

To: Market Participants
From: FTSE/JSE
Date: 9 September 2015
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Wednesday, 2 September 2015

1. Background

The FTSE/JSE Advisory Committee (AC) met on Wednesday, 2 September 2015 to approve the quarterly review changes to the FTSE/JSE Africa Index Series which will be effective at the start of business on Monday, 21 September 2015, and to discuss matters relating to the Index Series. The items listed below were discussed during the meeting.

2. 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 2015 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
All Share	CHP,ILU,TDH		19	15	NPN(1.02%)	SAB(0.14%)	NPN(10.41%)	1.33%
Top 40	RDF	KIO	5	1	NPN(1.13%)	SAB(0.25%)	NPN(12.4%)	2.02%
SWIX 40	RDF	KIO	5	3	NPN(1.47%)	AGL(0.27%)	NPN(17.04%)	2.67%
Mid Cap	JSE,KIO,KST,NT1	ILV,LON,RBP,RDF	6	5	JSE(1.36%)	RDF(5.15%)	TRU(4.23%)	6.25%
Resi 10							BIL(57.35%)	
Fini 15	BAT	MMI	2		BAT(3.97%)	MMI(2.45%)	OML(15.99%)	4.01%
Indi 25	DST	KIO	5	2	NPN(1.66%)	SAB(0.38%)	NPN(18.38%)	1.98%
Eq Wgt 40	RDF	KIO	5	1	RDF(0.25%)	KIO(1.31%)	ALL(2.5%)	5.21%
Div+	LHC,TKG,TON,TSH	EXX,KIO,PPC,RLO			LHC(2.93%)	RLO(4.95%)	MTN(5.54%)	22.72%
SAPY		AIA	6	1	APF(0.09%)	AIA(0.23%)	GRT(20.85%)	0.29%

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

2.2 Largest Changes in Ranking

All Share constituents compared at September 2015 and June 2015 Quarterly Reviews.

Newly Eligible at September Review				
Alpha	Instrument	September Rank	Previous Eligibility Failure	Comment
CHP	Choppies Enterprises Ltd	104	Listed on 2015/05/27	Added to Small Cap
TDH	Tradehold Limited	141	Free Float between 5% and 15%	Added to Small Cap
ILU	Indluplace Properties Ltd	164	Listed on 2015/06/19	Added to Small Cap

Noteworthy Top 40 Instruments					
Alpha	Instrument	September Rank	June Rank	Move	Comment
RDF	Redefine Properties Ltd	39	45	6	Largest Top 40 Up (Addition)
BAT	Brait SE	31	36	5	2nd Largest Top 40 Up
KIO	Kumba Iron Ore Ltd	57	40	-17	Largest Top 40 Down (Deletion)
MMI	MMI Holdings Ltd	41	37	-4	2nd Largest Top 40 Down
PFG	Pioneer Foods Group Ltd	40	43	3	Largest Mid Cap (Reserve List 1)
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	September Rank	June Rank	Move	Comment
LON	Lonmin Plc	131	83	-48	Moved from Mid Cap to Small Cap
AEG	Aveng Group Ltd	165	142	-23	Remains in Small Cap
AIA	Ascension Prop Ltd A	173	150	-23	Remains in Small Cap
Largest Increase in Ranking in Main Board					
Alpha	Instrument	September Rank	June Rank	Move	Comment
MNK	Montauk Holdings Ltd	184	220	36	Remains in Small Cap
NT1	Net 1 UEPS Tech Inc	85	106	21	Moved from Small Cap to Mid Cap

3. Feedback on the FTSE/JSE Africa Index Series

3.1 Glencore Xstrata and South32 Register Size

According to the Ground Rules, any share that is classified as foreign for index purposes by the South African Reserve Bank, will have a free float that represents the proportion of their share capital that is held in dematerialised form on the South African share register. This is measured as a 3 month average and the average for the September review was taken over May, June and July.

