

**To:** Market Participants  
**From:** FTSE/JSE  
**Date:** 13 April 2022  
**Subject:** Notes from the FTSE/JSE Advisory Committee Meeting held on Thursday, 3 March 2022

## 1. Background

The FTSE/JSE Advisory Committee (AC) met on Thursday, 3 March 2022 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 2022 Quarterly Review.

### 2.1 Changes to Key Indices

Index	Additions	Deletions	SII Changes	FF Changes	Largest Up*	Largest Down*	Projected Max Weight	1 Way Churn
All Share			11	20	AGL (1.43%)	BHG (11.21%)	AGL (12.33%)	11.28%
Large Cap			2	6	AGL (2.42%)	BHG (14.21%)	AGL (16.32%)	14.21%
Large and Mid Cap		DRD	6	14	AGL (1.57%)	BHG (11.65%)	AGL (12.89%)	11.77%
Mid Cap		DRD	4	8	RDF (0.08%)	DRD (0.41%)	NED (5.76%)	0.52%
Top 40	ANH	SPP	2	5	AGL (1.89%)	BHG (12.77%)	AGL (14.34%)	13.20%
SWIX 40	ANH	RNI	2	14	ANH (0.889%)	RNI (0.81%)	MTN (6.94%)	1.40%
Capped SWIX 40	ANH	RNI	2	5	NPN (2.46%)	AGL (0.94%)	FSR, AGL, NPN, MTN (6.00%)	3.91%
Eq Wgt 40	ANH	SPP	2	5	ANH (2.50%)	SPP (2.24%)	ALL (2.5%)	9.38%
Resi 10			2	3	AGL (11.62%)	BHG (27.69%)	AGL (39.70%)	27.69%
Fini 15			1	1	QLT (0.03%)	FSR (0.01%)	FSR (22.29%)	0.03%
Indi 25	BAW	NTC	1	3	BAW (0.64%)	PRX (0.89%)	CFR (30.01%)	1.56%
All Property			5	5	NRP (1.09%)	SRE (0.33%)	GRT, NRP (15.00%)	2.08%
Tradable Property	LTE	MSP	2	3	LTE (5.19%)	MSP (5.76%)	GRT, NRP, RDF (15.00%)	9.52%
SAPY		MLI	4	2	RDF (0.52%)	MLI (0.85%)	GRT (17.98%)	1.09%

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

### 2.2 Largest Changes in Ranking

All Share constituents compared at March 2022 and December 2021 Quarterly Reviews.

Noteworthy Top 40 Instruments					
Alpha	Instrument	Mar Rank	Dec Rank	Move	Comment
NED	Nedbank Group Ltd	22	29	7	Largest Top 40 up
ABG	Absa Group Limited	17	22	5	2nd Largest Top 40 up
BHG	BHP Group Limited	15	2	-13	Largest Top 40 down
NPH	Northam Platinum Hldgs Ltd	27	17	-10	2nd Largest Top 40 down
TFG	The Foschini Group Limited	40	39	-1	Largest Reserve List

Largest Decrease in Ranking in Main Board					
Alpha	Instrument	Mar Rank	Dec Rank	Move	Comment
SNH	Steinhoff Int Hldgs N.V.	81	104	-23	Remains in All Share
SNV	Santova Logistics Ltd	203	222	-19	Remains in Fledgling
PBG	PBT Group Limited	196	214	-18	Remains in Fledgling
TGA	Thungela Resources Ltd	83	100	-17	Remains in All Share
Largest Increase in Ranking in Main Board					
Alpha	Instrument	Mar Rank	Dec Rank	Move	Comment
ACZ	Arden Capital Limited	252	225	27	Remains in Fledgling
FGL	Finbond Group Ltd	214	196	18	Remains in Fledgling
MSM	Massmart Holdings Ltd	98	83	15	Remains in All Share
PPC	PPC Limited	118	105	13	Remains in All Share

### 3. Feedback on the FTSE/JSE Africa Index Series

#### 3.1 Inter-Review Index Amendments

The table below summarises all intra-quarter index adjustments made to the All Share and Top 40 indices since the December 2021 review:

Amendment Type	Top 40 Index	All Share Index	Top 40 Notes
CA - Constitution Addition	-	-	
CD - Constitution Deletion	-	-	
CI – Capitalisation Issue	-	-	
CP - Special Dividend	3	1	
DV - Dividend	9	40	
RI – Rights Issue	-	-	
IC - Weight Change	2	2	BHP Group Ltd weighting change as a result of BHP Group unification Nedbank Group weighting change as a result of unbundling by Old Mutual
IS - Shares Update	1	2	Shares in Issue Update following Unification of Share Structure by BHG Group
NC - Name Change	1	4	BHP Group Plc name change to BHP Group Ltd
IC – Classification Change	-	-	

#### 3.2 Unification of BHP's DLC Structure

On 17 August 2021, BHP announced that it intends to unify its DLC structure, subject to final Board and other approvals. On 10 December 2021, FTSE/JSE published an [Informative Notice](#) indicating the expected date for the completion of the unification and the expected date for the BHP Limited shares to be admitted for trading.

