

## FTSE JSE Africa Index Series - Ground Rule Updates

24 June 2021

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

### Section 4: Specialist Indices

#### K. FTSE/JSE Shariah Top 40 Index (J140) **(Update in bold)**

The FTSE/JSE Shariah Top 40 Index is designed to reflect the Shariah compliant companies as screened by Yasaar from the FTSE/JSE Top 40 Index. This index will therefore consist of the FTSE/JSE Top 40 companies which are Shariah compliant. **Deletions from the underlying FTSE/JSE Top 40 Index (including re-ranking following a demerger) will be applied to the FTSE/JSE Shariah Top 40 Index where appropriate.** For further details on the Shariah screening methodology and Yasaar, please refer to the FTSE Shariah Global Equity Index Series Ground Rules which are available on [www.ftserussell.com](http://www.ftserussell.com).

#### Q. FTSE/JSE Top 40 Minimum Variance Index (J700) **(Update in bold)**

The FTSE/JSE Top 40 Minimum Variance Index will consist of constituents of the FTSE/JSE Top 40 Index that minimise index volatility, based on historical return information, thereby offering potential improvements to the risk/reward trade-off of the index. **Deletions from the underlying FTSE/JSE Top 40 Index (including re-ranking following a demerger) will be applied to the FTSE/JSE Top 40 Minimum Variance Index where appropriate.** For further details on the methodology, please refer to the FTSE Global Minimum Variance Index Series Ground Rules which are available on [www.ftserussell.com](http://www.ftserussell.com)

Rule 4.1.5 has been clarified as follows

Companies whose business is that of holding equity and other investments (e.g. Investment Trusts) will be eligible for inclusion. However, those investment funds, which have been classified by the Industry Classification Benchmark as being in ICB sector Open End and Miscellaneous Investment Vehicles 302050 are excluded. Companies classified as Pyramid companies will also not be eligible.

### Section 6: Changes to Constituent Companies

#### New Rule

6.3.3 If a constituent company is split to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the appropriate FTSE/JSE African Indices if they are eligible in all respects. If a constituent of a fixed index splits into two or more companies, the applicable fixed index will be re-ranked using the close price on the first day of trade of the spin-off company and the smallest constituent(s) will be removed. e.g. a FTSE/JSE Top 40 Index constituent split into two companies may result in one or both of these companies remaining in the FTSE/JSE Top 40 Index. Where both of these companies remain in the FTSE/JSE Top 40 Index, the smallest FTSE/JSE Top 40 Index constituent will be deleted from the index. The weights will be adjusted accordingly for all the FTSE/JSE Equally Weighted Indices. If there are no changes to the constituents the same weight is used for the company involved in the spin off. If

both remain then the largest company in the spin-off will take the weight of the parent company. The smallest company will then take the weight of the deleted company in the index.

## Old Rule

6.3.3 If a constituent company is split so as to form two or more companies, then the resulting companies will be eligible for inclusion as index constituents in the appropriate FTSE/JSE African Indices based on their respective investable full market capitalisations, i.e. before the application of any investability weightings and if they qualify in all other respects, e.g. a FTSE/JSE Top 40 Index constituent split into two companies may result in one or both of these companies remaining in the FTSE/JSE Top 40 Index. Where both of these companies remain in the FTSE/JSE Top 40 Index, the smallest FTSE/JSE Top 40 Index constituent will be deleted from the index. The weights will be adjusted accordingly for all the FTSE/JSE Equally Weighted Indexes. If there are no changes to the constituents the same weight is used for the company involved in the spin off. If both remain then the largest company in the spin-off will take the weight of the parent company. The smallest company will then take the weight of the deleted company in the index.

## 6.4 New Issues (Update in bold)

6.4.1 Where a company, whether an existing constituent or not, undertakes an Initial Public Offering of a new equity security, that security will be eligible for fast entry inclusion to the FTSE/JSE Africa Index Series if its full market capitalisation amounts to 1.0% or more of the full capitalisation of the FTSE/JSE All Share Index, before the application of individual constituent investability weightings) FTSE /JSE will normally decide to include the new security as a constituent of the FTSE/JSE Africa Index Series, for the indices that it qualifies for after the close of business on the fifth day of official trading. In all cases, advance notification confirming the timing of the inclusion of the new constituent will be given accordingly. The fast entry rule is not applicable to the FTSE/JSE Top 40, FTSE/JSE SWIX 40 (and their derivative indices), FTSE/JSE Specialist Property Indices and any index with a fixed number of constituents and also not to any share that is classified as foreign, for index purposes. **In the event of the fifth day of trading occurring during the week of the index review, an eligible fast entrant will be added to the index concurrent with the review effective date.**

An updated copy of the FTSE JSE Africa Index Series Ground Rules (Version 7.5) 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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