

# MSCI ALL CHINA INDEX

Proposed treatment of foreign listed securities

September 2015

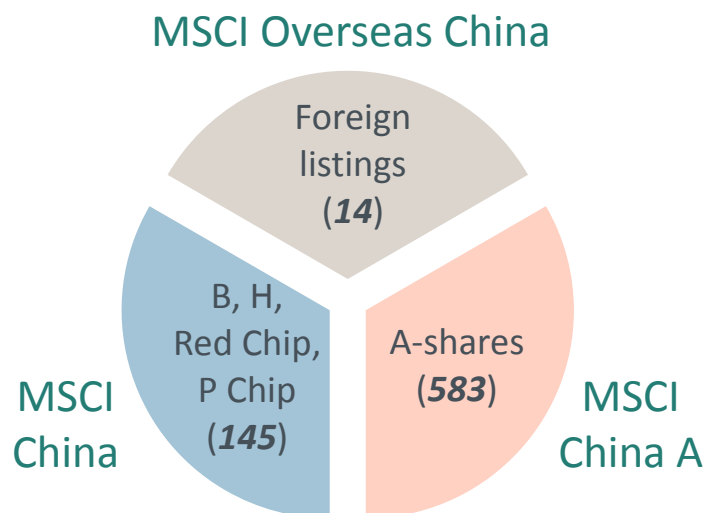
# SUMMARY OF PROPOSAL

- The eligibility of foreign listings (e.g. Chinese ADRs) at the November 2015 Index Review will impact a number of MSCI China Indexes.
- While foreign listings are already eligible for the MSCI All China Index, additional foreign listed securities could be included.
- The MSCI All China Index aims to achieve a comprehensive representation of the global China investment opportunity set. Currently, foreign listed securities included in the MSCI Overseas China Index are eligible for the MSCI All China Index.
- MSCI proposes that foreign listed securities included in the MSCI China Index and/or the MSCI Overseas China Index be eligible for the MSCI All China Index starting from the November 2015 Index Review .
- MSCI welcomes feedback from the investment community on the proposal. MSCI will announce the results of the consultation on or before **September 30, 2015**.
- Please note that this consultation may or may not result in any changes to the MSCI Indexes or methodologies.

# ILLUSTRATION OF PROPOSAL

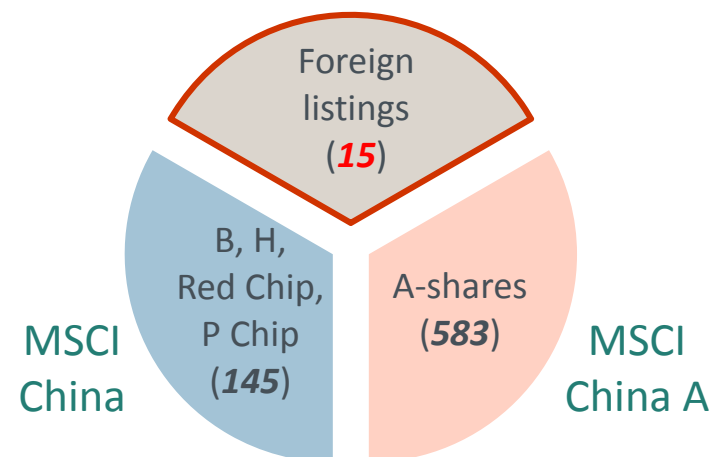
- **Proposal:** foreign listed securities included in MSCI China and/or MSCI Overseas China would be eligible for the MSCI All China Index(\*)

## CURRENT MSCI ALL CHINA INDEX



## PROPOSED MSCI ALL CHINA INDEX

### MSCI China and/or MSCI Overseas China



- 15 foreign listed securities would be included in the MSCI All China Index (up from 14)

(\*) The exact same proposal applies to the MSCI International China Index which is constructed the same way as the MSCI All China Index except that it does not include A-shares

# FOREIGN LISTINGS IN PROPOSED INDEX

- As shown below, foreign listed securities that would be included in the MSCI All China Index may come either from the MSCI China and/or from the MSCI Overseas China Index:



Company Name	Full Mkt Cap	FIF	FIF Mkt Cap	Country of Listing	Listing Type	In MSCI China?	In MSCI Overseas China?	Weight in MSCI All China
Alibaba Group Hldg ADR	204,457	0.25	51,114	US	ADR	✓	✓	2.022%
Baidu ADR	58,502	1	58,502	US	ADR	✓	✓	2.314%
Jd.Com ADR	36,423	0.3	10,927	US	ADR	✓	✓	0.432%
Netease Com ADR	14,893	0.6	8,936	US	ADR	✓	✓	0.353%
Vipshop Holdings ADR	14,008	0.5	7,004	US	ADR	✓	✓	0.277%
Ctrip Com Intl ADR	9,045	1	9,045	US	ADR	✓	✓	0.358%
Qihoo 360 Tech A ADR	5,399	0.85	4,589	US	ADR	✓	✓	0.182%
Yangzijiang Shipbuild	4,025	0.5	2,013	SG	Stock	✗	✓	0.080%
New Oriental Educat ADR	3,893	0.85	3,309	US	ADR	✓	✓	0.131%
58.Com ADR	3,530	1	3,530	US	ADR	✓	✗	0.140%
Youku Tudou ADR	2,577	1	2,577	US	ADR	✓	✓	0.102%
Autohome ADR	2,394	0.9	2,155	US	ADR	✓	✗	0.085%
Yy Inc ADR	2,129	0.85	1,810	US	ADR	✓	✗	0.072%
Qunar Cayman Islands ADR	2,046	0.95	1,944	US	ADR	✓	✗	0.077%
Jumei International ADR	1,885	0.95	1,791	US	ADR	✓	✓	0.071%
<b>Total</b>								<b>6.695%</b>

