

**To:** Market Participants  
**From:** FTSE/JSE Index Team  
**Date:** 12 October 2023  
**Subject:** FTSE/JSE Index Harmonisation FAQ

## 1. What is Index Harmonisation?

This is a project that was initiated by FTSE/JSE through client consultations commencing in 2019. The project will ultimately collapse the vanilla and SWIX indices into one set of benchmark indices, significantly simplifying the current benchmark complexity and overlap, and centralising liquidity. The project will be implemented in two phases, with the first effective from the March 2024 review.

## 2. What are the “vanilla” indices and the SWIX indices?

The vanilla indices include the FTSE/JSE All Share Index (J203) and FTSE/JSE Top 40 Index (J200), as well as all of their industry, sector, total return and capped variants. For each vanilla index, there is also currently a SWIX (Shareholder Weighted) variant, such as the FTSE/JSE SWIX All Share Index (J403) and FTSE/JSE SWIX 40 Index (J400).

## 3. How will Phase 1 of Index Harmonisation be implemented in March 2024?

The implementation will be done through the free float change of any constituent that uses a different free float in the vanilla and SWIX indices. The constituent free floats in the vanilla indices will be changed to the same value that's used in the SWIX indices, resulting in weighting changes to the vanilla indices and no change to the SWIX indices. Post the methodology alignment, the free float calculation will be standard across all the indices and will be based on the lesser of the company breakdown and shares on the local Strate register. This means that all constituents will use their SWIX Free Float.

There will be no change to any index codes or index names, nor will any indices be terminated or rebased in March 2024.

## 4. Why harmonise the methodology of the indices?

The process of harmonisation has been naturally occurring over the last few years. FTSE/JSE has observed a decline in the number of “Grandfathered” companies in the All Share Index, with the latest events being [BHP Billiton](#) as a result of the unification corporate action and [Compagnie Richemont](#) as a result of the termination of the South African Depository Receipts (SADR) programme. The challenge faced now is that there are currently two benchmark indices, whose constituent weights have converged over time, with the difference in constituent weights mainly due to the remaining “Grandfathered” companies. The treatment for grandfathered companies is not consistent with the index treatment for other foreign companies, and in short, these companies are

inappropriately upweighted relative to comparable companies. The harmonisation project is designed to address these challenges.

## 5. Which constituents will be affected by Index Harmonisation?

All constituents that use a different free float in the All Share Index (ALSI) and Shareholder Weighted All Share Index (SWIX ALSI). The affected constituents are provided in the table below, however these may change closer to the implementation date of the methodology change.

Alpha	ISIN	Instrument	J203 FF	J403 FF
AGL	GB00B1XZS820	Anglo American	90.68%	29.90%
*ANG	ZAE000043485	Anglogold Ashanti	99.96%	96.82%
ATT	ZAE000177218	Attacq Limited	93.40%	93.37%
INP	GB00B17BBQ50	Investec PLC	87.92%	53.32%
MNP	GB00B1CRLC47	Mondi Plc	99.83%	41.65%
NTC	ZAE000011953	Netcare	99.94%	99.59%
TGA	ZAE000296554	Thungela Resources	97.55%	75.44%

Table 1: List of companies using a different free float in the ALSI and SWIX ALSI Indices

\* ANG will be treated as foreign for index purposes and will use the Shareholder Weighted free float in all the FTSE/JSE indices effective from the [December 2023 review](#).

## 6. What impact will the methodology change have on vanilla index users?

The full list of the impact to each index is included in Appendix A however for illustrative purposes, the RESI10 will be used to demonstrate the impact. If a client tracks or uses the J210 for any other purpose, this is what their portfolio is estimated to look like before and after the March 2024 review:

