

# **MSCI CHINA ALL SHARES INDEXES METHODOLOGY**

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## 1 INTRODUCTION

The objective of the MSCI China All Shares Indexes is to reflect the opportunity set of China share classes<sup>1</sup>. In addition, the MSCI China A International Indexes are constructed to represent the performance of the China A-shares component of the MSCI China All Shares Indexes.

The MSCI China All Shares Indexes and the MSCI China A International Indexes are constructed from the integrated MSCI China equity universe with China A-shares included.

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<sup>1</sup> This index also provides a presentation of a scenario where A shares are fully represented in the MSCI China Index according to the consultation on China A-Shares Index Inclusion Roadmap, please refer to <http://www.msci.com/products/indices/consultations/>

## 2 INDEX CONSTRUCTION

### 2.1 MSCI CHINA ALL SHARES INDEXES

The MSCI China All Shares Indexes are constructed by applying the MSCI Global Investable Market Indexes (GIMI) Methodology on the integrated MSCI China equity universe comprising A-shares and B-shares listed in China, H-shares, Red-chips, and P-chips listed in Hong Kong and foreign listing listed outside China or Hong Kong. The Emerging Markets investability requirements and Global Minimum Size Reference for the relevant size-segments are applied.

China A and B-shares listed on the Shanghai or Shenzhen Stock Exchanges with a “ST” or “\*ST” status and foreign listing listed in the US and resulting from reverse mergers are excluded from the integrated MSCI China equity universe. The index constituents are weighted by the security free-float adjusted market capitalization calculated based on the Foreign Inclusion Factor (FIF) and subject to Foreign Ownership Limits (FOLs).

For the China A-share constituents, an Inclusion Factor (IF) of 100% is applied to their security free-float adjusted market capitalization in deriving their final weight in the index.

MSCI will monitor the Foreign Room of A-Shares and will apply the necessary adjustment factors according to sections 3.1.6.2 and 3.2.1.4 of the MSCI Global Investable Market Indexes Methodology.

### 2.2 MSCI CHINA A INTERNATIONAL INDEXES

The constituents of the MSCI China A International Indexes are the China A-share constituents of the MSCI China All Shares Indexes.

The index constituents are weighted by the security free-float adjusted market capitalization calculated based on the Foreign Inclusion Factor (FIF) and subject to Foreign Ownership Limits (FOLs).

MSCI will monitor the Foreign Room of A-Shares and will apply the necessary adjustment factors according to sections 3.1.6.2 and 3.2.1.4 of the MSCI Global Investable Market Indexes Methodology.

### **3 INDEX MAINTENANCE**

#### **3.1 QUARTERLY INDEX REVIEW**

##### **3.1.1 MSCI CHINA ALL SHARES INDEXES**

The MSCI China All Shares Indexes are rebalanced following the MSCI Global Investable Market Indexes Methodology and using the same price and data cut-off dates.

##### **3.1.2 MSCI CHINA A INTERNATIONAL INDEXES**

The constituents of the MSCI China A International Indexes are derived from the MSCI China All shares Indexes at each Index Review by selecting all China A Shares securities listed in China.

##### **3.1.3 POLICY REGARDING TRADING SUSPENSIONS FOR INDIVIDUAL SECURITIES DURING INDEX REVIEWS**

MSCI will postpone the implementation of index review changes for MSCI China All Shares Index constituents when the affected securities are suspended on the day prior to the effective implementation date of the Index Review. The postponed index review changes will be implemented two days after the securities resume trading.

Index Review changes include:

- Additions to, deletions from or migrations between the MSCI Large Cap, Mid Cap and Small Cap Indexes
- Changes in Foreign Inclusion Factor (FIF), Domestic Inclusion Factor (DIF) or Number of Shares (NOS) for constituents of the MSCI China All Shares Indexes

All index review changes that are postponed due to suspension will be cancelled two months after the effective date of the Index Review if the securities are still suspended and will be implemented at the Index Review following the resumption of trading if still warranted.

##### **3.1.4 ANNOUNCEMENT POLICY**

The results of the rebalancing are announced at least two weeks in advance of their effective implementation dates as of the close of the last business day of February, May, August and November.

### 3.2 ONGOING EVENT RELATED CHANGES

The ongoing event-related changes to the MSCI China All Shares Indexes follow the MSCI GIMI Methodology. For more information on the details of the implementation of ongoing event related changes, please refer to section 3.3 of the MSCI GIMI Methodology.

Constituents of the MSCI China All Shares Indexes that are assigned ST/\*ST status will be deleted on the last business day of each month with a notice period of at least two full business days. In order to minimize potential reverse turnover, securities deleted due to inclusion on such boards would not be added back to the MSCI China All Shares and MSCI China A International Indexes for a period of 12 months from their deletion.

During an Index Review, the deletion of a security due to ST or \*ST status will be made to coincide with the effective date of the Index Review. If these securities are suspended from trading as of the last business day of the month, they will be deleted at the lowest price (unit or fraction of the currency) at which a security can trade on a given exchange.

If a China A-share security is deleted from the MSCI China All Shares Indexes due to corporate events, it will be automatically removed from the MSCI China A International Indexes.

## METHODOLOGY BOOK TRACKED CHANGES

### The following sections have been modified since June 2014:

Section 2.1: MSCI China All Shares Indexes

- One paragraph added end of section

Section 2.2: MSCI China A International Indexes

- One paragraph added end of section

Section 3.2: Ongoing Event Related Changes

- Clarification on treatment of constituents that are assigned ST/\*ST status

### The following sections have been modified since November 2014:

Section 1: Introduction

- Updates

Section 2.1: MSCI China All Shares Indexes

- Updates in this section to include foreign listings

### The following sections have been modified since November 2015:

Section 3.1.3: Policy Regarding Trading Suspensions for Individual Securities during Index Reviews

- Added new section

### The following sections have been modified since February 2017:

Section 3.1.3: Policy Regarding Trading Suspensions for Individual Securities during Index Reviews

- Updates

### The following sections have been modified since May 2017:

Section 3.2: Ongoing Event Related Changes

- Updates in this section to align with the MSCI GIMI Methodology

**The following sections have been modified since August 2017:**

Section 3.1.1: MSCI China All Shares Index

- Added clarification

Section 3.1.2: MSCI China A International Index

- Added clarification

Section 3.1.4: Announcement Policy

- Added new section



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