



Treatment of Scrip Dividends and Electable REIT Distributions

FTSE/JSE Africa Index Series

30 May 2017

On 15 December 2016 FTSE/JSE published a [Market Consultation](#) regarding the treatment of scrip dividends (SC) and electable REIT distributions (RE) in the Index Series. The market consultation proposed a change to the treatment of SCs and REs in the Index Series, since the current FTSE/JSE index treatment depends on the default option and therefore the exact treatment is not always apparent to index investors.

Current Treatment:

The current treatment prescribes that should cash be the default option, the scrip dividend would be applied as an ordinary cash dividend and the only impact would be to the Total Return index value. However, should the default option be scrip, the event would be applied as a Capitalisation Issue in the Index Series, with a resultant increase in shares and decrease in price.

New Treatment:

After taking into account feedback from the market consultation, the FTSE/JSE Advisory Committee (AC) decided at the March 2017 meeting that all SCs and REs will be treated as cash dividends in all FTSE/JSE indices, regardless of the default election option attached to the corporate action. The index treatment would be to apply the dividend at the declared cash rate, less any foreign dividend withholding taxes applicable. SCs and REs will therefore only impact the total return index value and not the capital index calculation or constituent weights.

This change will be effective for all SCs and REs with immediate effect.

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