Alpha	ISIN	Instrument	J210 FF	Weight	JSZ0 FF	Weight	Weight Change
AGL	GB00B1XZS820	Anglo American	90.68%	41.0%	29.90%	18.7%	-22.3%
GFI	ZAE000018123	Gold Fields	98.45%	13.2%	98.45%	18.3%	5.1%
SOL	ZAE000006896	Sasol	90.95%	9.5%	90.95%	13.1%	3.6%
ANG	GB00BRXH2664	AngloGold Ashanti Plc	99.96%	9.3%	96.82%	12.5%	3.2%
BHG	AU000000BHP4	BHP Group Ltd	3.77%	6.6%	3.77%	9.2%	2.6%
GLN	JE00B4T3BW64	Glencore	5.49%	5.6%	5.49%	7.7%	2.1%
SSW	ZAE000259701	Sibanye Stillwater	98.83%	4.9%	98.83%	6.8%	1.9%
IMP	ZAE000083648	Impala Platinum Hlds	88.95%	4.7%	88.95%	6.5%	1.8%
NPH	ZAE000298253	Northam Platinum Holdings	90.76%	2.6%	90.76%	3.6%	1.0%
AMS	ZAE000013181	Anglo American Platinum	21.25%	2.5%	21.25%	3.5%	1.0%

Table 2: Impact of methodology change on RESI10 constituent weights

## 7. What impact will the methodology change have on SWIX index users?

There will be no impact to users of the SWIX indices in March 2024.

## 8. What happens to an index tracker of both a vanilla index and its SWIX variant?

For the March 2024 phase of the project, there will be no impact to users of the SWIX Indices as well as indices that use the SWIX Free Float, e.g. the Responsible Investment Index (J113). Clients that track the vanilla indices will see slightly more free float changes in March 2024 as a result of a select few companies switching their current free float to a SWIX Free Float. Index trackers of vanilla and SWIX variant indices will therefore have identical indices in terms of constituents, constituent weights and index returns from March 2024.

## 9. Will there be an alignment of index values?

No, the vanilla index values won't be aligned to the SWIX index values in March 2024, nor will the SWIX index values be aligned to the vanilla index values.

## 10. Are the churn / turnover numbers expected to be high in March 2024?

It is unlikely that the churn numbers will reach record levels for the methodology change. This is because a large number of companies have already switched to using their SWIX Free Float due to recent corporate actions. The most notable turnover numbers were seen when Compagnie Financière Richemont (CFR) terminated their SADR programme and secondary listed 'A shares' on the JSE. The table below shows some of the historical churn numbers. The December 2023 churn numbers as a result of the December review and ANG corporate action will be published in the Notes from the December 2023 Advisory Committee meeting.

Index	Additions	Deletions	Largest Up*	Largest Down*	Projected Max Weight	1 Way Churn
All Share			AGL (1.43%)	BHG (11.21%)	AGL (12.33%)	<b>11.28%</b>
Large Cap			AGL (2.42%)	BHG (14.21%)	AGL (16.32%)	<b>14.21%</b>
Large and Mid Cap		DRD	AGL (1.57%)	BHG (11.65%)	AGL (12.89%)	<b>11.77%</b>
Top 40	ANH	SPP	AGL (1.89%)	BHG (12.77%)	AGL (14.34%)	<b>13.20%</b>

Table 3: March 2022 Index churn due to BHG corporate action

Index	Additions	Deletions	Largest Up*	Largest Down*	Projected Max Weight	1 Way Churn
All Share			AGL (2.01%)	CFR (17.98%)	AGL (10.74%)	<b>17.98%</b>
Large Cap			AGL (3.81%)	CFR (23.21%)	AGL (15.26%)	<b>23.21%</b>
Large and Mid Cap			AGL (2.22%)	CFR (18.73%)	AGL (11.33%)	<b>18.73%</b>
Top 40			AGL (2.64%)	CFR (20.12%)	AGL (12.46%)	<b>20.12%</b>

Table 4: June 2023 Index churn due to CFR corporate action

The next table shows the estimated churn for the methodology change in the above-mentioned indices, assuming only six free float changes (excluding ANG):

Index	Additions	Deletions	Largest Up*	Largest Down*	Projected Max Weight	1 Way Churn
All Share			NPN (0.94%)	AGL (6.61%)	NPN (10.47%)	<b>8.42%</b>
Large Cap			NPN (1.98%)	AGL (9.49%)	NPN (15.97%)	<b>11.45%</b>
Large and Mid Cap			NPN (1.06%)	AGL (6.99%)	NPN (11.18%)	<b>8.90%</b>
Top 40			NPN (1.28%)	AGL (7.64%)	NPN (12.39%)	<b>9.64%</b>

