

To: Market Participants
From: FTSE/JSE
Date: 10 September 2014
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Wednesday, 3 September 2014

1. Background

The FTSE/JSE Advisory Committee (AC) met on Wednesday, 3 September 2014 to consider the quarterly review changes to the FTSE/JSE Africa Index Series, which will be effective at the start of business on Monday, 22 September 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 September 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	MPC	ARI	5	3	MPC (0.83%)	NPN (0.67%)	BIL (12.59%)	1.15%
SWIX 40	MPC	ARI	5	3	MPC (1.18%)	NPN (0.90%)	NPN (12.38%)	1.84%
Mid Cap	AFH,ARI,FFA	MPC,SAC,VKE	11	7	NEP (0.32%)	MPC (5.06%)	NTC (5.32)	7.07%
All Share	AFH,KST		33	18	AFH (0.09%)	NPN (0.55%)	BIL (10.57%)	0.74%
Resi 10							BIL (43.38%)	
Fini 15			3	1	ITU (0.18%)	INP (0.15%)	SBK (15.97%)	0.24%
Indi 25			3	2	SAB (0.23%)	NPN (1.01%)	SAB (17.73%)	1.08%
Eq Wgt 40	MPC	ARI	5	3	MPC (2.5%)	ARI (2.43%)	ALL (2.5%)	5.15%
DIV+	BIL,SGL	INL	3	2	SGL (3.18%)	INL (2.68%)	KIO (6.86%)	11.51%

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

2.2 Largest Changes in Ranking

All Share constituents compared at September 2014 and June 2014 Quarterly Reviews.

Newly Eligible at September Review					
Alpha	Instrument	September Rank	June Rank	Move	Comment
AFH	Alexander Forbes Group Holdings	90	n/a		Listed 2014/07/24
KST	PSG Konsult Limited	106	n/a		Listed 2014/06/18
Noteworthy Top 40 Instruments					
Alpha	Instrument	September Rank	June Rank	Move	Comment
MPC	Mr Price Group	35	41	6	Largest Top 40 Up (Addition)
ASR	Assore Ltd	41	34	-7	Largest Top 40 Down
RMI	Rand Merchant Insurance Holdings	38	37	-1	Largest Mid Cap (Reserve List 1)
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	September Rank	June Rank	Move	Comment
ELI	Ellies Holdings Ltd	199	178	-21	Remains in Small Cap
RNG	Randgold & Exploration Co Ltd	238	222	-16	Remains in Fledgling
Largest Increase in Ranking in Main Board					

Alpha	Instrument	September Rank	June Rank	Move	Comment
MMG	Micromega Holdings Ltd	157	190	33	Remains in Fledgling
ASC	Ascendis Health Ltd	132	154	22	Remains in Small Cap

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 September 2014 Quarterly Review:

FileDate	2014/08/29	3m Average	2014/07/31	2014/06/30	2014/05/30
SA Register	2.05%	1.84%	2.03%	1.92%	1.57%

In order to be eligible at the December review, Glencore would need an average of 6.48% of their listed instruments to be accounted for on the Strate register at the end of September and October 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. The J540 is currently due to be rebased.

Index	Class	Highest Value
J540 - Health Care	Capital Index	87,903.73

Two indices, namely J357 and J555 will be closely monitored as the index values are in excess of the 70,000 level.

Index	Class	Highest Value
J357 - Food Producers	Capital Index	79,399.75
J555 - Media	Total Return Index	79,562.18

3.3 Corporate Actions for the Quarter

Following the placement of African Bank Limited under curatorship, African Bank Investments was deleted from all FTSE/JSE indices at zero price, effective on the 14th of August. The treatment and impact of this event was discussed by AC.

3.4 Upcoming Corporate Actions

The upcoming Frankfurt listing of Steinhoff was discussed by the AC. Based on available information, FTSE/JSE is of the opinion that the newly listed entity would be treated as foreign for index purposes and would therefore use a SWIX free float for all index purposes. However, no exact decisions on index treatment can be taken until the final terms of the listing have been confirmed.

4. Dividend Plus Index Methodology

The data and results from the market consultation, published on 22 July, which proposed changes to the Dividend Plus Index, were presented to the AC. The AC's response to the proposed methodology changes was generally positive. FTSE/JSE will agree on the final changes to the index methodology to be ratified at the December AC meeting and published thereafter.

5. IOSCO Principles on Financial Benchmarks

5.1 Steps Taken Towards Compliance

On 17 July FTSE issued the Statement of Compliance with respect to the IOSCO Principles for Financial Benchmarks. The FTSE Statement covers all FTSE partnership indices, including the FTSE/JSE Africa Index Series. FTSE's Statement of Compliance is available at the following web link:

<http://www.ftse.com/products/indices/iosco>

As part of complying with the Principles, amendments were made to the FTSE/JSE Africa Index Series Ground Rules 1.3 – 1.5, 1.9, 3, 4.2.3, 4.3.1, 4.4.1 and 5.1.1 – 5.1.3. An informative notice was published by FTSE/JSE on 18 July to inform market participants of these Ground Rule changes.

The Ground Rule changes made reference to policy documents that have been formalised as part of IOSCO compliance. Herewith a list of the policy documents referenced in the FTSE/JSE Ground Rules:

- Statement of Principles
- Appeal Process
- Index Recalculation Policy and Guidelines
- Index Policy in the Event that Clients are Unable to Trade a Market

5.2 Treatment of Suspensions

The treatment of suspensions in the FTSE/JSE Index Series was discussed and it was agreed that the treatment of suspensions will be more closely aligned with FTSE's treatment in principal. A notice setting out the treatment and Ground Rule changes will be published in due course.

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

For further information please contact the FTSE/JSE Indices Department

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