



中证指数有限公司
CHINA SECURITIES INDEX CO., LTD.

**The Primary Policy of Index Management of
the China Securities Index Company Limited
V2.0**

MARCH 2020

Chapter I General Provisions

Article 1 This Policy is set forth to regulate the management procedure of index business of China Securities Index Company Limited (hereinafter referred to as the “Company”).

Article 2 The “index/indexes” in this Policy refers to the equity indexes, bond indexes and multi-asset indexes administered by the Company. Any individual index follows a number of methodology rules including: the relevant detailed index methodologies, the Calculation and Maintenance Methodology, and the Primary Policy of Index Management.

Article 3 As the index administrator, the Company is responsible for determining index methodologies, calculation, maintenance and publication of indexes according to the index methodologies.

Chapter II Index Development

Article 4 Research, development, and review of indexes

The plan for index research and development is set forth by the Company according to its business development plans and market demand. Under applicable circumstances, the Company will consider the following factors when designing an index: the representativeness of the constituents, the size and liquidity of relevant market, etc.

The index development shall be carried out by the project supervisor of the Research and Development Department. After the feasibility study,

the supervisor shall submit a research report to the Company for internal assessment and examination. For market benchmark indexes evaluated to have important influence and broad-based composite indexes which have market-wide representation will be reported to the Index Advisory Committee for further discussion and approval shall be signed by the management body of the Company. Indexes shall be calculated and published after the index methodology has been determined. The index methodologies are subject to periodic reviews by the Index Oversight Committee.

Further information about the process of index research and publication is detailed in Measures for Index Research and Publication of the China Securities Index Company Limited.

Article 5 Changes to the index methodologies

The Company shall make necessary amendments to index methodologies based on the periodic internal review, market environment examination, opinions of the Index Advisory Committee, market feedback, and external complaints, etc. Major changes to the index methodologies are subject to prior consultation with relevant stakeholders. In principle, major changes to important indexes shall be subject to public consultation. If the targeted consultation is adopted, the range of consultation shall fit the actual impact of the indexes; Major changes to non-important indexes shall be subject to targeted consultation of relevant

stakeholders.

After the internal assessment, the amendments to index methodologies shall be disclosed to the market before its formal implementation. The implementation of index methodologies changes shall be generally carried out together with the periodic review or rebalancing the weight of the index.

The Index Oversight Committee shall be responsible for overseeing the changes to the index methodologies.

Further information about the procedures of changing index methodologies is detailed in the Measures for the Implementation of Change of Index Methodologies of the China Securities Index Company Limited.

Article 6 Index Termination

After prudent assessments, the Company may implement the termination of the index, that is, terminate the calculation, maintenance and publication of the index.

The index termination proposal shall be submitted to internal review of the Company first. If there are stakeholders related to the proposed index termination, the Company shall consult the stakeholders on the termination proposal. If the termination involves important indexes, it shall also be submitted to the Index Advisory Committee for review.

The proposal for important index termination shall include

assessments on alternative indexes. If the alternative index meets the regulatory requirements and has feasible methodologies and publication conditions, the Company will consider providing the alternative index for the market.

The Index Oversight Committee is responsible for ensuring that the index termination procedures are in line with the relevant measures and policies of the Company as well as reviewing the index termination proposal submitted by the relevant department.

For details of the index termination implementation procedures, please refer to the “Measures for the Handling of Index Termination of China Securities Index Company Limited”.

Article 7 Index Error Correction

Types of Index error include but are not limited to the following: Exchange data dissemination errors, data supplier’s data errors, maintenance errors, self-developed system errors, technical operation errors, software and hardware errors, and other composite errors.

Index errors should generally be corrected in a timely manner to avoid continued index errors on the next trading day. For index data that have been released to the market, the index point error must be recalculated and published if it is more than 30 ten-thousandths daily average in principle. If the index is customized for customers, it is necessary to discuss with customers to confirm whether to recalculate.

After the index error is corrected, the Company shall promptly issue an index error correction notification to index users.

For historical errors of the index, if they have been discovered for more than six months, they will not be dealt with generally.

The Company reserves the right to recalculate the index or republish related data products at its own discretion in complex cases.

Chapter III Index Calculation and Publication

Article 8 Index Calculation and Maintenance

The data used for the index calculation is sourced from stock exchanges or data suppliers designated by the Company from time to time. The pricing information used in some bond indexes is from CSI Bond Valuation. CSI Bond Valuation produces third-party bond valuation data recognized by regulators and market institutions, which has been widely used in the domestic market. The data used for index maintenance is public information obtained directly or through designated data suppliers, such as prospectus, listing announcements, regular reports, temporary announcements, etc.

