

Industry Classification Benchmark (ICB) Information Session

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- Introduction
- Overview of the ICB structural changes
- ICB impact on stakeholders, objectives and participation requirements
 - Market Data Product Impacts
 - Indices Impacts
 - BDA Impacts

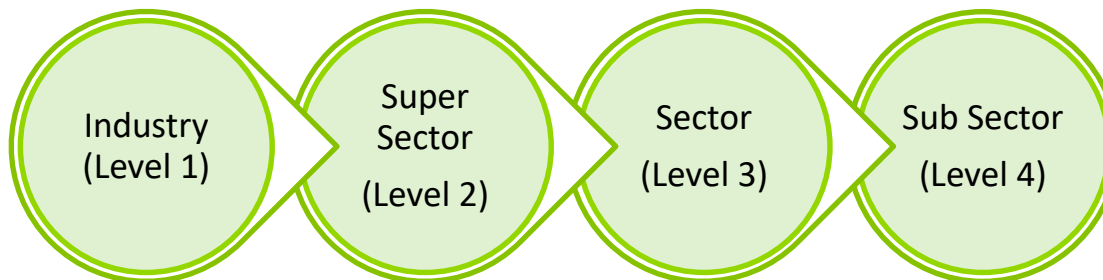
Changes will go-live on Tuesday 23 March 2021

Introduction



The Industry Classification Benchmark (ICB) is a globally recognized standard for categorising companies and securities operated and managed by FTSE Russell. ICB is widely used and adopted by various financial institutions such as London Stock Exchange, Johannesburg Stock Exchange, Athens Exchange, SIX Swiss Exchange, Cyprus Stock Exchanges, NYSE Euronext, NASDAQ OMX, Borsa Italiana, Boursa Kuwait, and CRSP, STOXX, and FTSE Russell indexes

ICB provides four levels of classification:



Consequently, the number of groupings increased across the four levels of classification. The new ICB framework assigns individual companies to aggregate industry groupings, and with increasing detail, to Sectors and Subsectors that represent companies' specialist areas of business.

Changes will go-live 23 March 2021

Overview of the ICB structural changes



The main changes are as follows:

- Creation of a separate Real Estate Industry
- Expansion of the Telecommunications Industry
- Adoption of a new Consumer Discretionary/Staples framework
- Renaming of Oil and Gas to Energy

Level Groupings	Classification Group	Current ICB number groupings	Legacy ICB number of groupings	Change
1	Industry	11	10	+1
2	Supersector	20	19	+1
3	Sector	45	41	+4
4	Subsector	173	114	+59

For more information kindly refer to the following link:

<https://www.ftserussell.com/data/industry-classification-benchmark-icb>

Market Data Products Impacts



Market Data Products Impact - Equities



1. Key impact is field size increase to the sector and sub-sector code fields from **four to eight characters**.
2. Sector and sub-sector code fields included in a big range of data records so impact is quite wide spread but the impact per subscriber will vary based on the number of subscribed data records.
3. Sector field is the first field in the leading portion of each data record (section 10 in Specs document) so the field position changes already happens from field 2 for all impacted data records.
4. Changes also impact the sector sequence number field that provides subscribers with guidance on the order to display/print the sectors. The field is part of data records DS-04 and DS-05 (sections 11.2.4 and 11.2.5).
5. The JSE has revised the print sequence which will be covered in the revised specifications document.

Market Data Products Impact - Indices



Fixed Width data record based data files

1. Key change is size increase to the sub-sector (ICB Sub-Sector, New ICB Sub-Sector, and Closing ICB Sub-Sector) fields.
2. Because of the prevalence of this field in the fixed width data records, combined with the strategic intent to migrate away from the fixed width data record format, the JSE has decided **not to widen the sector specific fields in the the data records and rather decommission them all in the fixed width data records by making them filler fields.**
3. This will impact all impacted data records provided via the I.zip, SI.zip and AI.zip data files.
4. The JSE will instead provide CSV data file equivalents (sourced from FSTE and provided in a pass-through manner) for all current data records that will be ICB ready i.e. contain all the ICB changes.
5. The JSE will also provide CSV versions of the Indices value-add data records as well as a new special CSV data file that will provide Earnings Yield values for all appropriate Indices.

Clients that make use of sector data via the Indices data products will have to access the sector data from the CSV format data files as they will not be available in the Indices fixed width format data records from the ICB go-live date.

Market Data Products Impact – Indices (cont)



1. A range of Indices data, as listed below, has already been made available as CSV format data files.

- | | |
|----------------------------|---------------------------|
| 1. Core | 9. SWIX All Share |
| 2. Capped Top 40 | 10. SWIX Top 40 |
| 3. Capped All Share | 11. Capped SWIX All Share |
| 4. Factor | 12. Capped SWIX Top 40 |
| 5. Preference Share | 13. RAFI All Share |
| 6. Equally Weighted Top 40 | 14. RACI Capped All Share |
| 7. Dividend Plus | 15. RAFI Top 40 |
| 8. Dividend Top 40 | 16. RAFI TOP 40 Net TRI |

2. Product specification for each set of CSV format Indices data files have been created and have are available on the JSE website.

