shares security is added to FTSE GEIS and is subsequently removed from the list of securities available via Stock Connect, the security will be deleted from FTSE GEIS with the provision of a T+2 notification.

24.0 What will be the index treatment of corporate actions and events on days when the Stock Connect program is closed?

Within FTSE GEIS, the implementation of corporate actions and index review changes will continue to proceed in conjunction with their effective dates on days that the Stock Connect program is closed. For index reviews, this means after the close of business on the third Friday in March, June, September and December (i.e. effective the following Monday).

25.0 How will the weight of China A Shares within FTSE GEIS be increased following the completion of Phase 1?

Decisions concerning future increases in the weight of China A Shares within FTSE GEIS will be dependent on (but not limited to) developments with respect the following factors.

If constituents accessible only through QFII and RQFII are to be included:

- Increase in the aggregate QFII and RQFII quota levels
- Availability of Delivery versus Payment (DvP) Via QFII and RQFII
- Increase in the foreign ownership restriction from the current hard limit of 28%

If constituents accessible through Stock Connect are to be included at increased investability weights:

- Increase in the breadth of Stock Connect coverage
- Increase in the foreign ownership restriction from the current hard limit of 28%
- The availability of CNH and/or the provision of a CNY funding channel

Subject to the continuing opening up of the various access channels for China A constituents, the ultimate objective is the inclusion of China A Shares at their full investability weight

26.0 How will any future reclassification of China be managed?

As a result of the reclassification of China A Shares to Secondary Emerging market status the following China equity classes will be classified as Secondary Emerging – A, B, H, N Share, P, Red and S Chip.

Subject to foreign investors continuing to have accessibility to all the China equity classes, and future reclassification of the Chinese market will be implemented based on all the eligible equity classes being treated as a single market and not as individual equity classes.

27.0 When will China A Shares be eligible for derived (including Partnership) and custom indexes which are based on a FTSE GEIS universe?

The future index eligibility of China A Shares for the FTSE RAFI, FTSE RAFI QSR and Russell RAFI Index Series will be assessed as part of the 2020 annual review process.

China A Shares will be added to FTSE Global Equity Index Series (GEIS) derived indexes as per announced timetable ([Derived Indexes Timetable](#)). The inclusion factor at which China A and Saudi Arabia will be added to the derived indexes will be aligned with the inclusion factors assigned in FTSE GEIS at that point in time.

Derived Cap Weighted Indexes

Once China A Shares have been added to the cap weighted derived indexes any further inclusion factor changes to China A Shares in FTSE GEIS will be mirrored in the cap weighted derived indexes irrespective of whether a review is scheduled for those derived indexes. For example, if China A Shares are being added to a derived index from September 2019 the eligible China A Share securities will be added with an inclusion factor of 15% with the remaining 10% being added in March 2020 (see Question 2).

Derived Non-Cap Weighted Indexes

Once China A Shares have been added to the non-cap weighted derived indexes any further inclusion factor changes to China A Shares in FTSE GEIS will be reflected in the non-cap weighted derived indexes at the next scheduled derived index review.

Custom index clients can contact FTSE Russell info@ftserussell.com for details regarding their custom indexes.

28.0 What will happen to the existing FTSE Global China A Inclusion Indexes?

The existing FTSE Global China A Inclusion Indexes will continue to be calculated and managed in conjunction with the existing rules and are suitable for investors who are using the QFII and RQFII access routes. The inclusion indexes provide all investors with an indication of the number of constituents and index weight when all China A Shares are eligible for trading under the Northbound China Stock Connect Scheme Buy-and-Sell list. The “no Quota” version of these indexes provides an indication of China A shares weights in FTSE global indexes at their full investability weight, i.e. the full weight when all future phases are complete. The “Inclusion” version of these indexes from March 2020 will follow the same inclusion process as FTSE GEIS, with the only difference being that the index will have a broader number of China A Shares included – taken from the FTSE China A All Cap Index. (see Question 29)

29.0 How will the current inclusion factor of China A Shares in the FTSE Global China A Inclusion Indexes be aligned with the inclusion factor of China A Shares in FTSE GEIS by March 2020?

FTSE Russell will use the FTSE Global China A inclusion factor as of close on Wednesday, 5 June 2019 to commence aligning the inclusion factors in FTSE GEIS and the FTSE Global China A Inclusion Index. The inclusion factor as of close on Wednesday, 5 June 2019 was 0.157488.

The below table illustrates how this inclusion factor of 15.7488% will be aligned to 25% by March 2020 using the same Phase 1 three Tranche approach being implemented in FTSE GEIS

In conjunction with the current FTSE Global China A Inclusion index methodology the inclusion factor will continue be updated between Monday, 18 March 2019 and Friday, 21 June 2019 for corporate actions.

