

SERVICE HOTLINE

REFERENCE NUMBER: 073/2020

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FTSE RUSSELL INDUSTRY CLASSIFICATION BENCHMARK (ICB) CHANGES IMPACT TO FTSE/JSE EQUITY INDICES

Further to Service Hotline 019/2020 issued 3 February 2020 that raised general awareness about the mandatory ICB structure and standards changes scheduled to come into effect on **Monday, 21 September 2020**.

Due to the magnitude of the changes and the impact to clients, the JSE has decided to provide a longer notice period than the typical 3 month period.

Impacted Services/Products

Service / Product	How impacted?	Covered by this Service Hotline
Equity Market data products	Field lengths and changes in data	No
BDA Institutional Market Data products	Field lengths and changes in data	No
FTSE/JSE Indices Market Data Products	Data format, field lengths and changes in data	Yes

This hotline provides detailed change impact information specifically for the FTSE/JSE Equity Indices market data products that are made available by the JSE. Impacts to other market data products will be covered by separate hotlines.

Overview of Indices changes

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
- ICB Sub-Sector Indices: Decommission of 5 existing sub-sector indices
- SA Sector Indices: Definitional changes to SA Sector (Financials, Industrials, Resources), to maintain existing logical classification.

ICB Industry and Sector Indices

FTSE/JSE will replace the current ICB industry and sector indices with new indices that are aligned to the enhanced ICB structure. As the ICB codes and names will change, the index codes and names will also be amended. FTSE/JSE will also introduce both SWIX and non-SWIX variants for each of the 11 Industry Indices as well as for each of the Sector Indices, with the exclusion of the Non-equity Investment Instrument Sector as these instruments are not eligible for index inclusion.

Market / Service:

FTSE/JSE Equity Indices products

Environment(s):

Production

Additional Information:

If you have any queries about this announcement, please contact the Market Data team via mdproducts@jse.co.za

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Sub-Sector Indices

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)

Under the current ICB structure, there are five sub-sectors that fall under the Mining Sector. FTSE/JSE created these sub-sector indices based on this structure. With the enhanced ICB structure, the above sub-sectors will no longer be grouped under the Mining sector. The sub-sectors will still exist; however, no sub-sector indices will be created.

SA Sector Indices: Definitional 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 and its tradeable indices will therefore remain with the same name and index codes and will continue to be comparable after implementation.

Changes to Indices Market Data Products

Changes to existing Indices Fixed Width format data products

1. One of the key changes is a **size increase to the sub-sector (ICB Sub-Sector, New ICB Sub-Sector, and Closing ICB Sub-Sector)** fields. Because of the prevalence of this field in the fixed width data records, combined with the strategic intent to migrate away from fixed width data records, the JSE has decided **not to widen the sub-sector fields** but to rather decommission all sub-sector fields in the fixed width data records.
2. This will impact all impacted data records provided via the I.zip, SI.zip and AI.zip data files.
3. **Clients that need access to the sub-sector data must instead obtain this data from existing and new CSV data files that are covered in the next section.**
4. The revised FTSE Russel-JSE Non-Live Data Products Specifications (version 9.1), that accounts for all changes is provided with this hotline.

Provision of Indices data via CSV format data files

1. We already makes certain Indices data available via CSV format data files. The list of Indices that are provided in CSV format are listed below in point 7.
2. As per the format migration intent, CSV data file equivalents for all the fixed width data records that currently don't have an equivalent CSV format, will be made available as part of this ICB change.
3. Test data files and specifications for the new CSV data files will be provided in due course. But specifications documents for the existing CSV data files are provided with this hotline.
4. **Clients that make use of sub-sector data will have to access this data from 21 September from the CSV format data files as they will not be available in the fixed width format data records.**

5. **While we will not stop the provision of the current Fixed Width data records and related files on 21 September, we encourage all clients to migrate over to the existing and new CSV format data files.** The decommission date of the Fixed Width data records and related files will be communicated at a point after the ICB go-live, allowing for a reasonable amount of migration time.
6. The Equity related Indices that are currently provided via CSV format via IDP are as follows:
 - a. Capped All Share
 - b. SWIX All Share
 - c. SWIX Top 40
 - d. Capped SWIX All Share
 - e. Capped SWIX Top 40
 - f. Capped Top 40
 - g. Cores
 - h. Dividend Top 40
 - i. Dividend Plus
 - j. Equally Weighted Top 40
 - k. Factor
 - l. Preference Share
 - m. RAFI Top 40
 - n. RAFI Top 40 Net TRI
 - o. RAFI Share
 - p. RAFI Capped All Share