

## FTSE JSE Africa Index Series: Mergers, Restructuring and Complex Takeovers - Ground Rule Clarification

04 February 2021

FTSE Russell would like to inform clients of the following Ground Rule clarification for the FTSE JSE Africa Index Series which is effective immediately:

### Section 6: Changes to Constituent Companies

#### 6.3 Mergers, Restructuring and Complex Takeovers (updates in bold - to clarify current practice)

6.3.4 In case of a **spin-off or distribution in specie**, the new constituent(s)/**distributions** will be added to all 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 spin-off 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 **spin-off** event. On the day the smallest company(s) is/are deleted, the smallest constituent in the **spin-off** process will take the weight of the removed company(s), while the larger constituent will take the sum weight of the spun-off companies. If one of the **spun-off** entities is ineligible it will be deleted from the index, **and its weight will be incorporated by the remaining constituent involved in the spin-off. In a distribution involving the inclusion of a temporary line, the weight of the distribution will be held within the temporary line until after settlement, at which point it will merge back into the distributing company.**

An updated copy of the FTSE JSE Africa Index Series Ground Rules (Version 7.3) is now available using the following link: [FTSE\\_JSE\\_Africa\\_Index\\_Series\\_new.pdf](#)

or from the FTSE Russell website: [www.ftserussell.com](http://www.ftserussell.com)

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