

To: Market Participants
 From: JSE Indices Department
 Date: 14 July 2015
 Subject: Notes from the JSE Fixed Income Index Series Advisory Committee Meeting held on Wednesday, 8 July 2015

1. Background

The JSE Fixed Income Index Series Advisory Committee (AC) met on Wednesday, 8 July 2015 to approve the third quarter Reconstitution changes to the JSE 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 was one constituent change in the ALBI and none in the CILI. There were two constituent changes in the Credit Fixed Top 30 and five in the Credit Floating Top 30. The AC noted and approved the Reconstitution changes and the Index Reconstitution papers were distributed to the market.

Index	Additions	Deletions	Weight changes since July 2015 Reweighting
ALBI	HWAY20	R159	11
CILI	No Change		3
CFIX30	NBK16A	SBS20	17
	SBS39	SBK12	
CFLO30	GRH1A3	IDCG01	8
	SBS23	IV032	
	FRB15	MBF035	
	DVF18	SBS30	
	MBF045	TH10A2	

3. The Weight of RSA Bonds in the ALBI

The AC discussed the possibility of increasing the number of bonds in the ALBI index in order to reduce the high concentration of RSA bonds in the index. The weight of RSA Bonds has increased from 90.9% at the August 2014 Reconstitution to 93.4% at the May 2015 Reconstitution. The AC assessed the impact of increasing the number of constituents in the ALBI by reviewing two possible scenarios in which the constituents of the ALBI were increased to 30 and 40 respectively.

The AC suggested that a market consultation be published with the objective to identify any existing market concerns regarding the current ALBI20 index and also with regards to increasing the number of constituents. More information regarding the market consultation will be made available in August 2015.

Next Meeting Dates:

Wednesday, 7 October 2015

Wednesday, 13 January 2016

Wednesday, 13 April 2016

Wednesday, 13 July 2016

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