

To: Market Participants
From: FTSE/JSE
Date: 17 June 2014
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Wednesday, 4 June 2014

1. Background

The FTSE/JSE Advisory Committee (AC) met on Wednesday, 4 June 2014 to approve the quarterly review changes to the FTSE/JSE Africa Index Series which will be effective at the start of business on Monday, 23 June 2014, and to discuss matters relating to the Index Series. The items listed below were discussed during the meeting.

2. March Quarterly Review Summary

The two tables below provide a summary of the changes made to the key indices and the largest changes in ranking at the June 2014 Quarterly Review.

2.1 Changes to Key Indices

Index	Additions	Deletions	SII Changes	FF Changes	Largest Up*	Largest Down*	Projected Max Weight	1 Way Churn
Top 40			8	2	FSR (0.23%)	SLM (0.15%)	BIL (12.89%)	0.46%
SWIX 40			8	4	FSR (0.34%)	SLM (0.22%)	NPN (11.98%)	0.67%
Mid Cap	RPL	ACP	8	8	RPL (0.93%)	ACP (0.51%)	NTC (4.85%)	1.86%
All Share		JDG	25	14	FSR (0.20%)	SLM (0.13%)	BIL (10.86%)	0.56%
Resi 10			1		SOL (0.16%)	BIL (0.09%)	BIL (44.01%)	0.16%
Fini 15			4	2	GRT (1.21%)	SLM (0.93%)	SBK (16.92%)	1.66%
Indi 25			4		SHF (0.15%)	SAB (0.03%)	SAB (18.01%)	0.17%
Eq Wgt 40			8	2	ANG (0.62%)	MDC (0.35%)	ALL (2.5%)	3.31%
SAPY			8	2	GRT (0.84%)	RDF (0.54%)	GRT (24.90%)	2.01%

* Shows the projected increase/decrease in percentage weight within the index

2.2 Largest Changes in Ranking

All Share constituents compared at June 2014 and March 2014 Quarterly Reviews

Newly Ineligible at June Review					
Alpha	Instrument	June Rank	March Rank	Move	Comment
JDG	JD Group Ltd	n/a	116		Free Float below 15%
Noteworthy Top 40 Instruments					
Alpha	Instrument	June Rank	March Rank	Move	Comment
GRT	Growthpoint Properties Ltd	33	38	5	Largest Top 40 Up
ARI	African Rainbow Minerals Ltd	44	35	-9	Largest Top 40 Down. Smallest Top 40.
RMI	Rand Merchant Ins Hldgs Ltd	37	40	3	Largest Mid Cap. Reserve 1.
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	June Rank	March Rank	Move	Comment
DRD	DRD Gold Ltd	179	166	-23	Remains in Fledgling
PNC	Pinnacle Holdings Ltd	152	130	-22	Remains in Small Cap
Largest Increase in Ranking in Main Board					

Alpha	Instrument	June Rank	March Rank	Move	Comment
NIV	Niveus Investments Ltd	128	154	26	Remains in Small Cap
RNG	Randgold & Exploration Company Ltd	213	246	24	Remains in Fledgling

3. Feedback on the FTSE/JSE Africa Index Series

3.1 Glencore Xstrata SA Register Size

In order to be considered as eligible for the FTSE/JSE Index Series, Glencore Xstrata requires a minimum of 5% of their global share register to be accounted for on the South African share register. This is measured on a 3 month average basis. The numbers below were used for the June 2014 Quarterly Review:

FileDate	2014/05/30	3m Average	2014/04/30	2014/03/31	2014/02/28
SA Register	1.57%	0.94%	1.24%	0.89%	0.70%

In order to be eligible at the September review, Glencore would need an average of 6.72% of their listed instruments to be accounted for on the Strate register at the end of June and July respectively.

3.2 Rebasings of Index Values

Due to various system limitations, the JSE cannot currently process an index level in excess of 99,999.99. As such, it has been the practice to rebase any index whose level is approaching this value. No indices are currently due to be rebased; however there are two indices with index values in excess of 70,000.00 namely:

Index	Class	Highest Value
J540 - Health Care	Capital Index	79,193.48
J357 - Food Producers	Capital Index	72,673.66

3.3 Launch of new JSE Website

As part of the launch of the new JSE brand, the new JSE website went live on 14 April 2014. Some market participants have found it problematic to access index documentation, particularly those using older versions of Internet Explorer. The new website is best accessed using Google Chrome or Internet Explorer 9/10 web browsers.

3.4 ICA Notifications

During November 2012 the JSE developed an automated ICA subscription service that comprised email and/or SMS notifications, sent directly to subscribers when new ICAs are published. This service has experienced some problems with the launch of the new JSE website; however these issues have been resolved and ICA notifications are being successfully published.

3.5 Treatment of tender offers

The AC discussed the standard treatment of tender offers. FTSE/JSE does not pre-empt the index treatment and rather waits for the final results of the offer to be published on SENS before adjusting the index in line with this.

4. IOSCO Principles on Financial Benchmarks

FTSE has reviewed its compliance levels for all indices for which it acts as Benchmark Administrator, including the FTSE/JSE Africa Index Series. FTSE believes it is well placed to comply with the IOSCO Principles, and will publish a statement confirming this on or before 15 July 2014. This statement will cover all FTSE Partner indices, and will be applicable to FTSE/JSE indices too. FTSE/JSE is currently involved in a review of the work done to date, in order to ensure that all identified gaps have been closed, and that all Principles have been met.

The AC discussed some of the pending changes to the ground rules and these will be published in due course.

The next AC meeting will be held on Wednesday, 3 September 2014

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