

## Treatment of China A Share September 2021 Index Review Implementation – Stock Connect Holiday – Next Steps

27 August 2021

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Further to the 'Stock Connect Holiday Update' [notification](#) published on 20 August 2021, FTSE Russell would like to thank all index users and stakeholders who responded to the 'Treatment of China A Share September 2021 Index Review Implementation - Stock Connect Holiday [notification](#)'. This latter notification sought feedback on the proposal to implement the China A Share index review changes for the September 2021 review (effective from the open on Monday 20 September 2021) based on China A Share closing prices as of Thursday 16 September. The proposal was necessitated by the closure of the Northbound Stock Connect Scheme Buy-and-Sell List route on Friday 17 September 2021.

After careful consideration of the feedback and a detailed assessment of the implications of proceeding with the previously announced proposal, along with an investigation of other plausible alternatives to assist all index users in their ability to replicate the underlying benchmark changes, FTSE Russell has determined that it will proceed with the following implementation treatment:

### **FTSE Global Equity Index Series (GEIS), the FTSE Global China A Inclusion indices and associated indices.**

The implementation of the China A Share index changes for the September 2021 index review will be effective from the open on **Monday 20 September 2021**, based on the China A Share closing prices as of **Thursday 16 September 2021**.

In order to facilitate this implementation, the China A Share stock prices for Friday 17 September 2021 will remain unchanged within the relevant FTSE Russell indices. The official closing prices for China A Shares stocks for Friday 17 September will be reflected in FTSE Russell indices from Monday 20 September 2021. Real time stock price updates will resume when the China A Share market reopens on Wednesday 22 September 2021.

### **FTSE China A50 Index (including the net of tax version)**

The implementation of the index review changes for the FTSE China A50 Index for the September 2021 index review will be effective from the open on **Friday 17 September 2021**, based on closing prices as of **Thursday 16 September 2021**. Index review changes for the FTSE China A50 Index will be announced on Wednesday 1 September 2021.

The FTSE China A50 Index will be calculated on a real-time basis on Friday 17 September 2021 as the underlying index constituents are listed on the two mainland Chinese stock exchanges, which remain open for trading on Friday 17 September 2021.

The rationale for bringing the index review for the FTSE China A50 Index forward by one trading day, is that the majority of index users utilise the Northbound Stock Connect Scheme to replicate changes to the benchmark. Therefore, as the Northbound Stock Connect Scheme is closed on Friday 17 September 2021, index users would not be able to replicate the benchmark changes that become effective from the open on Monday 20 September 2021.

Note, the timing advancement of the index changes for the FTSE China A50 Index should be viewed as a particular treatment in line with the FTSE Russell Statement of Principles. It is necessitated by the unique circumstances of the Northbound Stock Connect Scheme being closed on an index review trade date, whilst the China mainland stock exchanges are open. Consequently, this treatment should not be seen to set a precedent for other events where markets are closed on an index review trade date.

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