

S&P New China Sectors Index Series Consultation on the Index Universe

NEW YORK, MAY 7, 2021: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on a potential change to the S&P New China Sectors Index Series, which consists of the S&P New China Sectors Index, S&P New China Sectors Ex-A-Share Index, and S&P New China Sectors (A-shares Capped) Index.

In recent months, several U.S.-listed Chinese companies have added secondary listings on the Hong Kong Exchange (“HKEX”). In order to allow for greater flexibility and the potential inclusion of HKEX secondary listings, S&P DJI is considering modifying the index universe for the S&P New China Sectors Index Series. The table below summarizes the proposed change.

Proposed Change	Current	Methodology
Index Universe	<p>The index universe is defined as all constituents of the S&P Total China + Hong Kong BMI Domestic that are incorporated in China, Hong Kong, Singapore, and domiciles of convenience, and meet the following criteria as of the rebalancing reference date:</p> <ul style="list-style-type: none"> • A FMC of at least US\$ 2.5 billion. • A three-month average daily value traded (ADVT) of at least US\$ 8 million. • An IWF of at least 15%. • Stocks designated as Special Treatment (ST and *ST) by the Shanghai or Shenzhen Stock Exchanges are ineligible for index inclusion. • A GICS classification as detailed in the methodology. 	<p>The index universe is defined as all constituents of the S&P Total China + Hong Kong BMI Domestic that are incorporated in China, Hong Kong, Singapore, and domiciles of convenience, and meet the following criteria as of the rebalancing reference date:</p> <ul style="list-style-type: none"> • A FMC of at least US\$ 2.5 billion. • A three-month average daily value traded (ADVT) of at least US\$ 8 million. • An IWF of at least 15%. • Stocks designated as Special Treatment (ST and *ST) by the Shanghai or Shenzhen Stock Exchanges are ineligible for index inclusion. • A GICS classification as detailed in the methodology. <p>If a company has an eligible U.S. listing and a Hong Kong secondary listing, the Hong Kong listing will be selected provided it meets the above criteria and has traded for at least three months. If not, the U.S. listing is selected for index inclusion.</p>

For additional details regarding index methodology, please refer to the [S&P China Indices Methodology](#).

IMPACT ANALYSIS

Using data from the December 2020 rebalancing, the following table shows the actual one-way turnover as well as the hypothetical additional one-way turnover that would have resulted had the previously described proposed change been implemented at that time.

Index	One-Way Turnover	
	Actual	Hypothetical Additional
S&P New China Sectors Index	10.75%	13.78%
S&P New China Sectors Ex-A-Share Index	5.51%	17.15%
S&P New China Sectors (A-shares Capped) Index	7.60%	15.58%

Using data from the December 2020 rebalancing, the table below shows the composition impact that would have resulted had the previously described proposed change been implemented at that time.

Index	Company	Current Rules			Proposed Rules		
		Exchange	Ticker	Weight	Exchange	Ticker	Weight
S&P New China Sectors Index	Alibaba Group Holding Ltd	XNYS	BABA	10.00%	XHKG	9988	10.00%
	JD.com Inc	XNAS	JD	2.58%	XHKG	9618	2.51%
	NetEase Inc	XNAS	NTES	1.22%	XHKG	9999	1.24%
S&P New China Sectors Ex-A-Share Index	Alibaba Group Holding Ltd	XNYS	BABA	10.00%	XHKG	9988	10.00%
	JD.com Inc	XNAS	JD	4.89%	XHKG	9618	4.75%
	NetEase Inc	XNAS	NTES	2.31%	XHKG	9999	2.35%
S&P New China Sectors (A-shares Capped) Index	Alibaba Group Holding Ltd	XNYS	BABA	10.00%	XHKG	9988	10.00%
	JD.com Inc	XNAS	JD	3.97%	XHKG	9618	3.55%
	NetEase Inc	XNAS	NTES	1.88%	XHKG	9999	1.76%

IMPLEMENTATION TIMING

S&P DJI is proposing to implement the previously described methodology changes, if adopted, in conjunction with the next rebalancing which takes effect prior to the market open on Monday, June 21, 2021. If adopted, the change will first be visible to clients in pro-forma files beginning on Friday, June 11, 2021.

QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. Do you agree with the proposed change to the index universe of the S&P New China Sectors Index series?
 - Yes, apply the change to the entire index series.
 - Yes, apply the change to the S&P New China Sectors Index only.
 - Yes, apply the change to the S&P New China Sectors Ex-A-Share Index only.
 - Yes, apply the change to the S&P New China Sectors (A-shares Capped) Index only.
 - No, do not change the index universe for any index in the series.
2. If you answered “Yes” in question 1 above, do you agree with the proposed minimum trading history requirement for Hong Kong secondary listings?
 - Yes, a minimum three-month trading history is appropriate.
 - No, a different trading history requirement is preferable (specify in question 4 below).
3. If the proposed change is adopted, do you agree with the proposed implementation date?

CONSULTATION

4. Do you have any other comments or feedback regarding the proposed change outlined above?

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Please respond to this survey by **May 25, 2021**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at SPDJI_Index_Governance@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500[®] and the Dow Jones Industrial Average[®]. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

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FOR MORE INFORMATION:

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