

**Measures for Handling of Index
Termination of Sino-Securities Index
Information Service (Shanghai) Co., Ltd
V 1.0**

December 2021

Time of Revision	Version	Notes
2021.12.	V1.0	Rulemaking

1. General Provisions

Article 1 These Measures are set forth to regulate the research and release of indices of Sino-Securities Index Information Service (Shanghai) Co., Ltd (hereinafter referred to as the “Company” or “SNSI”).

Article 2 These Measures apply to equity indices, bond indices, etc. managed by the Company.

2. Circumstances of Index Termination

Article 3 The Company shall prudently assess the necessity of index termination. Termination of the relevant indices may be considered if and only if any of the following circumstances occurs:

- Lack of data sources or the data source is of poor quality so that it is difficult to support stable and accurate index calculation;
- Indices are hard to measure the market and investment opportunities owing to the significant changes of the market structure, etc.;
- Indices lack a sufficient number of constituents;
- The customized indices, cooperatively-developed indices, etc., need to be terminated due to the arrangement of the business agreements
- The result of the regular index review shows that the indices may need to be terminated.
- Other reasons such as compliance with the relevant laws and regulations or regulatory policies.

3. Proposing Procedures

Article 4 When any circumstance as described in Article 3 of the index occurs, all departments of the Company (hereinafter referred to as the "Proposal Department") can submit proposals of index termination. the index

termination proposal includes (without limitation) the following contents: background and necessity of termination, the impact of the termination on the market and products, opinions of relevant internal departments of the Company, opinions of stakeholders (if any), corresponding alternative indices (if any), implementation time of proposed termination.

Article 5 If there are stakeholders relating to the proposed index termination, the Proposal Department shall consult the stakeholders in written form, such as e-mail, on the termination proposal and, if necessary, shall also consult the regulatory department. The consultation period shall not exceed one month in principle. Stakeholders include managers of relevant products who take the indices as the investment target or as the benchmark as well as clients of the customized indices.

Article 6 After the proposal of termination is approved by the head of the Proposal Department, the Proposal Department shall submit it to the Index Oversight Committee for review.

If the termination involves important indices, it shall be submitted to the Index Advisory Committee for review by the Index Operations Department before being submitted to the Index Oversight Committee for review.

Important indices in these measures refer to indices that the company considers important, such as the index whose tracking scale exceeds 10 billion yuan, or which is tracked by on-exchange derivatives.

The definition of important indices will be updated from time to time according to the development of the SNSI Securities Index system and market requirements.

Article 7 After the Proposal Department completes all the work process mentioned above, the termination proposal shall be submitted to the General Manager for approval. After being approved, it shall be implemented by the Index Operations Department

4. Alternative Indices

Article 8 Proposals to terminate important indices shall include the consideration of the alternative indices. Alternative indices refer to indices that can play a similar role in price measurement and performance comparison as the indices to be terminated do. When the important indices to be terminated have existing linked stock index futures, stock index options, and other exchange-traded derivatives or public offering products such as security investment funds, the Company will consider providing the alternative index for the market before termination, and the alternative index should meet the regulatory requirements and has feasible methodologies and publication conditions.

Article 9 The selection criteria for alternative indices include(without limitation) the similarity of the market value and industry distribution of the indices to be terminated, the availability of investment, the opinions of stakeholders (if any), and the availability of input data.

Article 10 When the corresponding requirements are met and the alternative indices need to be newly calculated and published, the Company shall treat the calculation and publication of the alternative indices according to the procedures for new indices as described in *Measures for the Index Research and Release Management*.

5. Implementation Procedures

Article 11 After receiving the termination proposal, the Index Operations

Department formulates an implementation plan for the termination of the index. The implementation plan includes, but is not limited to, the announcement time, termination time, and user notification, etc. After the implementation plan has been approved by the director of the department, it will be submitted to the vice manager in charge of the department for approval.

Article 12 On the premise of operability, the proposed termination shall be announced on the official website of the Company at least one month (three months for important indices) prior to its official implementation. The announcement shall include the background of the index termination and the implementation timetable. If the stakeholders should be notified in advance subject to the relevant contract requirements, it shall be performed as prescribed.

Article 13 After the proposed termination is announced, the Company shall continue the daily maintenance, calculation, and publication of indices to be terminated until the termination date. When there is an alternative index publication plan, the termination date should be at least five working days later than the alternative index publication date. If the agreement with stakeholders requires more than five working days, the relevant agreement shall prevail.

Article 14 The Index Operations Department shall record the various circumstances of index termination, complete the index termination list, and archive it, and submit the Report on Index Termination to the Index Oversight Committee quarterly. The termination record includes two parts: terminated indices and indices to be terminated, including (without limitation) the index names, the corresponding alternative indices (if any), the impact of termination, whether being an important index, the method and scope of consultation, the main market opinions and the Company's response, the Company's internal approver, whether having been reviewed by the Index

Advisory Committee, the announcement date and the date of termination.

Article 15 According to the *Index Inquiry and Complaint Handling Measures*, the Company should set up an external consultation and complaint email so that regulatory authorities and index stakeholders can raise objections or other feedback on the index termination process.

6. Supplementary Provisions

Article 16 The Executive Management Team shall be responsible for overseeing the implementation of these Measures. If any non-compliance is found, the Executive Management Team shall have the right to punish the relevant persons according to the seriousness of the misbehavior.

Article 17 These measures shall be interpreted by the Index Operations Department.

Article 18 These Measures or any revised version shall come into effect upon the examination and approval of the Executive Management Team.

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