

## China Vanke (A) (China): Stock Suspension Update Treatment in FTSE Indices

06 May 2016

Further to the [FTSE Russell notice published on 19 April 2016](#) with respect to the proposed treatment of China Vanke (A) (China, 6803708, 000002) in the FTSE China A Index Series, FTSE Russell gratefully acknowledges the feedback received from market participants. Having assimilated this feedback, FTSE Russell proposes to refine its intended index treatment of China Vanke (A) as set out below.

1. If China Vanke (A) continues to be suspended at the review date (Friday 17 June 2016) of the FTSE China A Index Series (including the FTSE China A50 Index), China Vanke (A) will be deleted from the FTSE China A Index Series as previously communicated. The deletion will proceed as follows:
  - a. The deletion price for China Vanke (A) will be the closing price of China Vanke (H) on Friday 17 June 2016 converted to CNY at the WM/Reuters Spot Rates taken at the China market close (15:00 local time) on the same day;
  - b. Since the Hong Kong stock market closes 60 minutes later than the Chinese market, the closing values of FTSE China A Index Series will be restated after the Hong Kong market close to include the updated value of China Vanke (A). For illustration purposes, based on current values, it is estimated that the FTSE China A50 index closing value of 9448.70 would adjust to 9242.60 (-2.18%).
2. However, should China Vanke (A) resume trading on or before five business days ahead of the FTSE China A50 Index rebalance date (Friday 17 June), China Vanke (A) will NOT be deleted coincident with the FTSE China A Index Series review. As Thursday 9 and Friday 10 June 2016 are market holidays in China, China Vanke (A) must resume trading on or before Wednesday 8 June 2016 for its deletion to be averted. This constitutes a change to the treatment previously communicated and is intended to avoid undesirable turnover arising from the deletion of a significant index constituent (China Vanke (A) represents c. 6% of the FTSE China A50 Index).
3. Should China Vanke (A) resume trading on or after Monday 13 June 2016, the deletion of China Vanke (A) will proceed to coincide with the China A50 Index review. However, in these circumstances, the deletion price will be calculated as in (1) above and will not be based on the closing price of the A share as stated in the 19 April 2016 notice. This reflects the view of market participants that in the event that price move limits are imposed, the A share price may not adequately reflect the company fair value in the immediate period following the resumption of trading.
4. In the event that China Vanke (A) and China Vanke (H) are both suspended on or after Monday 13 June 2016, the deletion of China Vanke (A) will proceed as in point (1) above but in these circumstances the deletion price will be based on the last closing price of China Vanke (H) and the WM/Reuters Spot Rates calculated on the same day.

The proposed treatment set out above is intended to take account of the particular circumstances of China Vanke (A), specifically the size of the company and the existence of a separate share class that can be used for valuation and hedging purposes. For these reasons, the treatment set out above should not be considered as setting a precedent for other suspended constituents of the FTSE China A Index Series. FTSE Russell will however consider further revisions to the stock suspension rule in the light of this event and any subsequent feedback received.

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For further information or general enquiries please contact us at [info@ftse.com](mailto:info@ftse.com) or call:

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|--------------------------|---|
| Client Services in UK:   | Tel: +44 (0) 20 7866 1810   |
| Client Services in EMEA: | Tel: +44 (0) 20 7866 1810   |
| Client Services in US:   | New York: (Domestic) + 1 888 747 FTSE (3873) / (International): +1 212 314 1139 |

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