

FTSE JSE Africa Index Series: Ground Rule Update

18 December 2020

FTSE Russell would like to inform clients that the Ground Rule for the FTSE JSE Africa Index Series have been updated this change will be effective from 18 January 2021.

Section 6: Changes to Constituent Companies

The Suspended Companies rule has been updated as follows:

6.5 Suspension of Dealing

1.1 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 appropriate notice (typically T+2).

- 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 five 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, following review once a constituent has been suspended for 20 business days, a decision is taken to remove the constituent, FTSE Russell will provide notice (via an Informative Notice) of 20 business days (the notice period) that it intends to remove the constituent, at zero value, at the conclusion of the notice period*. If the security has not resumed trading at the conclusion of the notice period, it will be removed with two days' notice.

*If during the notice period further details are disclosed as to the reason for a company's suspension, those reasons (and any possible resumption of trade date) will be taken into account when determining if the company should remain on notice.

- If the suspended company resumes trading prior to the expiry of the notice period, the company will remain in its indexes as normal.
- If during the notice period further details are disclosed as to the reason for a company's suspension, those reasons (and any possible resumption of trade date) will be taken into account when determining if the company should remain on notice.
- If a suspended constituent resumes trading on or before the last business day of the notice period, the deletion notice will be rescinded and the constituent will be retained in the index. However, where the constituent resumes trading after the 40th business day of suspension, the constituent will continue to be removed from the index as previously announced but in these circumstances the deletion will instead be implemented at market value unless there are barriers that render a market value irreplaceable. In this event, the company will continue to be removed at zero.

- If the notice period expires in the week preceding an index review, the company will be removed at zero value in line with the review date (subject to it not resuming trading during that week). 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 suspension period. The company would then be removed at that value at the end of the notice 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. The company would then be removed at that value at the end of the notice period.
- 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.

An updated copy of the FTSE JSE Africa Index Series Ground Rules (Version 7.2) is now available using the following link [FTSE_JSE_Africa_Index_Series_new.pdf](#) or from the FTSE Russell website www.ftserussell.com

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