



## FTSE/JSE Africa Index Series - Ground Rule Update

4 May 2020

FTSE Russell would like to inform clients of the following enhancement to the FTSE/JSE Africa Index Series Ground Rules which will be effective from 1 July 2020.

### Section 6: Changes to Constituent Companies

#### 6.3 Mergers, Restructuring and Complex Takeovers

##### New Rule

6.3.4 In case of an unbundling the new constituents will be added to all the indexes that the original company belonged to for a period of at least three days (more if the spun-off company does not trade on the effective date). Index constituent changes resulting from the split will be determined based on the market values at close on day one of trading and applied using market values at close on day three of trading, following the date that the split begins trading. Consequently the Top 40 or any other index with a fixed number of constituents may have extra company(s) for at least three days or a Resources Index may have a non-resources company for at least three days. For all the FTSE/JSE Equally Weighted Indexes, the weights will be adjusted allowing for the companies in the unbundling event. On the day when the smallest company(s) is/are deleted, the smallest constituent in the unbundling process will take the weight of the removed company(s), while the larger constituent will take the sum weight of the unbundled companies. If one of the unbundled entities in the unbundling process is ineligible it will be deleted from the index, the remaining constituent will take the sum weight of the unbundled entities.

##### Old Rule

6.3.4 In case of an unbundling the new constituents will be added to all the indexes that the original company belonged to for a period of 2 days. Index constituent changes resulting from the split will be determined based on the market values at close on day one of trading and applied using market values at close on day two of trading, following the date that the split becomes effective. Consequently the Top 40 or any other index with a fixed number of constituents may have an extra company for 2 days or a Resources Index may have a non-resources company for 2 days. For all the FTSE/JSE Equally Weighted Indexes, the weights will be adjusted according for the 2 companies in the unbundling event. On the day when the smallest company is deleted, the smaller constituent in the unbundling process will take the weight of the removed company, while the larger constituent will take the sum weight of the two unbundled companies. If one of the unbundled entities in the unbundling process is ineligible it will be deleted from the index, the remaining constituent will take the sum weight of the two unbundled entities.

An updated copy of the FTSE/JSE Africa Index Series Ground Rules (v6.7) is now available using the following link: [FTSE\\_JSE\\_Africa\\_Index\\_Series\\_new.pdf](#)

Or on the FTSE Russell website: [www.ftserussell.com](http://www.ftserussell.com)

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