Market Data Products Impacts



Specifications and Test Data

Equities

1. Specifications document available on JSE website
 - Equities Non-Live Market Data Products Specifications v8.1
2. Available under Equity Dissemination section
 - [https://clientportal.jse.co.za/technical-library/industry-classification-benchmark-\(icb\)](https://clientportal.jse.co.za/technical-library/industry-classification-benchmark-(icb))
3. **Test data details and location will be provided via a separate hotline on 27 Nov**

Indices

1. Fixed Width data record format specifications document available on JSE website.
 - FTSE-JSE Indices Non-Live Data Products Specifications Version 7.1
2. CSV format specifications documents also available
3. All specifications document available under Indices section
 - [https://clientportal.jse.co.za/technical-library/industry-classification-benchmark-\(icb\)](https://clientportal.jse.co.za/technical-library/industry-classification-benchmark-(icb))
4. **Test data details and location will be provided via a separate hotline**

Q&A

Indices Impacts



FTSE/JSE Index Series Impact - Background



- Each company in the ICB universe is allocated to the Sub-sector that most closely represents the nature of its business. This allocation is determined by the company's primary source of revenue and other publicly available information
- FTSE Russell enhanced the structure to reflect increased detail and greater flexibility
- The new ICB structure classification is envisaged to be implemented at the March 2021 Index Review
- The sub-sector code will be expanded from the current 4 digits to **8 digits**

Indices Impact



- The FTSE/JSE All Share Index (J203) is currently split into 10 ICB Industry indices, i.e. one for each Industry, and 40 Sector indices, according to the ICB structure
- The ICB structure is also used to define the FTSE/JSE SA Sector Indices (SA Resources, SA Industrials and SA Financials)
- The new ICB Industry and Sector indices will be launched with new names and index codes that correspond to the new ICB structure

New-ICB-(11-Industries)¤	Current-ICB-(10-Industries)¤
Technology¤	Technology¤
Telecommunications¤	Telecommunications¤
Health-Care¤	Health-Care¤
Financials¤	Financials¤
Real-Estate¤	¤
Consumer-Discretionary¤	Consumer-Services¤
Consumer-Staples¤	Consumer-Goods¤
Industrials¤	Industrials¤
Basic-Materials¤	Basic-Materials¤
Energy¤	Oil-and-Gas¤
Utilities¤	Utilities¤

Indices Impact



- As a result of enhancements to the FTSE Russell Industry Classification Benchmark, the following changes are envisaged for the FTSE/JSE Africa Index Series:
 - ICB Industry Indices: Replacement of existing 10 industry indices with 11 new indices, with codes and names representative of the enhanced structure
 - ICB Sector Indices: Replacement of existing 40 sector indices with 44 new indices, with codes and names representative of the enhanced structure (excl Non-equity Investment Instrument)
 - ICB Sub-Sector Indices: Decommissioning of 5 existing sub-sector indices
 - SA Sector Indices: Definition changes to SA Sector (Financials, Industrials, Resources) to maintain existing logical classification

Indices Impact



The below sub-sector indices will be decommissioned when the enhanced ICB structure comes into effect:

- FTSE/JSE Gold Mining Index (J150)
- FTSE/JSE Coal Mining Index (J151)
- FTSE/JSE Diamonds & Gemstones Index (J152)
- FTSE/JSE Platinum & Precious Metals (J153)
- FTSE/JSE General Mining (J154)

SA SECTOR INDICES: DEFINITION CHANGES

The SA Sector classification is mapped directly to the current global ICB methodology as follows:

- SA Resources: ICB Industries Oil & Gas (0001) and Basic Materials (1000)
- SA Financials: ICB Industry Financials (8000)
- SA Industrials: All remaining companies

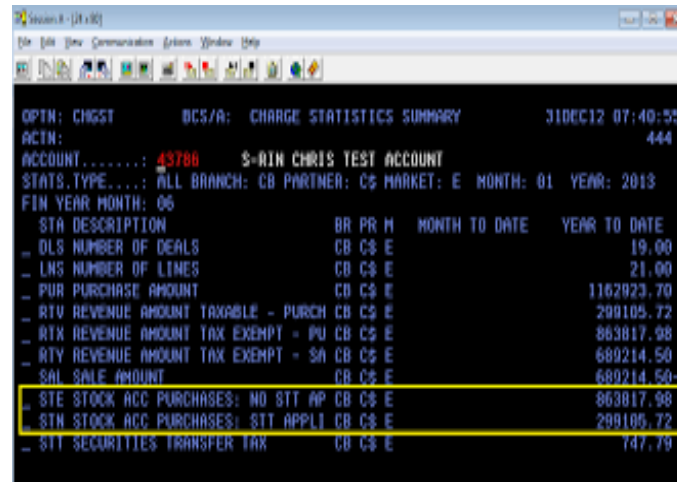
With the enhanced ICB structure, the SA sector indices will be defined as follows:

- SA Resources: ICB Industries Basic Materials (55) and Energy (60)
- SA Financials: ICB Industries Financials (30) and Real Estate (35)
- SA Industrials: All remaining companies

The SA sector indices will therefore remain with the same name and index codes and will continue to be comparable after implementation.

