

Measures for the Handling of Index Termination of China Securities Index Company Limited

V3.0

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Version Number	Change Time	Change Scope
1.0	201809	Rulemaking
2.0	202105	Adjustment to the review process for index termination
3.0	202311	Adjustment to the department which formulate the termination proposal and the expressions on important indexes

Chapter I General Provisions

Article 1 These Measures are formulated in accordance with Measures for Index Business of China Securities Index Company Limited to regulate the procedures of handling termination of calculation, maintenance and publication of indexes (hereinafter referred to as “Index Termination”) managed by China Securities Index Company Limited (hereinafter referred to as the “Company”).

Article 2 These Measures apply to the equity indexes, bond indexes, multi-asset indexes, commodity indexes and other indexes managed by the Company.

Chapter II Circumstances of Index Termination

Article 3 The Company shall prudently assess the necessity of index termination. Termination of the relevant indexes maybe considered only if any of the following circumstances occurs:

(1) Lacking the data source of index calculation or the fairly poor quality of the data source cannot support the stable and correct calculation of indexes.

(2) Indexes are hard to reflect the market and investment opportunities owing to reasons such as the significant changes of the market structure, etc.

(3) Indexes lack a sufficient number of constituents.

(4) The customized indexes, cooperatively-developed indexes, entrusted management indexes, etc. need to be terminated due to the arrangement of the business agreements.

(5) The result of the regular index review shows that the indexes may need to be terminated.

(6) Other reasons such as these subjects to the relevant laws and regulations or regulatory policies.

Chapter III Proposing Procedures

Article 4 When any circumstance as described in Article 3 of the index occurs, all departments of the Company can submit suggestions of index termination. The index termination suggestions include background and necessity of termination, implementation time of proposed termination.

Article 5 The Research and Development Department will evaluate the index termination suggestions after receiving it, and formulate the termination proposal for the indexes that are indeed necessary to terminate. The index termination proposal includes but is not limited to the following contents: background and necessity of termination, the impact of the termination on the market, products and the index system of the Company, opinions of relevant internal departments of the Company,

opinions of stakeholders (if any), corresponding alternative indexes (if any), implementation time of proposed termination, measures for the termination.

Article 6 If there are stakeholders relating to the proposed index termination, the Research and Development Department shall consult the stakeholders in written form, such as e-mail, on the termination proposal. The consultation period shall not exceed one month in principle. Stakeholders include managers of relevant products who take the indexes as the investment target or as the benchmark as well as clients of the customized indexes and the entrusting party of the entrusted management indexes, etc.

Article 7 The Research and Development Department submit the termination proposal to the Index Review Working Committee for discussion and approval and then submit it to the leaders of the Company for approval. After being approved, the index termination measure shall be submitted by the Research and Development Department to the Index Oversight Committee for review and implementation. If the termination involves Class I indexes, it shall be submitted to the Index Advisory Committee for discussion before being submitted to the Index Oversight Committee for review.

Chapter IV Alternative Indexes

Article 8 Proposals to terminate Class I indexes shall include the consideration of the alternative indexes. Alternative indexes refer to indexes that can play a similar role in price measurement and performance comparison as the indexes to be terminated do. When the Class I indexes 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 indexes include but are not limited to: the similarity of the market value and industry distribution of the indexes 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 indexes need to be newly calculated and published, the Company shall handle the calculation and publication of the alternative indexes.

Chapter V Implementation Procedures

Article 11 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 Class I indexes) 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 12 After the proposed termination is announced, the Company shall continue the daily maintenance, calculation and publication of indexes 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 13 The Research and Development 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 on a quarterly basis. The contents of the termination record include two parts: terminated indexes and indexes to be terminated, including but not limited to the index names, the corresponding alternative indexes (if any), the impact of termination, whether being a Class I 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, etc.

Article 14 According to the “Measures for the Handling of Complaints Relating to Index Business of China Securities Index Company Limited”, the Company should set up an external consultation and complaint email to collect the objections or other feedback on the index termination process raised by regulatory authorities and index stakeholders.

Chapter VI Supplementary Provisions

Article 15 The Executive Management Team shall be responsible for overseeing the implementation of these Measures. In the event that any non-compliance is found, the Executive Management Team shall have the power to punish the relevant persons according to the seriousness of the misbehavior.

Article 16 These Measures are subject to the interpretation of The Research and Development Department.

Article 17 These Measures or any revised version shall come into effect upon the examination and approval of the Executive Management Team.

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