Table 5: Estimated March 2024 Index churn due to methodology change

## 11. What happens if there is a difference in constituents in tradable indices between now and March 2024?

Currently, the vanilla indices and their SWIX variants have the same set of constituents. In the event that a vanilla index has a different set of constituents to its SWIX variant, FTSE/JSE will make a once off adjustment to align the vanilla constituents to the SWIX constituents. As an example, if the Resources 10 Index (RESI10) and Shareholder Weighted Resources (SWIX RESI10) have a different set of constituents between now and March 2024, there will be an adjustment made to the RESI10 to delete the constituent that's not in the SWIX RESI 10 and add the one in the SWIX RESI 10 in order to align the constituents. This means that effective from the March 2024 review, all constituents and constituent weights in the vanilla indices and their SWIX variants will be identical.

## **12. Will FTSE/JSE introduce new indices with different capping levels?**

No, at this stage there are no intentions to introduce new indices with different capping levels. Furthermore, the capping levels in the current indices will remain as is until such a time that a change is deemed necessary. FTSE/JSE will provide sufficient notice should this be the case.

## **13. How can I access additional reading material on the project?**

There are a number of documents that have been published regarding the Index Harmonisation project. Please see the links to the documents below:

- FTSE/JSE Market Index Design on 14 December 2018:  
<https://clientportal.jse.co.za/Content/ICANoticeItems/FTSE-JSE-Africa/20190131%20Market%20Consultation%20FTSEJSE%20Market%20Index%20Design.pdf>
- FTSE/JSE Index Harmonisation Market Proposal on 23 September 2022:  
[https://clientportal.jse.co.za/Content/ICANoticeItems/FTSE-JSE-Africa/20221031%20FTSE\\_JSE%20Index%20Harmonisation%20Market%20Proposal.pdf](https://clientportal.jse.co.za/Content/ICANoticeItems/FTSE-JSE-Africa/20221031%20FTSE_JSE%20Index%20Harmonisation%20Market%20Proposal.pdf)
- Index Harmonisation Update Informative Notice on 5 December 2022:  
<https://clientportal.jse.co.za/Content/ICANoticeItems/FTSE-JSE-Africa/20221205%20Index%20Harmonisation%20Update%20Informative%20Notice.pdf>
- Index Harmonisation Consultation Feedback Informative Notice on 7 February 2023:  
<https://clientportal.jse.co.za/Content/ICANoticeItems/FTSE-JSE-Africa/20230207%20Index%20Harmonisation%20Consultation%20Feedback%20Informative%20Notice.pdf>
- Index Harmonisation Update Informative Notice on 27 March 2023:  
<https://clientportal.jse.co.za/Content/ICANoticeItems/FTSE-JSE-Africa/20230327%20Index%20Harmonisation%20Update%20Informative%20Notice.pdf>
- Index Harmonisation Methodology Change Informative Notice on 30 June 2023:  
<https://clientportal.jse.co.za/Content/ICANoticeItems/FTSE-JSE-Africa/20230630%20Index%20Harmonisation%20Methodology%20Change%20Informative%20Notice.pdf>

## **14. Who can I contact for additional information?**

For additional information, please email the Indices Team on this email address: [indices@jse.co.za](mailto:indices@jse.co.za) or you can call +27 11 520 7000.