Q&A

BDA Impacts



STA DESCRIPTION	BR	PR	M	MONTH TO DATE	YEAR TO DATE
- DLS NUMBER OF DEALS	CB	C\$	E		19.00
- LNS NUMBER OF LINES	CB	C\$	E		21.00
- PUR PURCHASE AMOUNT	CB	C\$	E		1162823.70
- RTV REVENUE AMOUNT TAXABLE - PURCH	CB	C\$	E		298185.72
- RTX REVENUE AMOUNT TAX EXEMPT - PU	CB	C\$	E		863817.98
- RTY REVENUE AMOUNT TAX EXEMPT - SA	CB	C\$	E		689214.50
- SAL SALE AMOUNT	CB	C\$	E		689214.50-
- STE STOCK ACC PURCHASES: NO STT AP	CB	C\$	E		863817.98
- STN STOCK ACC PURCHASES: STT APPLI	CB	C\$	E		298185.72
- STT SECURITIES TRANSFER TAX	CB	C\$	E		747.79

Online Display

- INSTM (detail panel) changes...
 - Sector Code to cater for 8 characters

```
OPTN: INSTM          BCS/A: DISPLAY/UPDATE INSTRUMENT MASTER   4NOV20  11:48:31
ACTN:                                     ACS           592
BRK:   INSTR.CDE: E ABG           0
ISSUING COMPANY...: ABSA GROUP LIMITED
DESCRIPTION.....: ORDINARY SHARES OF 200 CENTS EACH.

SHORT NAME.....: ABSAGROUP          REPORT NAME.: ABSA GROUP LIMITED
TRANSFER SECRETARY: CSIS  COMPUTERSHARE INVESTOR SERVICES PTY LTD
CHARGE STRUCTURE...: 01  ORD AND PEF EQUITY SHARES (CENTS)
SECTOR CODE.....: J8355  BANKS
COUNTRY CODE.....: RSA  SOUTH AFRICA
FORM K INDICATOR...: N                TRANSFERABLE RAND IND...: Y
NOMINAL PRICE.....:      200.00        CERTIFICATION ALLOWED...: Y
MST PCNT FACTOR...:  0.00000          TRANSFER DEED REQUIRED...: Y
EQUITY DATA: TYPE.: OS  ORDINARY SHARES, IN CENTS
                PRICE:  2510.00 C      STOCK EXCHANGE IND.....: J

INSTRUMENT ISIN...: ZAE000255915      JET DATE.....: 19960603
EFFECTIVE FROM....: 20180711 TO:      99999999  STATUS: C
ELEC TRADE DTE....: 20010806          DEMATERIALISED DTE: 20010716
PF1 HELP          PF2 RETURN          PF4 MENU          PF5 TSECM          PF12 QUIT
```

Client Statements

- Client XML Statement changes...
 - Sector Code tag increase from 34 to 38 characters for 8 character sector code
 - Filler at end of file reduced by 4 characters

Test files are expected to be available in the 1st week of December 2020

Reports

- Report layout changes for PACDLH report ...
 - Current layout: JSE CODE (4 character incl. BOARD-IND), ' - ', SECTOR NAME.
 - New layout: ICB-CODE X(8), ' - ', BOARD X(1), '- ' SECTOR NAME.

Dissemination

- Card Codes changes for **Broker** Dissemination are:
 - CC 92 (Instrument) - ICB Sector Code (8 characters) included at end of record
 - Filler reduced by 8 characters
 - CC 95 (PFV Balances) - ICB Sector Code (8 characters) included at end of record
 - Filler reduced by 8 characters
 - CC 96 (PFV Holdings) - ICB Sector Code (8 characters) included at end of record
 - Filler reduced by 8 characters

Test files are expected to be available in the 1st week of December 2020

Dissemination

- Card Codes changes for **Institutional** Dissemination are:
 - CC 92 (Instrument) - ICB Sector Code (8 characters) included at end of record
 - Filler reduced by 8 characters
 - CC 95 (PFV Balances) - ICB Sector Code (8 characters) included at end of record
 - Filler reduced by 8 characters
 - CC 96 (PFV Holdings) - ICB Sector Code (8 characters) included at end of record
 - Filler reduced by 8 characters

Test files are expected to be available in the 1st week of December 2020

Q&A