

Measures for the Implementation of Change of Index Methodologies of Sino-Securities Index Information Service (Shanghai) Co., Ltd

V 1.0

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2021.12.	V1.0	Rulemaking

1. General Provisions

Article 1 These Measures are set forth to regulate procedures for the implementation of change of index methodologies of Sino-Securities Index Information Service (Shanghai) Co., Ltd (hereinafter referred to as the “Company” or “SNSI”). These Measures apply to equity indices, bond indices, etc. managed by the Company.

Article 2 The index rules referred to in these Measures include:

- Regulations and policy of index management, the relevant internal policy applicable to index management;
- Index calculation and maintenance methodology, i.e., the *Equity Index Calculation and Maintenance Methodology*;
- The classification standards of industry. i.e., the *SNSI Industry Classification Standard*.
- Index methodology, i.e., which is the methodology applicable to single index or index series.

2. Circumstance for Change

Article 3 The circumstances where index methodologies may change include the followings:

- The index positioning is planned to change;
- The index methodologies cannot be matched with index positioning;
- The index methodologies cannot adapt to the development and change of the market;
- Index Advisory Committee, the customizing parties of indices, and the users of indices propose changes to index methodologies;
- Other circumstances identified by the Company.

Article 4 The Company shall review the index methodologies regularly every year,

among which:

- The regulations and policy of index management are reviewed by the department that formulated them, and a review report is formed and submitted to the Index Oversight Committee;
- Indices calculation and maintenance methodologies and index methodologies are reviewed by the Index Operations Department, and a review report is formed and submitted to the Index Oversight Committee.

Article 5 In addition to regular review, when a potential change of methodologies is spotted by a department through examining the market environment, listening to the recommendations of the Index Advisory Committee receiving market feedback and external complaints, and other channels, the department shall submit proposals for change of methodologies to the handling department as soon as possible.

Article 6 The handling department evaluates the necessity and timing of the change of the index methodologies and puts forward proposals of change in due course.

3. Major Changes and Soliciting Market Opinions

Article 7 The major changes of index rules include the changes of index methodologies or index calculation and maintenance methodology, specifically referring to:

- Substantive change of index constituent space, such as the intersection of the new and original constituent universe is lower than 70%;
- Substantive change in the method of index constituents selection, such as the intersection of the new and original constituent universe is lower than 70%;
- Substantive change of the index weighting method, such as the method of capitalization-weighted is changed to non-capitalization-weighted method, or vice versa;
- Substantive change of index calculation and maintenance methodology, such as

the date of the regular adjustment, the definition of free float, the situation of divisor adjustment or the formula is changed;

- Other circumstances that the Index Oversight Committee considers to be major changes.

If the definition of the above major changes is intended to change, the consent of the Index Oversight Committee should be sought in advance.

Article 8 If the amendments to the index methodologies involve major changes, the Company shall solicit market opinions in advance. Soliciting opinions includes public consultation and targeted consultation.

For public consultation, the content, timetable and feedback method of soliciting opinion shall be announced on the Company's official website. The opinion soliciting duration shall not exceed two weeks in principle. The contents of the public consultation shall be reviewed by the general manager before disclosure.

For targeted consultation, the opinions shall be sought from stakeholders in written form such as e-mail, fax, etc. The consultation duration shall not exceed one week in principle. Stakeholders include relevant fund managers who use the index as the investment target or benchmark and the customizing parties of indices. If there are no stakeholders, the amendment process eliminates the soliciting opinion procedures.

If this article intends to change, the consent of the Index Oversight Committee should be sought in advance.

Article 9 Major changes to important indices adopt or index calculation and maintenance methodology the form of public consultation in principle.

In special cases identified by the Company, with the consent of the Index Oversight Committee, targeted consultation may be used, but the scope of the opinion soliciting shall be in accordance with the actual impact of the index.

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 10 Major changes to non-important indices shall in principle take the form of targeted solicitation.

Article 11 When soliciting opinions, the Company shall inform the background of the amendment, the contents of the amendment proposal, the schedule for soliciting opinions, and the proposed implementation schedule. The contents of the soliciting opinions include amendment proposal and implementation schedule.

Article 12 After the solicitation of opinions, the handling department shall form a summary of feedback and analysis, which shall be submitted to the director in charge of the relevant department and the general manager in turn for review, and shall be reported to the Index Oversight Committee.

For public consultation, the summary of feedback and analysis, together with the relevant amendment announcement, shall be disclosed through the Company's official website.

For targeted consultation, the summary of feedback and analysis shall be disclosed to the interested parties who gave feedback when the relevant amendment

announcement is released (unless the individual solicitor requires its opinions to be confidential).

If this article intends to change, the consent of the Index Oversight Committee should be sought in advance.

4. Procedures of Methodologies Amendment

Article 13 Unless these Measures are specified in other chapters, the amendment process of the measures and policy of index management shall be subject to the provisions of relevant management measures. This chapter applies to the amendment process of the index calculation and maintenance methodology and industry methodologies.

Article 14 In accordance with SNSI Measures for the Implementation of Index Projects Review, the handling group shall submit proposals of change of index methodologies to the d the Index Review Committee. The contents of the proposal shall include: the cause of changes, the content of changes, the impact of changes on the market or products, the content and timetable for soliciting opinions on major changes (if any), and the timetable for the implementation changes.

Article 15 After collecting feedback, the handling department shall form a summary according to the consultation opinions and make corresponding improvements to the proposal, then submit it to the Index Review Committee.

Article 16 After the amendment proposals reviewed by the handling departments, it will be submitted to the director in charge of the relevant department and the general manager for approval in turn.

For major changes of important indices, the amendment proposal is reviewed by the handling departments and deliberated by the Index Advisory Committee, and

then submitted to the director in charge of the relevant department and the general manager for approval in turn.

After the handling department completes the above process, it will report the amendment proposal to the Index Oversight Committee.

Article 17 The amendment to the index methodologies shall be announced on the Company's official website before the formal implementation. The announcement content includes the background, content, and implementation schedule of the amendments to the index methodologies.

- Major changes of important indices and index calculation and maintenance shall be announced at least one months before the official implementation;
- Non-major changes of important indices and index calculation and maintenance shall be announced at least ten trading days before the official implementation;
- Changes of non-important indices shall be announced at least three trading days before the official implementation;
- In special circumstances identified by the Company, amendments can be implemented immediately after the announcement with the consent of the Index Oversight Committee.

Article 18 Under the premise of complying with Article 17, the amendment of the index methodology can be carried out together with the regular constituent adjustment or regular weight rebalancing of the indices.

Article 19 Changes of index name shall be implemented in accordance with these Measures.

5. Recording and Archiving

Article 20 Records of the amendments include (without limitation): content of the

changes, the impact of markets or products, the Company's internal approvers, whether the amendment has been reviewed by the Index Advisory Committee and been announced, and its effective time, as for amendments to the index methodologies or indices calculation and maintenance methodology or the classification standard of industry, the records also include: whether major changes are involved, whether important indices are involved, the method and scope of opinion soliciting, the main market feedback and the Company's response.

Article 21 The handling department shall, within five working days after the implementation of the amendments of the index methodologies, send the record of the amendments to the management and maintenance department. Within ten working days after the implementation of the amendments, the Index Operations Department shall record the amendments of various index methodologies, forms and file a list, and submit the *Report on Changes of Index Methodology* to the Index Oversight Committee quarterly.

6. Supplementary Provisions

Article 22 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 23 These measures shall be interpreted by the Research & Development Department.

Article 24 These Measures or any revised version shall come into effect upon the examination and approval of the Executive Management Team.

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