Methodology of SSE Local State-owned Enterprises Credit Bond Index Series

SSE Local State-owned Enterprises Credit Bond Index Series is composed of eligible corporate bonds and enterprise bonds listed on SSE market issued by local state-owned enterprises. The index series aims to reflect the performance of the corresponding local state-owned enterprises credit bonds.

1. Index Name and Index Code

Index Name	Shortened Name	Index Code
SSE Local State-owned Enterprises Credit Bond Index	SSE LSOEs Bond	950265
SSE 0-3 Year Local State-owned Enterprises Credit Bond Index	SSE 0-3 LSOEs Bond	950266
SSE 0-5 Year Local State-owned Enterprises Credit Bond Index	SSE 0-5 LSOEs Bond	950267
SSE AAA Local State-owned Enterprises Credit Bond Index	SSE AAA LSOEs Bond	950268
SSE Short Term AAA Local State-owned Enterprises Credit Bond Index	SSE Short Term AAA LSOEs Bond	950269
SSE 0-3 Year AAA Local State-owned Enterprises Credit Bond Index	SSE 0-3 AAA LSOEs Bond	950270
SSE 0-5 Year AAA Local State-owned Enterprises Credit Bond Index	SSE 0-5 AAA LSOEs Bond	950271

2. Base Date and Base Index

Index Code	Shortened Name	Base Date	Base Index
950265	SSE LSOEs Bond	2013/12/31	100
950266	SSE 0-3 LSOEs Bond	2013/12/31	100
950267	SSE 0-5 LSOEs Bond	2013/12/31	100
950268	SSE AAA LSOEs Bond	2016/12/30	100
950269	SSE Short Term AAA LSOEs Bond	2016/12/30	100
950270	SSE 0-3 AAA LSOEs	2016/12/30	100

	Bond		
950271	SSE 0-5 AAA LSOEs Bond	2016/12/30	100

3. Index Eligibility

3.1 Index Universe

Index constituents are selected on the following basis:

- Bond Type: Corporate Bond and Enterprise Bond listed on SSE market, excluding private-placement bond. The bond currency is RMB.
- Issuer Nature: Central state-owned enterprises and local state-owned enterprises
- Interest-bearing Pattern: Fixed rate or bullet.

3.2 Constituents Selection

Index Code	Shortened Name	Term to Maturity	Credit Rating
950265	SSE LSOEs Bond		Issuer Rating AA and above
950266	SSE 0-3 LSOEs Bond	No more than 3 years	Issuer Rating AA and above
950267	SSE 0-5 LSOEs Bond	No more than 5 years	Issuer Rating AA and above
950268	SSE AAA LSOEs Bond		Issuer Rating AAA, Implied Rating above AA+
950269	SSE Short Term AAA LSOEs Bond	No more than 397 days	Issuer Rating AAA, Implied Rating above AA+
950270	SSE 0-3 AAA LSOEs Bond	No more than 3 years	Issuer Rating AAA, Implied Rating above AA+
950271	SSE 0-5 AAA LSOEs Bond	No more than 5 years	Issuer Rating AAA, Implied Rating above AA+

4. Index Calculation

The calculation of this index series conforms to the Paasche weighted composite price index formula:

$$\text{Index} = \left[\frac{\text{Bond Market Value} + \text{Coupon Payments}}{\text{Divisior}}\right] \times 100$$

Where, $\text{Bond Market Value} = \sum(\text{Full Price} \times \text{Issued Amount})$

$$\text{Full Price} = \text{Clean Price} + \text{Accrued Interest}$$

The price in index calculation is based on CSI bond valuation price. As for other data in index calculation and divisor adjustment, please refer to Index Calculation and Maintenance Methodology for further details.

5. Constituents Adjustment

5.1 Regular Adjustment

The index series is adjusted and rebalanced monthly. The effective date of monthly adjustment is the first trading day of each month. The data cutoff date of monthly adjustment is the previous trading day of the effective date.

5.2 Temporary Adjustment

In the event of delisting, the constituents will be removed from the index on the event effective date as appropriate. As for other events, please refer to Index Calculation and Maintenance Methodology for further details.