The S&P China 500 captures a more complete China story compared to existing indices by including both onshore and offshore listed companies and reflecting the sector composition of the broad Chinese equity market.

**Why is this index being introduced now?**

The Chinese equity market has traditionally been segmented into onshore and offshore listing markets due to stringent capital controls. These controls restrict Chinese investors from accessing companies listed offshore, and global investors from accessing companies listed on the mainland. However, in the past few years, reforms have accelerated, providing improved cross-border investment flow. With China’s onshore stock market opening up to foreign investors, it is only a matter of time before China is more broadly viewed and accessed as a single, integrated market. As a result, we see a compelling market need for an index that captures the world’s second largest stock market and economy—China—in a diversified and investable manner, similar to how the S&P 500® measures the U.S. equity market.

The S&P China 500 is intended to meet this demand, as its primary objective is to be representative of the characteristics of the total Chinese equity market, while including a limited number of large, liquid stocks.

Because the index reflects the sector weights of the total universe of Chinese companies, it is more reflective of the Chinese economy than other equity indices that are more heavily concentrated in the financials sector and that may be limited to shares listed only on certain trading venues.

**How does the index work?**

The S&P China 500 utilizes a rules-based process to select 500 of the largest and most-liquid Chinese companies, while approximating the sector composition of the broader Chinese equity market. All Chinese share classes, including A-shares and offshore listings, are eligible for inclusion, subject to meeting minimum size and liquidity requirements. The largest companies (measured by total market cap, including all share classes) are selected within each GICS® sector with the goal of matching the sector weights of the broader S&P Total China BMI. The S&P China 500 is weighted by float-adjusted market cap and is rebalanced semiannually in June and December.
What are the key benefits of the S&P China 500?

**Targets the Complete Opportunity Set**
The index universe includes all Chinese share classes, including A-shares and all offshore listings, providing potential exposure to a more representative set of available Chinese companies.

**Diversification**
The index composition reflects the sector weighting of the broader Chinese equity market, resulting in less concentration in financials and greater weighting in information technology and consumer-oriented sectors. In addition, the inclusion of companies listed in multiple jurisdictions results in benefits from currency diversification.

**Liquidity**
It includes only the largest, most-liquid Chinese companies, which when combined with market-cap weighting aims to result in high liquidity and capacity, and therefore it may enable more efficient replication for passive investors.