# Appendix 1: List of affected indices and constituents

Index code	Index name	AGL	ATT	INP	MNP	NTC	TGA
J110	Responsible Investment Top 30 Index	X			X		
J113	Responsible Investment Index	X			X		
J140	Shariah Top 40	X			X		
J141	Capped Shariah Top 40	X			X		
J143	Shariah All Share	X			X	X	
J200	Top 40	X		X	X		
J201	Mid Cap			X		X	X
J202	Small Cap		X				
J203	All Share	X	X	X	X	X	X
J203CF	All Share Comprehensive Factor Index	X	X	X	X	X	
J203DF	All Share Yield Factor Index	X	X	X	X	X	X
J203LF	All Share Low Volatility Focused Factor Index	X	X	X	X	X	
J203MF	All Share Momentum Factor Index	X	X	X	X	X	
J203QF	All Share Quality Factor Index	X	X	X	X	X	X
J203SF	All Share Size Factor Index	X	X	X	X	X	X
J203VF	All Share Value Factor Index	X	X	X	X	X	X
J203VOF	All Share Volatility Factor Index	X	X	X	X	X	
J205	Large Cap	X			X		
J206	Large and Mid Cap	X		X	X	X	X
J210	Resource 10	X					
J211	Industrial 25				X	X	
J212	Financial 15			X			
J213	Financial and Industrial 30			X	X		
J250	SA Financials and Industrials		X	X	X	X	
J253	SA Listed Property		X				
J254	Capped Property		X				
J257	SA Industrials				X	X	
J258	SA Resources	X					X
J259	Dividend+	X				X	X
J260	RAFI 40	X		X	X		
J263	Rafi All Share	X	X	X	X	X	X
J283	RAFI All Share Capped Index	X	X	X	X	X	X
J2EQ	Equally Weighted Top 40	X		X	X		
J300	Capped Top 40	X		X	X		
J303	Capped All Share	X	X	X	X	X	X
J310	Capped Resource 10	X					
J311	Capped Industrial 25				X	X	
J330	Value	X	X	X	X	X	X
J3EQ	Equally Weighted Resource 10	X					
J4EQ	Equally Weighted Financial 15			X			
J580	SA Financials		X	X			
J5EQ	Equally Weighted Industrial 25				X	X	
J700	Minimum Variance Top 40			X	X		
J703	Minimum Variance All Share		X	X	X	X	X
J803	All Property Index		X				
J805	SA REIT Index		X				
JA00	All Africa 40	X					
JA0R	All Africa 40 Rand	X					
JIO020	Health Care					X	
JIO030	Financials			X			
JIO035	Real Estate		X				
JIO040	Consumer Discretionary						
JIO050	Industrials				X		
JIO055	Basic Materials	X					

Index code	Index name	AGL	ATT	INP	MNP	NTC	TGA
JI0060	Energy						X
JS2011	Health Care Providers					X	
JS3011	Banks			X			
JS3512	Real Estate Investment Trusts		X				
JS5023	General Industrials				X		
JS5512	Industrial Metals and Mining	X					
JS6011	Oil, Gas and Coal						X

Table 6: List of indices with Free Float changes (the impact to the NET TRI versions of the Indices is the same as that of the related ordinary index, eg the All Share constituents are identical to the All Share Net TRI constituents therefore the free float change will occur in both indices)

## Appendix 2: Impact of methodology change on FTSE/JSE Indices

Index code	Index	Methodology change impact
J110	Responsible Investment Top 30 Index	FF change
J113	Responsible Investment Index	No impact
J140	Shariah Top 40	FF change
J141	FTSE/JSE Capped Shariah Top 40	FF change
J143	Shariah All Share	FF change
J200	Top 40	FF change
J201	Mid Cap	FF change
J202	Small Cap	FF change
J203	All Share	FF change
J203CF	FTSE/JSE All Share Comprehensive Factor Index	FF change
J203DF	FTSE/JSE All Share Yield Factor Index	FF change
J203LF	FTSE/JSE All Share Low Volatility Focused Factor Index	FF change
J203MF	FTSE/JSE All Share Momentum Factor Index	FF change
J203QF	FTSE/JSE All Share Quality Factor Index	FF change
J203SF	FTSE/JSE All Share Size Factor Index	FF change
J203VF	FTSE/JSE All Share Value Factor Index	FF change
J203VOF	FTSE/JSE All Share Volatility Factor Index	FF change
J204	Fledgling	FF change
J205	Large Cap	FF change
J206	Large and Mid Cap	FF change
J210	Resource 10	FF change
J211	Industrial 25	FF change
J212	Financial 15	FF change
J213	Financial and Industrial 30	FF change
J232	Alternative Exchange	FF change
J233	ALT X 15	FF change
J250	SA Financials and Industrials	FF change
J251	Preference Share	No impact
J253	SA Listed Property	FF change
J254	Capped Property	FF change
J257	SA Industrials	FF change
J258	SA Resources	FF change
J259	Dividend+	FF change
J260	RAFI 40	FF change
J263	Rafi All Share	FF change
J283	Capped Rafi All Share	FF change
J2DV	Top 40 Dividend	FF change
J2EQ	Equally Weighted Top 40	FF change
J300	Capped Top 40	FF change
J303	Capped All Share	FF change
J310	Capped Resource 10	FF change
J311	Capped Industrial 25	FF change
J330	Value	FF change
J331	Growth	FF change
J3EQ	Equally Weighted Resource 10	FF change
J400	Shareholder Weighted Top 40	No impact
J403	Shareholder Weighted All Share	No impact
J430	FTSE/JSE Capped Shareholder Weighted Top 40 Index	No impact
J433	FTSE/JSE Capped Shareholder Weighted All Share Index	No impact
J4EQ	Equally Weighted Financial 15	FF change
J580	SA Financials	FF change
J5EQ	Equally Weighted Industrial 25	FF change
J700	FTSE/JSE Minimum Variance Top 40	FF change
J703	FTSE/JSE Minimum Variance All Share	FF change

