

# FTSE China A Bluechip Value 100 Index

v1.5



**FTSE  
RUSSELL**

An LSEG Business

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## Section 1

# Introduction

## 1. Introduction

- 1.1 The FTSE China A Bluechip Value 100 Index is designed to represent the performance of the 100 value constituents of the FTSE China A 200 Index.
- 1.2 The FTSE China A Bluechip Value 100 Index includes companies that trade on the Shanghai and Shenzhen stock exchanges.
- 1.3 The FTSE China A Bluechip Value 100 Index is calculated in Renminbi (CNY) for real time calculations, and is calculated in Renminbi (CNY), Hong Kong dollars and US dollars for end of day index values.
- 1.4 These rules should be read in conjunction with the FTSE China A Index Series Ground Rules available from [www.ftserussell.com](http://www.ftserussell.com).
- 1.5 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 FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.
- 1.5.1 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.
- 1.5.2 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 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 inaccuracies in the compilation or any constituent data in the Index.

## Section 2

# Management responsibilities

## 2. Management responsibilities

### 2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series<sup>1</sup>.

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 indices.

### 2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) 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 Index Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Equity Indices, 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.

<sup>1</sup> 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) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

## Section 3

# FTSE Russell index policies

## 3. 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 Corporate Actions and Events Guide

3.1.1 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](#)

### 3.2 Statement of Principles for FTSE Russell Equity Indices (the Statement of Principles)

Indices 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 Index Governance Board.

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

[Statement of Principles.pdf](#)

### 3.3 Queries and Complaints

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

### 3.4 Index Policy for Trading Halts and Market Closures

3.4.1 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](#)

### 3.5 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.5.1 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 or a Security.pdf](#)

### 3.6 Recalculation Policy and Guidelines

3.6.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index Recalculation Guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE China A Bluechip Value 100 Index will be 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](mailto:info@ftserussell.com).

[Recalculation Policy and Guidelines Equity Indices.pdf](#)

### **3.7 Policy for Benchmark Methodology Changes**

3.7.1 Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

### **3.8 FTSE Russell Governance Framework**

To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks<sup>2</sup>, the European benchmark regulation<sup>3</sup> and the UK benchmark regulation<sup>4</sup>. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

### **3.9 Real Time Status Definitions**

3.9.1 Please refer to the following guide for details of real time status definitions for indices which are calculated in real time.

[Real Time Status Definitions.pdf](#)

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<sup>2</sup> IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013

<sup>3</sup> 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

<sup>4</sup> The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019

## Section 4

# Review of constituents

## 4. Review of constituents

### 4.1 Review dates

4.1.1 The FTSE China A Bluechip Value 100 Index is reviewed semi-annually in June and December using data from the close of business on the Monday following the third Friday in May and November. Where there is a market holiday in either China or Hong Kong on the Monday following the third Friday, the close of business on the last trading day prior to the Monday after the third Friday, where both markets are open, will be used. Any constituent changes will be implemented on the next trading day following the third Friday of the same month.

4.1.2 All the relevant changes arising from the review of the FTSE China A Index Series will be applied to the FTSE China A Bluechip Value 100 Index.

### 4.2 Review process

4.2.1 At review the universe will comprise of constituents from the FTSE China A 600 Index.

4.2.2 For each company in the FTSE China A 600 Index the following four value measures are determined:

#### **Book to Price**

Book to Price is a company's common/ordinary equity capital divided by the company's full market capitalisation at the review date. If an A line company has an H or B line, the market cap of the other line will be aggregated with that of the A line market cap to derive the company's full market capitalisation. Common/ordinary equity is generally as reported.

#### **Sales to Price**

Sales to Price is a company's annual sales value divided by the company's full market capitalisation at the review date. The Sales figure used is the Major Business Revenue (主营业务收入) in the Profit and Loss Account of the company's annual report.

#### **Dividend Yield**

Dividend Yield reflects the dividend declared per share and/or paid for the security in question, divided by the share price. It is based on the "gross" dividend of a security. Dividend per share (红利比) as published by the company is used.

### Cash Flow to Price

Cash Flow to Price is generally a company's Cash Flow for the year divided by the full market capitalisation of the company at the review date. The Cash Flow used is Cash Flow from Operation (经营活动产生的现金流量净额).

