

To: Market Participants
From: FTSE/JSE
Date: 26 March 2021
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Thursday, 4 March 2021

1. Background

The FTSE/JSE Advisory Committee (AC) met on Thursday, 4 March 2021 to discuss matters relating to the FTSE/JSE 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 March 2021 Quarterly Review.

2.1 Changes in Key Indices

Index	Additions	Deletions	SII Changes	FF Changes	Largest Up*	Largest Down*	Projected Max Weight	1 Way Churn
All Share		1	17	23	PPH (0.08%)	PRX (0.36%)	NPN (18.58%)	0.52%
Large Cap		1	1	4	NPN (0.25%)	RNI (0.61%)	NPN (23.27%)	1.06%
Large and Mid Cap	3	2	6	11	RBP (0.18%)	PRX (0.38%)	NPN (19.23%)	0.71%
Mid Cap	4	2	5	7	RNI (2.91%)	AFE (0.80%)	NHM (5.84%)	5.80%
Top 40	GLN	HAR	3	3	GLN (0.63%)	PRX (0.41%)	NPN (20.92%)	0.85%
SWIX 40	GLN	QLT	3	4	GLN (0.90%)	PRX (0.60%)	NPN (30.16%)	1.25%
Capped SWIX 40	GLN	QLT	3	4	GLN (1.16%)	PRX (0.75%)	NPN (10.00%)	1.82%
Eq Wgt 40	GLN	HAR	3	3	GLN (2.50%)	HAR (2.07%)	ALL (2.50%)	7.09%
Resi 10	GLN	HAR	0	0	GLN (1.67%)	HAR (1.07%)	BHP (37.01%)	1.67%
Fini 15			3	1	GRT (0.06%)	NRP (0.10%)	FSR (21.44%)	0.13%
Indi 25			0	4	NPN (0.34%)	PRX (0.80%)	NPN (42.03%)	0.84%
All Property			7	8	HYP (0.65%)	RDF (0.84%)	GRT NRP (15%)	2.43%
Tradable Property	MSP	IAP	4	4	MSP (5.49%)	IAP (4.78%)	GRT NRP RDF (15%)	6.97%
SAPY			5	5	HYP (0.56%)	RDF (1.01%)	GRT (21.92%)	1.53%

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

2.2 Largest Changes in Ranking

All Share constituents compared at March 2021 and December 2020 Reviews.

Noteworthy Top 40 Instruments					
Alpha	Instrument	March Rank	December Rank	Move	Comment
GLN	Glencore plc	31	43	12	Largest Top 40 up
EXX	Exxaro Resources Ltd	35	44	9	2nd Largest Top 40 up
HAR	Harmony GM Co Ltd	46	37	-9	Largest Top 40 down
SPP	The Spar Group Ltd	40	35	-5	Lowest Ranking Top 40
KIO	Kumba Iron Ore Ltd	41	45	4	Largest Reserve List
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	March Rank	December Rank	Move	Comment
RHB	RH Bophelo Limited	228	207	-21	Remains in Fledgling
AEL	Allied Electronics Corp A	119	80	-39	Remains in All Share
Largest Increase in Ranking in Main Board					
Alpha	Instrument	March Rank	December Rank	Move	Comment
ACL	ArcelorMittal SA Limited	138	211	73	Remains in Fledgling
AYO	Ayo Tech Solutions Ltd	150	189	39	Remains in Fledgling
NPK	Nampak Ltd	153	188	35	Remains in Fledgling
SNH	Steinhoff Int Hldgs N.V.	98	127	29	Remains in All Share
HLM	Hulamin Ltd	198	225	27	Remains in Fledgling
CND	Conduit Capital Ltd	221	244	23	Remains in Fledgling
PPC	PPC Limited	143	165	22	Remains in Fledgling

3. Feedback on the FTSE/JSE Africa Index Series

3.1 Rebasings of Index Values

Due to various system limitations, the JSE cannot currently process an index level in excess of 99,999.99 where that index has a derivative contract listed on it. 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 two tradable indices (indices with derivative/s listed) with index values in excess of 70,000.00 namely:

Index	Class	Index Value	Derivative Listed	Open Interest (Contracts)
J173 - Forestry & Paper	Capital Index	71,478.30	-	-
J211 - Industrial 25	Capital Index	87,943.27	Yes	-
J213 - Financial and Industrial 30	Capital Index	83,602.91	Yes	-
J257 - SA Industrials	Capital Index	93,496.13	-	-
J311 - Capped Industrial 25	Capital Index	82,213.76	-	-
JS54 - SWIX Media	Capital Index	118,394.37	-	-
J205 - Large Cap	Total Return Index	76,068.89	-	-
J206 - Large and Mid Cap	Total Return Index	72,602.46	-	-
JS36 - SWIX Personal Goods	Total Return Index	79,189.48	-	-
JS51 - SWIX Alternative Energy	Total Return Index	84,393.35	-	-
JS54 - SWIX Media	Total Return Index	157,438.28	-	-
JS10 - SWIX Oil & Gas	Total Return Index	84,393.35	-	-

3.2 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 December 2020 review:

Amendment Type	Top 40 Index	All Share Index	Top 40 Notes
CA - Constitution Addition	-	-	
CD - Constitution Deletion	-	1	
CI – Capitalisation Issue	-	-	
CP - Special Dividend	-	1	
DV - Dividend	1	10	
RI – Rights Issue	-	-	
IC - Weight Change	-	2	
IS - Shares Update	-	2	
NC - Name Change	-	1	
SS – Classification Change	-	1	

3.3 Demerger of Bytes Technology Group by Allied Electronics

On 3 November 2020, Allied Electronics Group announced its intention to dispose of its A ordinary shares in Bytes UK to Bytes Technology Holdco and Bytes UK Management proposed to sell their B ordinary shares in Bytes UK to Bytes UK HoldCo. Bytes UK HoldCo then settled the purchase consideration for the ordinary shares in Bytes UK through the issue of Convertible Notes to Bytes SA and the payment to Bytes UK Management of the Cash-out Amount and the issue to the Bytes UK Management of the Bytes UK Management Consideration Shares. Bytes SA and the intermediate Altron Group companies will have distributed the Convertible Notes to Altron as a distribution in specie. As such, for every 8 Altron shares, shareholders received 3 Bytes UK shares and cash to the value of 1 Bytes UK share at the offering price.

On 2 December, Bytes Technology Group was added within all the existing market cap weighted JSE Indices. Altron's price was adjusted by the offer terms, therefore deeming the transaction non-market cap neutral. An Index Change Advise (ICA) was published outlining the treatment.

Furthermore, Bytes Technology Group announced its intention to increase their shares in issue by way of Initial Public Offering (IPO) and an ICA was published on 17 December 2020 referencing the increase in shares in issue.

4. Matters arising from Previous Meetings

4.1 ICB Enhancements

The Advisory Committee was provided with information pertaining to the ICB Enhancements, the purpose of the ICB notices is to provide a more detailed overview of the current ICB Index offerings together with the new and enhanced ICB Indices that will be available from the effective date (i.e. 23 March 2021).

A further market notice was published on 19 October 2020 outlining the current ICB structure as well as the proposed plan and an informative session was held on 18 November 2020 to engage on the structural changes

and impact on stakeholders. A market notice was subsequently published on 15 December 2020 with details of an instrument mapping spreadsheet for all JSE and NSX instruments to the new ICB structure.

5. Other Index Related Matters

Ground Rules Update

5.1.1 Suspension of Dealing

The first Ground Rules update involved a reduction of the time suspended companies remain in an index, from up to 60 to up to 40 days. A constituent in all other indexes except Top 40, 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.

The rationale for this change was to reduce the period of time as many clients commented that suspended companies are kept within the indexes for too long. A [Ground Rules Update](#) was published on 18 December 2020 and this change was effective from 18 January 2021.

5.1.2 Mergers, Restructuring and Complex Takeovers

In case of a **spin-off or distribution in specie** (previously unbundling), the new constituents;/ **distributions** 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).

For all the FTSE/JSE Equally Weighted Indexes, the weights will be adjusted allowing for the companies in the **spin-off** (previously unbundling) event. On the day the smallest company(s) is/are deleted, the smallest constituent in the **spin-off** (previously unbundling) process will take the weight of the removed company(s), while the larger constituent will take the sum weight of the **spun-off** (previously unbundled) companies. If one of the **spun-off** (unbundled) 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** (previously the remaining constituent will take the sum weight of the unbundled entities).

A [Ground Rules Update](#) was published on 4 February 2021.

The next AC meeting will be held on Thursday, 3 June 2021.

For further information, please contact the FTSE/JSE Indices Department.

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