

# Guide to Calculation Method for the ADTV Liquidity Test

v1.0



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## Section 1

# Purpose of the guide

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## 1. Purpose of the guide

### 1.1 The aims of the guide are:

1. to describe how the liquidity test is conducted; and
2. to make it easier for users to replicate the liquidity test to support their investment and trading activities.

## Section 2

# Liquidity screening process

## 2. Average Daily Traded Value Data

2.1 Security average daily traded value data (the “ADTV Data”) will be based on the last 252 trading days average of daily traded volume times closing price, with minimum 60 days of trading history. The data is calculated in CNY.

For the purposes of the ADTV Liquidity Test, ADTV Data will only be taken from the eligible regulated exchange, as defined by FTSE Russell, which corresponds with the price source used in FTSE Russell indexes (primary exchange)\*.

The ADTV Data will be taken when the relevant markets are open. Only trading days of the relevant exchange will be included in the calculation, i.e. exchange holidays will be excluded. Any period of security suspensions will not be included in the ADTV Data. In the case of a security suspension, further history will be sourced to ensure there are 252 data points for the calculation of ADTV Data.

**For illustration purposes:** A Shares of Company X are listed on and priced from the Shanghai Stock Exchange, however H Shares of Company X shares are traded on the Stock Exchange of Hong Kong. For Company X’s A Shares, only security volume data sourced from the Shanghai Stock Exchange will be used for the purposes of the ADTV Liquidity Test. For Company X’s H Shares, only security volume data sourced from the Stock Exchange of Hong Kong will be used for the purposes of the ADTV Liquidity Test.

*\* Please see the ‘Closing Prices used for Index Calculation’ guide on the FTSE Russell website for further details of what closing prices are used in the ADTV Data calculation.*

## 3. ADTV Liquidity Test

3.1 **The** ADTV Liquidity Test will be performed at the relevant universe review month. The test will be based on constituent ADTV Data at the close of business on the Wednesday before the first Friday of the review month.

3.2 The ADTV Liquidity Test will be applied to the following universes:

- A. FTSE China A All Cap Free Index
- B. FTSE Southbound Stock Connect All Cap Index

For the avoidance of doubt, a FTSE China A Free Sector Index would apply the ADTV Liquidity Test to its underlying the FTSE China A All Cap Free Index review universe prior to constituent selection.

3.3 Securities in each of the above universes will be ranked by ADTV Data.

3.4 Securities in the bottom 20 percentile of each universe by ADTV ranking will be excluded from the index, subject to this ADTV Liquidity Test.

## Appendix C

# Further information

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A Glossary of Terms used in FTSE Russell's ground rules documents can be found using the following link:

[Glossary.pdf](#)

For contact details, please visit the FTSE Russell website or e-mail FTSE Russell client services at [info@ftserussell.com](mailto:info@ftserussell.com).

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