

FTSE JSE Africa Index Series: Ground Rule Update

05 January 2023

FTSE Russell would like to inform clients of the following Ground Rule update to the FTSE JSE Africa Index Series Ground Rules, which impacts the fixed constituent equally weighted indices, which is effective immediately.

Section 6: Changes to Constituent Companies

New Rule

6.3 Mergers, Restructuring and Complex Takeovers

- 6.3.1 If the effect of a merger or takeover is that one constituent in the FTSE/JSE Top 40 is absorbed by another constituent, the resulting company will remain a constituent of the appropriate index, and a vacancy will be created. This vacancy will be filled by selecting the highest ranking security in the appropriate Reserve as at the close of the index calculation two days prior to the deletion and related indices adjusted in accordance with Rule 6.2. For all the FTSE/JSE Fixed Constituent Equally Weighted Indices, the resulting constituent will retain the weight of the acquiring company in the merger (i.e. there will be no change to the acquiring company's weight) and the replacement constituent will take the weight of the company being deleted from the index in the merger.

Old Rule

6.3 Mergers, Restructuring and Complex Takeovers

- 6.3.1 If the effect of a merger or takeover is that one constituent in the FTSE/JSE Top 40 is absorbed by another constituent, the resulting company will remain a constituent of the appropriate index, and a vacancy will be created. This vacancy will be filled by selecting the highest ranking security in the appropriate Reserve as at the close of the index calculation two days prior to the deletion and related indices adjusted in accordance with Rule 6.2. For all the FTSE/JSE Equally Weighted Indices, the resulting constituent will take the weight of the largest company in the merger and the replacement constituent will take the weight of the smallest company in the merger.

An updated copy of the FTSE JSE Africa Index Series Ground Rules (Version 8.0) is now available from FTSE Russell: <mailto:info@ftserussell.com>

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