

## Memorandum

**To:** Market Participants  
**From:** FTSE/JSE  
**Date:** 18 September 2012  
**Subject:** **Notes from the FTSE/JSE Advisory Committee Meeting held on Wednesday, 12 September 2012**

---

### 1. Background

The FTSE/JSE Advisory Committee (AC) met on Wednesday 12 September 2012 to approve the quarterly review changes to the FTSE/JSE Africa Index Series and to discuss matters relating to the indices. The items listed below were discussed during the meeting.

### 2. Feedback on the FTSE/JSE Africa Index Series

- FTSE/JSE launched real-time index values for the FTSE/JSE SWIX Top 40 Index.
- The June 2012 FTSE/JSE Quarterly Index Review was effective before Futures Closeout. This is an anomaly experienced when the first day of the month falls on a Friday. The index rebalancing date should technically fall post at the Futures Closeout date. The JSE will investigate a way in which to align the dates to avoid this issue going forward.
- The All Share index reached several all time highs during the quarter.

### 3. FTSE/JSE Ground Rules Changes

The FTSE/JSE Advisory Committee approved three changes to the FTSE/JSE Ground Rules this quarter. These changes are as follows:

- In addition to the current rule, whereby a cumulative 10% share change will be applied intra-quarter, FTSE/JSE will also apply a shares in issue update if an accumulated share change represents USD 2bn of a company's total market capitalization.
- The number of days a company is required to be suspended before they are excluded from the FTSE/JSE Africa index Series has been increased from 10 consecutive days to 20 consecutive days. This does not affect the existing rule applied to Top 40 suspensions.
- The existing free float restrictions will be updated to include any single portfolio holding 30% or greater. Any portfolio with this holding will be regarded as strategic and therefore restricted. The shares will remain restricted until the holding falls below 27%.



#### **4. Dividend Plus Index**

A request from the market was received to change the implementation time line of the change to the Dividend Plus index (J259) review dates. FTSE/JSE sent out a market consultation to impacted clients regarding the change. From the responses received from the market notice published, there have been no objections or concerns in reviewing the index in September and again in March 2013.

FTSE/JSE will investigate reviewing this index on a quarterly basis as well as how to treat companies which cancel their dividends. FTSE/JSE will present the findings to the AC.

#### **5. Free Float Methodology**

FTSE/JSE will be moving to utilising actual free float figures in the FTSE/JSE Africa Index Series as from March 2013. This methodology will also be applied in the FTSE/JSE SWIX Indices. A notice explaining the process and time line was published on the JSE website, together with the FTSE/JSE September Quarterly Review. This notice can be found at:

[http://www.jse.co.za/Libraries/FTSE-JSE\\_-\\_Announcements\\_-\\_ICAS\\_2012/20120912\\_FTSEJSE\\_Free\\_Float\\_Methodology\\_Change\\_pdf.sflb.ashx](http://www.jse.co.za/Libraries/FTSE-JSE_-_Announcements_-_ICAS_2012/20120912_FTSEJSE_Free_Float_Methodology_Change_pdf.sflb.ashx)

**Next AC meeting will be held on Wednesday, 12 December 2012**

For further information please contact the FTSE/JSE Indices Department

Email: [indices@jse.co.za](mailto:indices@jse.co.za)

Tel: +27 (0)11 520 7137