- Yangzijiang Shipbuild would not be eligible for the MSCI China Index as it is already included in the MSCI Singapore Index

All market caps are in USD million. Data as of April 20, 2015

# INDEX IMPACT AND TURNOVER

	Current			Changes		New			Turnover
	#Const.	FIF Mkt Cap	Weight	#Add	#Del	#Const.	FIF Mkt Cap	Weight	%
<b>MSCI All China Index</b>	<b>743</b>	<b>2,524,055</b>	<b>100.00%</b>	<b>4</b>	<b>3</b>	<b>744</b>	<b>2,528,050</b>	<b>100.00%</b>	<b>0.37%</b>
B, H, Red Chip, P Chip	145	1,050,789	41.63%	0	0	145	1,050,789	41.57%	
A-shares	584	1,308,016	51.82%	0	0	584	1,308,016	51.74%	
Foreign listings	14	165,250	6.55%	4	3	15	169,245	6.69%	

All market caps are in USD million. Data as of April 20, 2015

## Additions: foreign listings

Company Name	Full Mkt Cap	FIF	FIF Mkt Cap	Country of Listing	Listing Type	Pro forma weight
58.Com Adr	3,530	1	3,530	US	ADR	0.140%
Autohome Adr	2,394	0.9	2,155	US	ADR	0.085%
Yy Inc Adr	2,129	0.85	1,810	US	ADR	0.072%
Qunar Cayman Islands Adr	2,046	0.95	1,944	US	ADR	0.077%
						<b>0.373%</b>

- 4 additions of securities that would be included in the MSCI China Index in November 2015

## Deletions: foreign listings

Company Name	Full Mkt Cap	FIF	FIF Mkt Cap	Country of Listing	Listing Type	Current weight
Bitauto Holdings Adr	2,514	0.45	1,131	US	ADR	0.045%
Sohu.Com	2,422	0.8	1,938	US	Stock	0.077%
Sina Corp	2,374	1	2,374	US	Stock	0.094%
						<b>0.216%</b>

- 3 deletions of securities that would be included in the MSCI China Small Cap Index in November 2015
- Such securities would be migrated to the MSCI All China Small Cap Index

# DIFFERENCES WITH MSCI CHINA ALL SHARES

- Starting from the November 2015 Index Review, the **MSCI China All Shares Index** would cover all the China share classes (as foreign listings would be added):

	All China Index				China All Shares Index		
	#Const.	FIF Mkt Cap	Weight		#Const.	FIF Mkt Cap	Weight
<b>Total index</b>	<b>744</b>	<b>2,528,050</b>	<b>100.00%</b>		<b>581</b>	<b>2,414,714</b>	<b>100.00%</b>
B, H, Red Chip, P Chip	145	1,050,789	41.57%		187	1,098,553	45.49%
A-shares	584	1,308,016	51.74%		376	1,142,146	47.30%
Foreign listings	15	169,245	6.69%		18	174,015	7.21%

All market caps are in USD million. Simulation using data as of April 20, 2015

- The differences in index constituents and weights between the two indexes are due to the following methodological differences:

	MSCI All China Index	MSCI China All Shares Index
Universe definition	Composite index	Single universe
Foreign listings eligibility	Based on GIMI and Overseas China methodologies	Based on GIMI (*) methodology
A shares inclusion	Based on Domestic Inclusion Factor (DIF)	Based on Foreign Inclusion Factor (FIF)

(\*) MSCI Global Investable Markets Indexes

# DISCUSSION POINTS

- Is it favorable for the MSCI All China Index to include foreign listings coming from either the MSCI China Index and/or the MSCI Overseas China Index?
  - Such proposed treatment would preserve the characteristics of this index (i.e., a comprehensive representation of the global China investment opportunity set)
- Should MSCI consider aligning the MSCI All China Index with the MSCI China All Shares Index, which aims to represent the potential future state of the MSCI China Index in case of full inclusion of A-shares?
  - Should MSCI use a single universe / size-segment cutoff for construction of the MSCI All China Index?
  - Should MSCI use Foreign Inclusion Factors (FIFs) instead of Domestic Inclusion Factors (DIFs) for the inclusion of A-shares in the MSCI All China Index?

# APPENDIX



# KEY MSCI CHINA INDEXES OVERVIEW

Key MSCI China Indexes	Domestic		Non-Domestic			
	Share Classes	China A	China H	China B	Red Chip	P Chip
<b>China Composite Indexes</b>						
MSCI All China Index	•	•	•	•	•	•
MSCI International China Index		•	•	•	•	•
<b>Domestic China Index</b>						
MSCI China A Index	•					
<b>Non-domestic China Indexes</b>						
MSCI China Index		•	•	•	•	• (new)
MSCI China All Shares Index	•	•	•	•	•	• (new)
MSCI Overseas China Index						•

- As part of the November 2015 Index Review, foreign listings will become eligible for inclusion in the MSCI China Index and MSCI China All Shares Index

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\* = toll free



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