

FTSE JSE Africa Index Series: Ground Rule Updates

23 January 2022

FTSE/JSE would like to inform clients of the following Ground Rule updates to the FTSE/JSE Africa Index Series Ground Rules. This is to align the shares and free float review cut-off dates across the FTSE Russell indices, to support a simplified index review calendar and provide greater transparency during the index review process. These changes will be introduced to the FTSE/JSE Index Series from the June 2023 index review and going forward.

Section 4: Index Construction

New Rule

4.3 Free Float

4.3.6 Free Float Review

Free float will be calculated using available published information rounded to 12 decimal places. Underlying data for the calculation of free float is collected on an ongoing basis, and the detailed free float percentage as maintained by the JSE is updated accordingly.

June Updates

In June, a constituent's free float will be updated regardless of size. No buffers are applied.

March, September and December Updates

At the March, September and December quarterly updates, a constituent with a free float of greater than 15% will have their free float updated if it moves by more than 3 percentage points above or below the existing free float. For example, Company A on a free float of 30% would trigger a change if its free float moved to above 33% or below 27%.

A constituent with a free float of 15% or below will be subject to a 1 percentage point threshold. For example, Company B on a free float of 8% would trigger a change if its free float moved to above 9% or below 7%.

For SWIX constituents and constituents treated as foreign in the Index Series, the Strate register number will be updated regardless of size. The 1% and 3% thresholds, as set out above, will not be applicable.

Quarterly updates to free float will be applied after the close of business on the third Friday of March, June, September and December. The data cut-off for these quarterly changes will be the close of business on the last business day of the month on January, April, July, and October, respectively.

Old Rule

4.6 Free Float

4.3.6 Free Float Review

Free float will be calculated using available published information rounded to 12 decimal places. Underlying data for the calculation of free float is collected on an ongoing basis, and the detailed free float percentage as maintained by the JSE is updated accordingly.

June Updates

In June, a constituent's free float will be updated regardless of size. No buffers are applied. The data cut-off for the June changes will usually be at the close of business on the Friday five weeks prior to the implementation date. Any change to this cut-off date will be subject to advanced notification.

March, September and December Updates

At the March, September and December quarterly updates, a constituent with a free float of greater than 15% will have their free float updated if it moves by more than 3 percentage points above or below the existing free float. For example, Company A on a free float of 30% would trigger a change if its free float moved to above 33% or below 27%.

A constituent with a free float of 15% or below will be subject to a 1 percentage point threshold. For example, Company B on a free float of 8% would trigger a change if its free float moved to above 9% or below 7%.

For SWIX constituents and constituents treated as foreign in the Index Series, the Strate register number will be updated regardless of size. The 1% and 3% thresholds, as set out above, will not be applicable.

Quarterly updates to free float will be applied after the close of business on the third Friday of March, June, September and December. The data cut-off for these quarterly changes will be the close of business on the Friday five weeks prior to the implementation date in March, September and December.

Section 6: Changes to Constituent Companies

New Rule

6.6 Changes to Constituent Weightings

6.6.3 Quarterly Updates

In June, a constituent's shares are updated regardless of size. No buffers are applied.

In March, September, and December, share changes greater than 1% will be updated.

The data cut-off for the March, June, September, and December changes will be the close of business on the last business day of the month in January, April, July, and October, respectively.

Quarterly updates to shares are applied after the close of business on the third Friday of March, June, September and December.

Old Rule

6.6 Changes to Constituent Weightings

6.6.3 Quarterly Updates

In June, a constituent's shares is updated regardless of size. No buffers are applied. The data cut-off for the June changes will usually be at the close of business on the Friday five weeks prior to the implementation date. Any change to this cut-off date will be subject to advanced notification.

In March, September and December share changes greater than 1% will be updated.

The data cut-off for the March, September, and December changes will be the close of business on the Friday five weeks prior to the implementation date.

Quarterly updates to shares are applied after the close of business on the third Friday of March, June, September and December.

An updated copy of the FTSE JSE Africa Index Series Ground Rules (Version 8.1) is now available from FTSE Russell: <mailto:info@ftserussell.com>

For further information please contact FTSE Russell Client Services at info@ftserussell.com or call:

Australia	+1800 653 680
Hong Kong	+852 2164 3333
Japan	+81 3 6441 1440
London	+44 (0) 20 7866 1810
New York	+1866 551 0617

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