From the June 2019 review the FTSE Global China A Inclusion Indexes will no longer update the China A Inclusion quota adjustment factor for corporate actions as outlined in Section 7 of the index rules (version 2.3).

Future updates in the weight of China A shares following the March 2020 review will be aligned with the approach and schedule of FTSE GEIS (see Question 25).

Phase 1	Tranche One	Tranche Two	Tranche Three
Review Schedule	June 2019	September 2019	March 2020
Proportion	20%	40%	40%
Inclusion factor for China A Shares in FTSE GEIS	5%	15%	25%
Inclusion factor China A Shares in 'Inclusion' Index (based on an initial Inclusion Factor of 15.7394% as of 18 March 2019)	17.5990%	21.2995%	25%

30.0 Which indicative Watch List (pro-forma) indexes will be available to assist with the transition of China A into FTSE GEIS?

The following Watch List indexes are available and reflect the Phase 1 inclusion of China A into FTSE GEIS:

- FTSE China All Cap Incl China A March 2020 Index
- FTSE Emerging All Cap Incl China A & Saudi Arabia March 2020 Index
- FTSE Emerging Incl China A & Saudi Arabia March 2020 Index
- FTSE All-World Incl China A & Saudi Arabia March 2020 Index
- FTSE Global All Cap Incl China A & Saudi Arabia March 2020 Index

The FTSE Watch List Indexes Constituent Services end-of-day product code is FWLCddmm.csv

31.0 Will Petrochina (A) be eligible for inclusion in FTSE GEIS?

Petrochina (A) was assessed for eligibility for inclusion in FTSE GEIS at the March 2019 semi-annual review in the same way as every other security.

Based on its free float of 2.5% (as 31 December 2018), Petrochina (A) was not eligible for inclusion in FTSE GEIS which will continue to retain a minimum free float requirement for constituents of 5%.

Petrochina (A) continues to be eligible for inclusion in the FTSE China A50 index in accordance with ground rule 4.4.2: ([FTSE China A50 Index Ground Rules](#))

Ground Rule 4.4.2 allows companies with free floats lower than 5% to be included provided they exceed 10 times the China region inclusion percentage level by investable market capitalization.

32.0 How will China A Share constituents be aligned across FTSE Russell Indexes?

To ensure consistency and alignment in the management of China A Share securities within FTSE Russell indexes the following steps will be implemented by September 2019:

Treatment of stocks that are either suspended or subject to breach of price limit

China A Shares (available via the Northbound China Stock Connect Scheme Buy-and-Sell List) that are current constituents of the FTSE China A All Cap Index but are either suspended from trading or subject to the breach of price limit in advance of the June 2019 review will not be added to the FTSE Global Equity Index Series (GEIS) in conjunction with the June 2019 quarterly review. The following China A Share securities were suspended in advance of the June review and were not added:

- Boya Bio Pharmaceuticals Group (A) (Local Code, 300294)
- Hengtong Optic-Electric (A) (Local Code, 600487)
- Hubei Dinglong Chemical (A) (Local Code, 300054)
- Wonders Information (A) (Local Code, 300168)
- Xinjiang Tianye (A) (Local Code, 600075)

If the suspended China A Share securities resume regular trading following the June review they will be added to FTSE GEIS in conjunction with the September 2019 semi-annual review with an inclusion factor of 15% (China A Share tranche 2 inclusion factor).

If the suspended China A Share securities do not resume trading, they will be deleted from the FTSE China A All Cap index in conjunction with the September 2019 semi-annual review.

Treatment of stocks that failed headroom

Han's Laser Technology (A) (Local Code, 002008) and Midea Group (A) (Local Code, 000333) failed the FTSE Russell minimum headroom requirement screen in March 2019 (see Question 21).

If both these securities pass the minimum headroom requirement screen in advance of the FTSE GEIS September 2019 semi-annual review, they will be added to FTSE GEIS with an inclusion factor of 15%.

If either of the securities fail the minimum headroom requirement screen in advance of the FTSE GEIS September 2019 semi-annual review, they will be deleted from the FTSE China A All Cap index in conjunction with the September review.

Treatment of stocks with different Large, Mid and Small size segments

The following securities will have different Large, Mid and Small size segments between FTSE GEIS and FTSE China A All Cap Index as of June 2019 due to the timing of their respective index review schedules. The size segments will be aligned in conjunction with the September 2019 reviews.

- China Shipping Container Lines (A) (Local Code, 601866)
- Guangshen Railway (A) (Local Code, 601333)
- Hisense Kelon Electrical Holdings (A) (Local Code, 000921)

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