4.2.3 The FTSE China A 600 Index constituents are grouped into their associated Industry Classification Benchmark (ICB) Supersector. For further details on the Industry Classification Benchmark please visit <http://www.ftse.com/products/indices/ICB>

4.2.4 The following standardisation process is carried out for each company within its associated ICB Supersector:

For the value measure  $X_i$ ,

$$\text{STANDARDISED } (X_i) = \frac{(X_i - \bar{X})}{\sigma(X)}$$

Where:

$X_i$  = the  $X$  value measure of stock  $i$ ;

$\bar{X}$  = the mean indicator  $X$  figure of the super sector in which the stock  $i$  is classified;

$\sigma(X)$  = the standard deviation of  $X$  figure for the ICB Supersector in which stock  $i$  is Classified.

4.2.5 Constituents that have a negative book value are not included in the standardisation process.

4.2.6 A value score for each company is calculated by summing the four standardised value measures.

4.2.7 After determining the value score for each company in the FTSE China A 600 Index the constituents of the FTSE China A 200 Index are selected as the constituent pool of FTSE China A Bluechip Value 100 Index.

4.2.8 According to the review result of the FTSE China A 200 Index, constituents are ranked by their market capitalisation in descending order, and the top 30 stocks will be treated as eligible in the FTSE China A Bluechip Value 100 Index.

4.2.9 Rank the companies in the constituents pool by their value score and then group the companies in the constituents pool by ICB Supersector. Select the top value score rank company of the same ICB Super Sector as eligible in the FTSE China A Bluechip Value 100 Index, until the number of eligible stocks in the same ICB Supersector = INT(the stock number of the same ICB Supersector/2).

4.2.10 After Rules 2.2.8 & 2.2.9, if the number of eligible companies is less than 100, then rank the ineligible stocks in the constituents pool by value score in descending order, treat the top stock as eligible in FTSE China A Bluechip Value 100 Index, until the number of the FTSE China A Bluechip Value 100 Index constituents equals to 100.

4.2.11 After Rules 2.2.8 & 2.2.9, if the number of eligible companies is more than 100, then rank the eligible stocks by market capitalisation in descending order, delete the bottom stocks, until the number of the FTSE China A Bluechip Value 100 Index constituents equals to 100



## Section 5

# Changes to constituent companies

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## 5. Periodic review of constituents

### 5.1 Removal and replacement

- 5.1.1 If a constituent is deleted from the FTSE China A 600 Index it will also be deleted from the FTSE China A Bluechip Value 100 Index. Please note this may result in less than 100 companies being included in the FTSE China A Bluechip Value 100 Index.

### 5.2 Mergers, restructuring and complex takeovers

- 5.2.1 If a current constituent of the FTSE China A Bluechip Value 100 Index is acquired by a non-constituent that is a member of the FTSE China A 200 Index, the new entity will be eligible to remain a constituent of the Index. If the non-constituent is not a member of the FTSE China A 200 Index, the new entity will be deleted. Please note this may result in less than 100 companies being included in the FTSE China A Bluechip Value 100 Index.
- 5.2.2 Where two index constituents merge, or one index constituent is acquired by another constituent the new entity will be eligible to remain a constituent of the Index. Please note this may result in less than 100 companies being included in the FTSE China A Bluechip Value 100 Index.

If an Index constituent has a complex reorganisation or demerger, the newly spun-off company will remain eligible for inclusion into the index as long as it remains a constituent in the FTSE China A 600 Index.

### 5.3 New issues

- 5.3.1 If a new issue qualifies for inclusion into the FTSE China A 200 Index as an early entry, it will also be included in the FTSE China A Bluechip Value 100 Index. The new issue will be included in the FTSE China A Bluechip Value 100 Index after the close of business on the fifth day of official trading. Please note this may result in more than 100 companies being included in the FTSE China A Bluechip Value 100 Index.
- 5.3.2 New issues which do not qualify for early entry will be determined for inclusion at the next semi-annual review.

## Section 6

# Corporate actions and events

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## 6. Corporate actions and events

6.1 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); and
- 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.

### 6.2 Shares in issue

Changes to the number of shares in issue for constituent securities are covered in the Corporate Actions and Events Guide.

### 6.3 Investability weightings

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

## Appendix A

# FTSE Russell China share descriptions

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### **Share descriptions**

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](#)

The definitions these share classes are reviewed annually in September effective on the same day as the Global Equity Index Series.

## Appendix B

# Index and market opening and closing hours

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Index	Open	Close
FTSE China A Bluechip Value 100 Index	09:30	15:00

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All times are Local Hong Kong Time.

The FTSE China A Bluechip Value 100 Index is calculated on public holidays whenever at least the Shanghai or Shenzhen Stock Exchanges are trading. The Index will not be calculated on 1 January.

## Appendix C

# Further information

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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 Bluechip Value 100 Index and FTSE Global Equity Index Series Ground Rules, visit [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/) or e-mail [info@ftserussell.com](mailto:info@ftserussell.com). Contact details can also be found on this website.

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