



Ground Rule Change - FTSE/JSE Shareholder Weighted Indices (SWIX)

23 July 2012

At the FTSE/JSE Advisory Committee (AC) meeting held on 6 June 2012 it was concluded that the existing SWIX methodology would remain unchanged, following Market Consultations proposing changes to the methodology.

The AC decided that the SWIX index purpose and methodology should be better defined to create more clarity in the market.

Consequently FTSE and the JSE announce the following amendments to the FTSE/JSE Ground Rules:

Amended Rules

1.3.11 Shareholder Weighted Indices

Shareholder Weighted (SWIX) Indices are each based on an existing FTSE/JSE market capitalisation weighted index. However, dual listed companies are down-weighted in the SWIX indices by applying an alternate free float, called the SWIX free float. The SWIX free float captures the proportion of the dual listed company's share capital that is held by South African shareholders in dematerialised form and registered on the South African share register.

Refer to Appendix C for a full description of how the SWIX free float is calculated.

Appendix C

11.1 Shareholder Weighted Index Calculation

The SWIX free float is based on the portion of listed share capital, on the South African share register, owned by South African investors in dematerialised form. This information is obtained from STRATE (STRATE is the authorised Central Securities Depository for the electronics settlement of all financial instruments in South Africa).

An average of the dematerialised shares held by South Africans, in the 3 months prior to the review month, with a one month lag, is used to calculate the SWIX free float. In the event that this figure is not available, the FTSE/JSE company free float is used. The normal SWIX banding and buffer algorithms are applied to determine the banded SWIX free float. Where the company's free float is lower than its SWIX free float, the company free float will be used.

The SWIX free float is only calculated for dual listed constituents of the SWIX indices. A dual listed company, for the purposes of the SWIX indices, is defined as “a JSE listed company with an additional listing on a foreign exchange other than Namibia”. All non-dual listed constituents use their company free float in the SWIX Indices.

The construction of the FTS/JSE SWIX Indices follows the construction of the FTSE/JSE index that it is based on e.g. All Share or Top 40. The following characteristics of the FTSE/JSE SWIX Indices will remain identical to that of the FTSE/JSE index it is based on:

- number of constituents and also the list of constituents,
- application of liquidity screening,
- free float bands,
- index calculation method (shares in issue * free float * price),
- eligibility criteria,
- underlying data such as shares in issue, share prices and so on,
- application of corporate actions.

An updated version of the FTSE/JSE Africa Index Series Ground Rules is now available on the JSE website, www.jse.co.za

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