

Memorandum

To: Market Participants
From: FTSE/JSE
Date: 11 October 2013
Subject: **Notes from the JSE Actuaries Fixed Income Index Series Advisory Committee Meeting held on Wednesday, 9 October 2013**

1. Background

The JSE Actuaries Fixed Income Index Series Advisory Committee (AC) met on Wednesday, 9 October 2013 to approve the fourth quarter Reconstitution changes to the JSE Actuaries Fixed Income Index Series and to discuss matters relating to the indices. The items listed below were discussed during the meeting.

2. Index Reconstitution

There were two constituents changes made to the ALBI, and one change made to the CILI. The AC noted and approved the changes and the Index Reconstitution papers were distributed to the market.

Index	Additions	Deletions	Weight changes since October Reweighting
CILI	EL29	FRBI23	1
ALBI	R 2,037	R 201	9
	TN27	TN23	

The JSE is in the process of developing an improved layout of the market notice disseminated to clients to present results of reconstitutions and reweightings. The change in the format of the market notice will comprehensively communicated to market participants well in advance of the proposed change.

3. Index Treatment of Bond Split Options

The AC agreed that where a bond with a split maturity is redeemed through the issue of replacement bonds with separate maturity dates, and the original bond ceases to trade under its original code from the first redemption date, then the mid-redemption convention will continue to be used when determining index eligibility. From September 2014 the R157, a current ALBI constituent, will cease to exist and split into three separate bonds, maturing in September 2014, 2015 and 2016 respectively. The mid redemption date will be used and the R157 will remain eligible for index inclusion until the 2014 Quarter 3 Reconstitution.



4. Index Development Roadmap

The JSE is working on the development of several new indices, including indices that would be more representative of the full market and also the development of Credit Indices. While there may not be immediate demand for all proposed variants, the JSE believes that the introduction of these indices will improve the bond market landscape by providing a set of standard benchmarks to meet the needs of the majority of investors and analysts. The roll-out of the new indices is foreseen for the first quarter in 2014.

The Next AC meeting will be held on Wednesday, 15 January 2014

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