Equity indexes are calculated according to relevant index methodologies. Further information about the index divisor adjustment, index adjustment, handling of corporate events and index exchange rate is detailed in the Equity Indexes Calculation and Maintenance Methodology

of China Securities Index Limited.

Bond indexes are calculated according to relevant index methodologies. Further information about the index divisor adjustment, index adjustment and bond events handling involved in index calculation is detailed in the Bond Indexes Calculation and Maintenance Methodology of China Securities Index Limited.

Multi-asset indexes are calculated according to relevant index methodologies. Further information about the index divisor adjustment, index adjustment and index exchange rate involved in index calculation are detailed in the Multi-Asset Indexes Calculation and Maintenance Methodology of China Securities Index Limited.

For certain specific events not mentioned in the calculation and maintenance methodologies, the Company will determine the countermeasures according to the Statement of Principles for CSI Indexes attached to the index calculation and maintenance methodologies. Indexes shall be correspondingly calculated and maintained after the countermeasures are examined and approved according to Measures for the Implementation of Change of Index Methodologies of the China Securities Index Company Limited. If an index methodology is not in line with the Statement of Principles for CSI Indexes, the Statement of Principles for CSI Indexes shall take precedence.

Article 9 Emergency Response Mechanism for Index

Calculation

Staff who discovers any abnormality identified in the index calculation shall timely report such abnormality to the system supervisor. The system supervisor shall handle abnormalities according to the system emergency plans and shall report to the head of the department at the earliest possible time. In occurrence of any major emergency, such as abnormal closure of the stock exchanges, the head of department shall report to the senior management who shall determine specific plan on handling such emergency.

Further information about the emergency response mechanism for index calculation is detailed in Emergency Response Policy of Index Calculation of the China Securities Index Company Limited.

Article 10 Index Publication

The closing index data shall be published via the Company's website and CSI index data service platform. Such data shall be published daily on trading days.

Real-time index data shall be published via the broadcast system of the Company or the broadcast system of the Shanghai Stock Exchange Technology Company. Further information about the real-time publication frequency is detailed in Calculation and Maintenance Methodologies.

Further information about the official channels for publishing the

closing index data and real-time index data is detailed in Calculation and Maintenance Methodologies.

Chapter IV Index Usage

Article 11 Restrictions on Usage

The development, calculation, and publication of indexes are aimed to measure certain market sectors or specific strategies more effectively. Indexes can be used for different purposes, including but not limited to research purpose or for financial institutions to issue index related products. Index users include various market participants, who should choose indexes based on their own specific needs.

There are many factors in the course of index methodologies, calculation and maintenance, most of which are beyond the control of the Company. These uncontrollable factors include but are not limited to: adjustment of basic market structure, inadequate or incorrect data source, low market liquidity, drastic changes in market environment and geopolitical changes, which may cause changes to, or even the cessation of indexes in extreme cases. Users should be fully aware of these risks and disclose such risks in the terms of their financial products. The Company shall not be responsible for users' usage of index, regardless of whether the purpose of such use is to conduct research or issue financial products, etc.

Article 12 Inquiry and Compliant

Users may raise inquiries and compliant on the Company's business to the External Inquiries and Complaints Handling Team via a designated email. The scope includes: input data/output data of index; data services; index calculation; index methodologies; index adjustment results; treatment on corporate events of index constituents; industry classification; other related matters.

The person in charge shall prepare a plan for resolving such inquiries and complaints and forward such plan to the External Inquiries and Complaints Handling Team for feedback. The plan for important inquiries and complaints shall be subject to the examination and approval of the general manager. If applicable, such plan shall also be submitted to the Index Advisory Committee for deliberation. Important inquiries and complaints include those in relation to the suspension or termination of index calculation (or publication) or material changes to index methodologies. The Index Oversight Committee shall be responsible for periodically review of relevant reports on external inquiries and complaints as well as make assessment on the handling process.

Further information about the handling procedures of inquiries and complaints is detailed in Measures for the Handling of External Inquiries and Complaints relating to Index Business of China Securities Index Company Limited.

Chapter V Supplementary Provisions

Article 13 The Executive Management Team shall be responsible for overseeing the implementation of this Policy. 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 14 This Policy is subject to the interpretation of the Executive Management Team.

Article 15 This Policy or any revised version shall come into effect upon the examination and approval of the Executive Management Team.

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