

FTSE/JSE Africa Index Series

Suspended Companies Ground Rule Update

11 April 2016

At the March 2016 meeting the FTSE Russell Governance Board approved the following revised treatment of suspended companies. The revised treatment will be effective immediately.

Current Rule

8.4 Suspension of Dealing

- 8.4.1 In the event that a constituent of a FTSE/JSE Africa Index, other than the FTSE/JSE Top 40 Index, is suspended, the constituent may remain in the FTSE/JSE Africa Index, at the price at which it is suspended, for up to 20 business days, whilst a suspended constituent of the FTSE/JSE Top 40 Index may remain in the Index for up to five business days. During this time FTSE/JSE may delete the constituent immediately at zero value in cases it is expected that the constituent will not recommence trading.
- If a constituent is declared bankrupt, placed under curatorship, business rescue or placed in provisional liquidation, the last traded price will be adjusted down to zero value and it will subsequently be removed from the index.
 - If there is no accompanying news when a constituent is suspended, FTSE/JSE will normally allow it to remain in the index for up to 20 business days (5 business days in the Top 40) at its last traded price before determining whether to delete it at zero value or allow it to remain in the index.
 - If a constituent is temporarily suspended but expected to recommence trading pending a restructuring or a corporate event, for example a merger or acquisition, it may remain in the index at its last traded price for up to 20 business days.
 - If it continues to be suspended at the end of that period, it will be subject to review and a decision will be taken to either allow the constituent to remain in the index for a further period of up to 20 business days or to remove it at zero value. This procedure will be repeated at successive 20 business day intervals thereafter until either trading recommences or the suspension period reaches 80 business days.
 - If the suspension period reaches 80 business days and the constituent does not resume trading within a further 40 business days and has not given any firm date for the resumption of trading, then it will be removed at zero value at the next index review.
 - If a constituent has been removed from the index and trading is subsequently restored, it will only be re-considered for inclusion after a period of 12 months from its deletion. For the purposes of index eligibility it will be treated as a new issue.

New Rule

8.4 Suspension of Dealing*

8.4.1 In the event that a constituent of a FTSE/JSE Africa Index, other than the FTSE/JSE Top 40 Index, is suspended, the constituent may remain in the FTSE/JSE Africa Index, at the price at which it is suspended, for up to 20 business days, whilst a suspended constituent of the FTSE/JSE Top 40 Index may remain in the Index for up to five business days. During this time FTSE/JSE may delete the constituent immediately at zero value in cases it is expected that the constituent will not recommence trading.

- If a constituent is declared bankrupt, placed under curatorship, business rescue or placed in provisional liquidation, the last traded price will be adjusted down to zero value and it will subsequently be removed from the index with T+2 notice.
- In all other cases, if the company is a constituent of the Top 40 index, the constituent will continue to be included in the index for a period of 5 business days. If the constituent continues to be suspended at the end of that period, it will be removed from the index with T+2 notice at the last traded price.
- In all other cases, the constituent will continue to be included in the index for a period of up to 20 business days at its last traded price.
 - If the constituent continues to be suspended at the end of that period, it will be subject to review and a decision will be taken to either allow the constituent to remain in the index for a further period of up to 20 business days or to remove it at zero value. In making this determination, FTSE/JSE will take into account the stated reasons for the suspension. These reasons may include announcements made by the company regarding a pending acquisition or restructuring, and any stated intentions regarding a date for the resumption of trading.
 - This procedure will be repeated at successive 20 business day intervals thereafter until either trading recommences or the suspension period reaches 80 business days.
 - If the suspension period reaches 80 business days and the constituent has not announced a firm date for the resumption of trading during the 40 business day period following the 80 business day suspension period FTSE/JSE will provide notice that the constituent will be removed at zero value at the index review following the expiry of the 40 business day period.
 - In certain limited circumstances where the index weight of the constituent is significant and FTSE/JSE determines that a market-related value can be established for the suspended constituent, for example because similar company securities continue to trade, deletion may take place at the market-related value instead. In such circumstances, FTSE/JSE will set out its rationale for the proposed treatment of the constituent at the end of the 80 business day period.
 - If following the end of the 80 business day period, a suspended constituent that has not announced a firm date for the resumption of trading nevertheless resumes trading before its planned removal date, the constituent will continue to be removed from the index as previously announced but in these circumstances the deletion will be implemented at market value.
 - If during the minimum 40 business day notice period, a suspended constituent that had previously announced a firm date for the resumption of trading within that period then nevertheless fails to resume trading on that date, FTSE/JSE will give notice that the constituent will be removed at the index review following the expiry of an additional notice period of 40 business days.
 - If a constituent has been removed from the index and trading is subsequently restored, the

constituent will only be re-considered for inclusion after a period of 12 months from its deletion. For the purposes of index eligibility it will be treated as a new issue.

*The Suspended Companies policy also applies to constituents which have a price that FTSE/JSE considers to be unreliable. This includes Indonesian constituents that have reached the minimum allowable trade price of IDR 50 per share.

An updated version of the FTSE JSE Africa Index Series Ground Rules is now available on the FTSE Russell and JSE websites.

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