



## **Hang Seng Indexes Company Announces Consultation Conclusions on Eligibility of Foreign Companies to the Hang Seng Index**

(Hong Kong, 7 July 2023) – The Hang Seng Index (‘HSI’) is recognised as a representative benchmark for the Hong Kong stock market and its positioning has been evolving with the Hong Kong stock market. To be more aligned with the role of Hong Kong as an international financial hub, Hang Seng Indexes Company Limited (‘HSIL’) conducted a consultation in May 2023 regarding the eligibility of Foreign Companies to the HSI, as well as the review results of the seven industry groups for the HSI constituent selection and the number of “Hong Kong” constituents in the HSI.

Market participants from different sectors shared their views on the consultation. Majority of the respondents expressed support to reposition the HSI as the benchmark for the overall Hong Kong stock market and other proposals highlighted in the consultation paper. HSIL today announces the following conclusions.

### **(1) Adding Primary-listed Foreign Companies to the universes of the Hang Seng Index and the Hang Seng TECH Index**

Primary-listed Foreign Companies in the Hang Seng Composite LargeCap & MidCap Index will be eligible for the HSI constituent selection. This decision is strongly supported by the market, with 79% of respondents in favour of repositioning the HSI to represent the overall Hong Kong stock market. To address comments from some respondents who suggested to start with a more prudent approach by introducing additional conditions/ restrictions on the Foreign Companies constituents, the following measures will be imposed on the HSI.

- Individual constituent weighting of Foreign Companies constituents will be subject to a 4% cap; and
- Aggregate weighting of Foreign Companies constituents will be capped at 10%

The handling of Foreign Companies in the Hang Seng TECH Index will be the same as that in the HSI.

### **(2) Maintaining the existing seven industry groups for the HSI constituent selection**

The existing seven industry groups, i.e. (1) Financials, (2) Information Technology, (3) Properties & Construction, (4) Healthcare, (5) Consumer Discretionary and Consumer Staples, (6) Telecommunications and Utilities, and (7) Energy, Materials, Industrials and Conglomerates, for the HSI constituent selection will be maintained, with over 90% of respondents showing support or neutral on this issue.



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### (3) Removing the cap on the number of “Hong Kong” constituents

The number of “Hong Kong” constituents in the HSI is currently fixed between 20 to 25. As over 90% of respondents agreed that keeping a minimum number for “Hong Kong” constituents, i.e. 20, would be sufficient to preserve the local representation in the HSI, the upper limit on the “Hong Kong” constituent number, i.e. 25, will be removed.

*(Note: “Hong Kong” constituents refer to non-Mainland and non-Foreign Companies)*

### Implementation

HSIL will implement the above changes to the HSI and the HSTECH starting from the 2023Q3 index review in November this year.

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### About Hang Seng Indexes Company Limited

Hang Seng Indexes Company Limited (‘Hang Seng Indexes Company’) manages and compiles the Hang Seng Family of Indexes, which cover stocks listed in Hong Kong and Mainland China. Our index series includes the Hang Seng Index, the Hang Seng China Enterprises Index and the Hang Seng TECH Index, as well as Stock Connect, Greater Bay Area and sector-related indexes. As at the end of 2022, assets under management in products passively tracking indexes in the Hang Seng Family of Indexes had reached a total of about USD57.6 billion. Hang Seng Indexes Company is a wholly owned subsidiary of Hang Seng Bank. For further information on the Hang Seng Family of Indexes, please visit [www.hsi.com.hk](http://www.hsi.com.hk)