Index code	Index	Methodology change impact
J800	FTSE/JSE Tradable Property Index	No impact
J803	FTSE/JSE All Property Index	No impact
J805	FTSE/JSE SA REIT Index	FF change
JA00	All Africa 40	FF change
JA0R	All Africa 40 Rand	FF change
JA30	All Africa 30 ex South Africa	No impact
JA3R	All Africa 30 ex South Africa Rand	No impact
JI0010	Technology	FF change
JI0015	Telecommunications	FF change
JI0020	Health Care	FF change
JI0030	Financials	FF change
JI0035	Real Estate	FF change
JI0040	Consumer Discretionary	FF change
JI0045	Consumer Staples	FF change
JI0050	Industrials	FF change
JI0055	Basic Materials	FF change
JI0060	Energy	FF change
JI0065	Utilities	FF change
JN23	All Share Net TRI	FF change
JN43	Shareholder Weighted All Share Net TRI	No impact
JN430	Capped Shareholder Weighted Top 40 Net TRI	No impact
JN433	Capped Shareholder Weighted All Share Net TRI	No impact
JN51	Preference Share Net TRI	No impact
JNR4	RAFI 40 Net TRI	FF change
JNS4	Shariah 40 Net TRI	FF change
JNX4	SWIX 40 Net TRI	No impact
JS1011	Software and Computer Services	FF change
JS1012	Technology Hardware and Equipment	FF change
JS1511	Telecommunications Equipment	FF change
JS1512	Telecommunications Service Providers	FF change
JS2011	Health Care Providers	FF change
JS2012	Medical Equipment and Services	FF change
JS2013	Pharmaceuticals and Biotechnology	FF change
JS3011	Banks	FF change
JS3021	Finance and Credit Services	FF change
JS3022	Investment Banking and Brokerage Services	FF change
JS3023	Mortgage Real Estate Investment Trusts	FF change
JS3024	Closed End Investments	FF change
JS3031	Life Insurance	FF change
JS3032	Non-life Insurance	FF change
JS3511	Real Estate Investment and Services	FF change
JS3512	Real Estate Investment Trusts	FF change
JS4011	Automobiles and Parts	FF change
JS4021	Consumer Services	FF change
JS4022	Household Goods and Home Construction	FF change
JS4023	Leisure Goods	FF change
JS4024	Personal Goods	FF change
JS4031	Media	FF change
JS4041	Retailers	FF change
JS4051	Travel and Leisure	FF change
JS4511	Beverages	FF change
JS4512	Food Producers	FF change
JS4513	Tobacco	FF change
JS4521	Personal Care, Drug and Grocery Stores	FF change
JS5011	Construction and Materials	FF change
JS5021	Aerospace and Defense	FF change