Companies with a free float of 5% or below are not eligible for inclusion in the Index Series. A company that has a free float greater than 5% but less than or equal to 15% will be eligible for the Index Series providing the market capitalisation of its available float is greater than the average company's free float capitalisation within the Index, and it qualifies in all other respects. The actual free float will be rounded up to the next highest whole number.

The table below shows the SA Register holdings that were considered for the September review:

FileDate	2015/08/31	3m Average	2015/07/31	2015/06/26	2015/05/29
GLN SA Register	2.29%	2.36%	2.22%	2.35%	2.50%
S32 SA Register	3.92%	5.36%	4.67%	5.22%	6.17%

3.2 Rebasing 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 table below shows the four indices that were rebased in this manner during the third quarter:

Index	Class	Highest Value
J500 – Oil & Gas	Capital Index	>100,000.00
J537 – General Retailers	Capital Index	88,936.03
J835 – Banks	Capital Index	85,148.81
J250 – SA Financials and Industrials	Capital Index	80,339.33

In addition, three indices (J257, J213, and the J590) will be monitored over the quarter as they have exceeded the 70,000.00 level.

Index	Class	Highest Value
J257 – SA Industrials	Capital Index	75,560.74
J213 – Financial and Industrial 30	Capital Index	73,008.25
J590 – Technology	Capital Index	70,807.72

3.3 Corporate Actions for the Quarter

The table below summarises all intra-quarter index adjustments made to the All Share and Top 40 indices since the June 2015 review:

Amendment Type	Top 40 Index	All Share Index	Top 40 Notes
CA - Constituent Addition		2	
CD - Constituent Deletion		4	
CI - Capitalisation Issue	1	3	Brait SE – Bonus Issue: 0.84775 for 100
CP - Capital Repayment		2	
DV - Dividend (TRI)	4	21	
IC - Free Float Change		4	
IS - Shares In Issue Change		3	
NC - Name Change			
RI - Rights Issue	1	1	Mediclinic Rights Issue of 12.80145 for 100 @ 90 ZAR
SC - Scrip Dividend		6	
SS - Classification Change		1	

3.4 Informative Notices

Market Participants are notified of index changes for constituent additions and deletions, as well as free float and shares in issue changes, through the publication of Index Change Advice (ICA) Notices. There are however a small number of index changes that are deterministic in nature for which no notices are published, although these changes are available to clients who subscribe to index data products.

In order to improve the depth of information available to index users, FTSE/JSE now publishes Informative Notices for a selection of these changes. This free service covers the Top 40 and Mid Cap Constituents and is published for the following corporate actions types:

- Rights Issues
- Scrip Dividends and Electable REIT Distributions (particularly with a cash option)

FTSE/JSE will also release an Informative Notice for complex high profile corporate actions in order to provide the market with advance notice of the indicative treatment.

3.5 Foreign Dividend Withholding Tax

FTSE/JSE has implemented the change to the treatment of dividends that are subject to Dividend Withholding Tax under a foreign tax regime in the Total Return Indices (TRI). From 1 September 2015, the existing gross Total Return Indices in the Series will be calculated net of foreign dividend withholding taxes.

4. Market Consultation: SA Resources Definition

After discussion at the FTSE/JSE Advisory Committee (AC) meeting in June 2015, a market consultation on the definition of the SA Sector classification structure was published to the market. The purpose of the consultation was to ensure that all market participants had an opportunity to comment before the proposed changes were applied. FTSE/JSE proposed that the basis of the SA Resources classification be changed from an ICB Sector level to an ICB Industry level.

It was reported at the meeting that responses to the proposed change, as set out in the market consultation, were positive and participants were supportive of the proposal to amend the SA Sector definition. FTSE/JSE would like to take this opportunity to thank all the respondents for providing their views in this regard.

The proposal is now in final review with FTSE/JSE and further information will be published in due course.

The next AC meeting will be held on Wednesday, 2 December 2015

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