

To: Market Participants
From: FTSE/JSE
Date: 20 June 2016
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Wednesday, 1 June 2016

1. Background

The FTSE/JSE Advisory Committee (AC) met on Wednesday, 1 June 2016 to approve the quarterly review changes to the FTSE/JSE Africa Index Series which will be effective at the start of business on Monday, 20 June 2016, 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 June 2016 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			21	11	BID (0.06%)	NPN (0.06%)	NPN (13.27%)	0.43%
Top 40			6	3	BID (0.08%)	NPN (0.05%)	NPN (15.82%)	0.30%
SWIX 40			6	5	OML (0.22%)	SAB (0.73%)	NPN (22.17%)	0.73%
Mid Cap	LON	SUI	11	2	LON (1.2%)	SUI (0.72%)	GFI (4.49%)	1.97%
Resi 10	IMP	EXX	3		IMP (2.17%)	EXX (0.66%)	BIL (32.09%)	2.33%
Fini 15	REI	RMI	1	2	REI (4.64%)	RMI (2.59%)	OML (16.89%)	5.2%
Indi 25			4	2	BID (0.12%)	NPN (0.07%)	SAB (23.80%)	0.29%
Eq Wgt 40			6	3	MTN (0.46%)	AGL (0.52%)	ALL (2.50%)	3.03%
SAPY			8	1	GRT (0.22%)	RDF (0.21%)	GRT (18.29%)	0.62%

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

2.2 Largest Changes in Ranking

All Share constituents compared at June 2016 and March 2016 Quarterly Reviews.

Noteworthy Top 40 Instruments					
Alpha	Instrument	June Rank	March Rank	Move	Comment
AMS	Anglo American Plat Ltd	21	28	7	Largest Top 40 Up
ANG	AngloGold Ashanti Ltd	24	30	6	2 nd Largest Top 40 Up
NED	Nedbank Group Ltd	27	21	-6	Largest Top 40 Down
RMH	RMB Holdings Ltd	30	26	-4	2 nd Largest Top 40 Down
NTC	Netcare Ltd	43	41	-2	Lowest Ranking Top 40
NEP	New Europ Prop Inv Plc	37	38	1	Highest Ranking Top 40 Reserve List
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	June Rank	March Rank	Move	Comment
WBO	Wilson Bayly Hlm-Ovc Ltd	111	97	-14	Remains in Small Cap
CLI	Clientele Ltd	137	126	-11	Remains in Small Cap

TOR	Torre Industries Limited	186	175	-11	Remains in Fledgling
SCL	Sacoil Holdings Ltd	210	199	-11	Remains in Fledgling
Largest Increase in Ranking in Main Board					
Alpha	Instrument	June Rank	March Rank	Move	Comment
LON	Lonmin Plc	88	131	43	Moved from Small Cap to Mid Cap
MNK	Montauk Holdings Ltd	158	185	27	Remains in Fledgling
THA	Tharisa Plc	171	195	24	Remains in Fledgling
CZA	Coal of Africa Ltd	182	198	16	Remains in Fledgling

3. Feedback on the FTSE/JSE Africa Index Series

3.1 Glencore Xstrata, South32 and AB InBev 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 June review is taken over February, March and April.

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:

File Date	2016/05/27	3m Average	2015/04/29	2015/03/24	2015/02/26
GLN SA Register	2.22%	2.63%	2.42%	2.69%	2.79%
S32 SA Register	4.00%	3.83%	3.98%	3.91%	3.60%
ANB SA Register	0.51%	0.51%	0.48%	0.57%	0.49%

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. No indices are currently due to be rebased; however there are six indices with index values in excess of 70,000.00 namely:

Index	Class	Index Value
J530 - Consumer Goods	Capital Index	79,882.16
J257 - SA Industrials	Capital Index	78,322.75
J201 - Mid Cap	Capital Index	73,835.51
J213 - Financial and Industrial 30	Capital Index	72,802.77
J211 - Industrial 25	Capital Index	70,639.19
JS54 - SWIX Media	Total Return Index	74,540.26

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 March 2016 review:

Amendment Type	Top 40 Index	All Share Index	Top 40 Notes
CD - Constituent Deletion		1	
CI - Capitalisation Issue		2	
DV - Dividend (TRI)	17	39	
IC - Weighting Change		2	
IS - Shares Change		3	
RI - Rights Issue		1	

4. Advisory Committee Meeting Times

In order to align governance principles across all FTSE Russell market practitioner committees, FTSE Russell requested an adjustment to the FTSE/JSE AC review meeting times. Currently the FTSE/JSE AC meets quarterly on the first Wednesday before the first Friday of review month to conduct business in accordance with its responsibilities. The results of the quarterly index review are presented at the AC meeting, but only published after market close on the day of the meeting. Other committee meetings within the FTSE Russell group are structured such that the index review results are presented to the committee after the information has been released in the public domain. The AC agreed that meeting will occur on the Thursday, before the first Friday of review month, the day after the review changes have been released to the market.

The changes will be made effective at the September 2016 quarterly index review. Therefore the September AC meeting will take place on Thursday, 1 September. The notification of review changes will be published after the close of business on 31 August 2016.

5. Changes to Core Index Methodology

The AC was presented with an update on the progress made since March 2016 with regards to the changes to the core index methodology. The changes have been finalised and approved across all internal channels. FTSE/JSE is currently finalising the implementation timeline with respect to system, product, and ground rule changes. As soon as this is confirmed, the updated Ground Rules will be published to the market, together with a summary note providing an overview of the changes.

6. Property Indices

FTSE/JSE has embarked on a project to improve the current FTSE/JSE Listed Property Indices. In March 2015 a broad consultation to solicit comments from the market regarding the current offering was conducted. A significant number of responses were received from market participants and an updated proposed index offering has subsequently been put together in response to the feedback obtained.

The AC considered the methodology of the proposed suite of property indices. It is anticipated that the proposal will be published to the market in the form of a market consultation, after the upcoming changes to the core index methodology have been finalised and published.

The next AC meeting will be held on Thursday, 1 September 2016

For further information please contact the FTSE/JSE Indices Department

Email: indices@jse.co.za

Tel: +27 (0)11 520 7137