Index code	Index	Methodology change impact
JS5022	Electronic and Electrical Equipment	FF change
JS5023	General Industrials	FF change
JS5024	Industrial Engineering	FF change
JS5025	Industrial Support Services	FF change
JS5026	Industrial Transportation	FF change
JS5511	Industrial Materials	FF change
JS5512	Industrial Metals and Mining	FF change
JS5513	Precious Metals and Mining	FF change
JS5521	Chemicals	FF change
JS6011	Oil, Gas and Coal	FF change
JS6012	Alternative Energy	FF change
JS6511	Electricity	FF change
JS6512	Gas, Water and Multi-utilities	FF change
JS6513	Waste and Disposal Services	FF change
JSZ0	SWIX Resource 10	No impact
JSZ1	SWIX Industrial 25	No impact
JSZ2	SWIX Financial 15	No impact
JSZ3	SWIX Financial and Industrial 30	No impact
JSZ4	SWIX SA Resources	No impact
JSZ5	SWIX SA Industrials	No impact
JSZ6	SWIX SA Financials	No impact
JSZ7	SWIX SA Financials and Industrials	No impact
JW0010	SWIX Technology	No impact
JW0015	SWIX Telecommunications	No impact
JW0020	SWIX Health Care	No impact
JW0030	SWIX Financials	No impact
JW0035	SWIX Real Estate	No impact
JW0040	SWIX Consumer Discretionary	No impact
JW0045	SWIX Consumer Staples	No impact
JW0050	SWIX Industrials	No impact
JW0055	SWIX Basic Materials	No impact
JW0060	SWIX Energy	No impact
JW0065	SWIX Utilities	No impact
JX1011	SWIX Software and Computer Services	No impact
JX1012	SWIX Technology Hardware and Equipment	No impact
JX1511	SWIX Telecommunications Equipment	No impact
JX1512	SWIX Telecommunications Service Providers	No impact
JX2011	SWIX Health Care Providers	No impact
JX2012	SWIX Medical Equipment and Services	No impact
JX2013	SWIX Pharmaceuticals and Biotechnology	No impact
JX3011	SWIX Banks	No impact
JX3021	SWIX Finance and Credit Services	No impact
JX3022	SWIX Investment Banking and Brokerage Services	No impact
JX3023	SWIX Mortgage Real Estate Investment Trusts	No impact
JX3024	SWIX Closed End Investments	No impact
JX3031	SWIX Life Insurance	No impact
JX3032	SWIX Non-life Insurance	No impact
JX3511	SWIX Real Estate Investment and Services	No impact
JX3512	SWIX Real Estate Investment Trusts	No impact
JX4011	SWIX Automobiles and Parts	No impact
JX4021	SWIX Consumer Services	No impact
JX4022	SWIX Household Goods and Home Construction	No impact
JX4023	SWIX Leisure Goods	No impact
JX4024	SWIX Personal Goods	No impact
JX4031	SWIX Media	No impact
JX4041	SWIX Retailers	No impact

Index code	Index	Methodology change impact
JX4051	SWIX Travel and Leisure	No impact
JX4511	SWIX Beverages	No impact
JX4512	SWIX Food Producers	No impact
JX4513	SWIX Tobacco	No impact
JX4521	SWIX Personal Care, Drug and Grocery Stores	No impact
JX5011	SWIX Construction and Materials	No impact
JX5021	SWIX Aerospace and Defense	No impact
JX5022	SWIX Electronic and Electrical Equipment	No impact
JX5023	SWIX General Industrials	No impact
JX5024	SWIX Industrial Engineering	No impact
JX5025	SWIX Industrial Support Services	No impact
JX5026	SWIX Industrial Transportation	No impact
JX5511	SWIX Industrial Materials	No impact
JX5512	SWIX Industrial Metals and Mining	No impact
JX5513	SWIX Precious Metals and Mining	No impact
JX5521	SWIX Chemicals	No impact
JX6011	SWIX Oil, Gas and Coal	No impact
JX6012	SWIX Alternative Energy	No impact
JX6511	SWIX Electricity	No impact
JX6512	SWIX Gas, Water and Multi-utilities	No impact
JX6513	SWIX Waste and Disposal Services	No impact

Table 7: List of indices with methodology change (FF = Free Float)