A follow-up [notice](#) was published on 13 January 2022, with the intention of informing market participants per the FTSE/JSE Ground Rules, BHP Limited will be Inward listed and classified as domestic, but foreign for index purposes and the Strate register number will be used to determine the free float in all the indices. The Investability weighting would then be adjusted to offset an increase in the company shares in issue in order for the event to trade neutral.

On 25 January 2022, an [ICA](#) was published outlining BHP Group Plc name change to BHP Group Ltd, as well as changes regarding the company's shares in issue from 2,112,071,796 to 5,062,323,190 and a decreased investability weighting from 99.975% to 41.711% within the Indices BHP Group was a constituent of.

### 3.3 Arrowhead Properties B Scheme of arrangement with Fairvest Property holdings

On 27 September 2021, Fairvest Properties Holdings made an announcement to acquire 507 778 681 B ordinary shares in Arrowhead Properties Limited in consideration for the issue of 939 390 559 Fairvest shares in terms of the share swap agreement. The merger was to be implemented by way of scheme of arrangement and the number of shares and investability weight for Arrowhead Properties B would be based on the scheme terms of 0.54054 new Arrowhead Properties B shares for every Fairvest Property Holdings share held.

On 19 January 2022, an [ICA](#) was published detailing increased shares in issue in Arrowhead Properties B from 951,422,029 to 1,517,054,484 and a decreased investability weighting from 89.213% to 80.528%. It was also noted that Fairvest Property Holdings will delist and Arrowhead Properties B will be renamed Fairvest Limited B upon completion of the merger.

## 4. Matters Arising from Previous Meetings

### 4.1 FTSE/JSE White Paper Index Capping methodology

An interim measure was put in place from the September 2021 quarterly review to adjust the capping level of Capped SWIX All Share and Capped SWIX Top 40 Index from 10% to 6% until a permanent solution has been reached.

Following the publication of the FTSE/JSE White Paper Index Capping methodology, there has been support for the implementation of group entity capping. FTSE/JSE will make a public announcement as soon as a final decision has been reached.

## 5. Other Index Related Matters

### 5.1 List of remaining “grandfathered” companies

The recent unification of the DLC structure by BHP Group Plc and BHP Group Ltd resulted in the new BHP Group changing its “grandfathered” status. As such, BHP Group Ltd is Inward listed and classified as domestic, but foreign for index purposes and the Strate register number is used to determine the free float in all the indices. The new company is included in the Index Series, but at a reduced weight. This is in accordance with Section 4.3.7. of the Ground rules” *Any company classified as an inward- listed share by National Treasury on 24 October 2011 will have its free float adjusted to exclude non-South African shareholdings”.*

The informative notice indicated that the Free float for BHG will be based on the snapshot taken from Strate register taken on 18 February 2022.

The number of “grandfathered” companies have decreased over time, mainly due to respective corporate actions affecting the status of these companies. This can be evidenced by the recent unification between BHP Group Plc and Ltd, the SAB Miller corporate actions in 2016 as well as Old Mutual corporate actions in 2018.

The table below lists the remaining “grandfathered” companies with their respective listing dates as well as ALSI and SWIX free floats.

Alpha Code	Instrument	Listing Date	ALSI Free Float	SWIX Free Float
AGL	Anglo American plc	1999/05/24	90.9%	31.8%
CFR	Compagnie Fin Richemont	1988/11/03	97.7%	12.8%

INP	Investec plc	2002/07/22	95.9%	49.8%
MNP	Mondi plc	2007/07/02	99.8%	28.0%

It is interesting to note that only 4 “grandfathered” companies remain in the FTSE/JSE Index series. The only difference between the SWIX and ALSI methodologies lie in the treatment of grandfathered companies as well as the adjustment of Depository Receipts (DR) programmes. As these grandfathered companies reduce, the two index methodologies continue to converge. Per Annexure F of the 2021 National budget speech *“From 1 March 2021, specific rules for companies with a primary listing offshore, including dual-listed structures, will be aligned to current foreign direct investment rules”*, these companies will no longer have a special treatment pertaining to taxation and/or capital flows perspective.

**The next AC meeting will be held on Thursday, 2 June 2022.**

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

Email: [indices@jse.co.za](mailto:indices@jse.co.za)

Tel: +27 (0)11 520 7000