

FTSE starts transition to include China A Shares in global benchmarks

- FTSE announces transition to include China A Shares in global indexes
- Two new transitional emerging markets indexes launched
- Approximately 5% initial A Shares weighting in the FTSE Emerging inclusion indexes, rising to 32% when China A Shares become fully available to international investors

Following further increases in R/QFII allocations and improvements in the R/QFII application process, FTSE announces the start of its transition to include China A Shares in its widely followed global benchmarks with the launch of two transitional indexes for Emerging Markets.

The two new Emerging Markets indexes include China A Shares at a weighting equivalent to total R/QFII allocations. The A Share weighting will increase as total R/QFII allocations increase and the China A Shares inclusion indexes will merge seamlessly with the standard FTSE Emerging Markets indexes when China A Shares fully meet FTSE's country classification criteria for emerging markets.

FTSE expects institutional investors benchmarked to its global indexes to adopt the new FTSE Emerging Markets China A Inclusion Indexes as they receive or increase their R/QFII allocations. Emerging Markets funds are expected to begin adopting the new inclusion indexes starting this year with most funds converting prior to the inclusion of A Shares in FTSE's standard indexes. The initial weighting of China A Shares in the FTSE Emerging inclusion indexes will be approximately 5%. This is expected to increase to 32% (at 31-March 2015 market values) when China A Shares are fully available to international investors, and hence resulting in Chinese stocks (including B-Share, H-Share, P Chips and Red Chips) to make up 50% of FTSE Emerging Index.

As part of its transition programme, FTSE is working with CSRC and SAFE to ensure that FTSE's country classification criteria is included in China's capital markets development plan and China A Shares are included in FTSE's standard global benchmarks in a timely manner. FTSE will work together with various parties to assist institutional investors transition their global portfolios to include A Shares and FTSE will consult widely with institutional investors prior to determining the timing of the inclusion of A Shares in its standard global indexes.

FTSE is the most active and successful benchmark provider supporting international investment in China. Over 70% of A Share ETF AUMs listed in Hong Kong are based on FTSE China indexes. In addition, FTSE recently launched China offshore and onshore bond indexes on which ETFs are expected to be listed later in 2015. FTSE is now working with China-based fund managers to adopt FTSE benchmarks and to list ETFs and mutual funds on its China and international indexes in mainland China.



Press Release



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Mark Makepeace, Chief Executive of FTSE Russell said:

"The inclusion of China A Shares is the most significant challenge today facing global benchmark providers. The China domestic market is opening up to international investors but it will take several years for all of these investors to gain access to China's capital markets. Our customers have been telling us that they want greater access to the world's second largest economy, but they lacked an appropriate and flexible benchmark which would allow them to achieve this aim. The new FTSE Emerging Markets China A Inclusion Indexes provide the solution.

"The transition to include A Shares in global portfolios is now beginning and we will support this transition while ensuring that all users of our global benchmarks have sufficient time to manage the change."

Xiao Gang, Chairman of CSRC, expressed that we are committed to continuing our development of China's capital markets, increasing R/QFII allocations to international investors and simplifying the R/QFII applications process. We support FTSE's initiative and encourage all global benchmark providers to develop transitional plans to include A Shares in their global benchmarks.

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About FTSE Russell:

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indices that measure and benchmark markets and asset classes in more than 80 countries, covering 98% of the investable market globally and trading on over 25 exchanges worldwide.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. Leading asset owners, asset managers, ETF providers and investment banks use FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on applying the highest industry standards in index design and governance. FTSE Russell is also focused on index innovation and customer partnerships as it seeks to enhance the breadth, depth and reach of its offering.



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The Group operates a broad range of international equity, bond and derivatives markets, including London Stock Exchange; Borsa Italiana; MTS, Europe's leading fixed income market; and Turquoise, a pan-European equities MTF. It is also home to one of the world's leading growth markets for SMEs, AIM. Through its platforms, the Group offers international business and investors unrivalled access to Europe's capital markets.

Post trade and risk management services are a significant part of the Group's business operations. In addition to majority ownership of multi-asset global CCP operator, LCH.Clearnet Group, LSEG operates CC&G, the Italian clearing house; Monte Titoli, the T2S-ready European settlement business; and globeSettle, the Group's newly established CSD based in Luxembourg.

The Group is a global leader in indexing and analytic solutions. FTSE Russell offers thousands of indexes that measure and benchmark markets around the world. The Group also provides customers with an extensive range of real time and reference data products, including SEDOL, UnaVista, Proquote and RNS.

Following the acquisition of Russell Investments, LSEG conducted a comprehensive review of the investment management business to analyse its strategic fit with the Group. This was concluded in February 2015, and LSEG is now exploring a sale of the business in its entirety.

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