

To: Market Participants
From: FTSE/JSE
Date: 19 December 2019
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Thursday, 5 December 2019

1. Background

The FTSE/JSE Advisory Committee (AC) met on Thursday, 5 December 2019 to discuss matters relating to the FTSE/JSE Index Series. The items listed below were discussed during the meeting.

2. Quarterly Review Summary

The two tables below provide a summary of the changes made to the key indices and the largest changes in ranking at the December 2019 Quarterly Review.

2.1 Changes to Key Indices

Index	Additions	Deletions	SII Changes	FF Changes	Largest Up*	Largest Down*	Projected Max Weight	1 Way Churn
All Share		S32, TON	13	10	SHP (0.04%)	AGL (0.14%)	NPN (13.06%)	0.33%
Large Cap		S32	4	1	SHP (0.05%)	AGL (0.17%)	NPN (16.26%)	0.31%
Large and Mid Cap		S32	6	3	SHP (0.04%)	AGL (0.14%)	NPN (13.46%)	0.28%
Mid Cap			2	2	RES (0.09%)	AVI (0.12%)	IMP (7.03%)	0.17%
Top 40	APN	EXX	4	1	APN (0.75%)	EXX (0.59%)	NPN (15.57%)	0.83%
SWIX 40	APN	EXX	4	3	APN (1.02%)	EXX (0.81%)	NPN (21.18%)	1.25%
Capped SWIX 40	APN	EXX	4	3	NPN (1.34%)	EXX (0.93%)	NPN (10.00%)	2.64%
Eq Wgt 40	APN	EXX	4	1	APN (2.5%)	EXX (2.67%)	ALL (2.50%)	7.38%
Resi 10			1	0	BHP (0.2%)	AGL (0.42%)	BHP (36.16%)	0.42%
Fini 15			3	0	NRP (0.08%)	OMU (0.16%)	SBK (15.31%)	0.16%
Indi 25			1	1	SHP (0.09%)	AVI (0.05%)	NPN (31.97%)	0.09%
All Property			5	2	GRT (0.34%)	RDF (0.2%)	GRT (15%)	0.88%
Tradable Property			2	1	NRP (0.85%)	RDF (0.67%)	GRT NRP RDF (15%)	1.35%
SAPY			4	1	RES (0.25%)	RDF (0.18%)	GRT (21.09%)	0.68%

*Shows the projected increase/decrease in percentage weight within the index

2.2 Largest Changes in Ranking

All Share constituents compared at December 2019 and September 2019 Quarterly Reviews.

Noteworthy Top 40 Instruments					
Alpha	Instrument	December Rank	September Rank	Move	Comment
GFI	Gold Fields Ltd	28	18	-10	Largest Top 40 down
MCG	MultiChoice Group Ltd	32	24	-8	2nd Largest Top 40 down
IMP	Impala Platinum Hlgs Ltd	19	25	6	2nd Largest Top 40 up
APN	Aspen Pharmacare Hldgs Ltd	35	46	11	Largest Top 40 up (Addition)
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	December Rank	September Rank	Move	Comment
REA	Rebosis Property Fund Ltd A	230	196	-34	Remains in Fledgling
APF	Accelerate Prop Fund Ltd	177	153	-24	Remains in Small Cap
TKG	Telkom SA SOC Ltd	69	47	-22	Remains in Mid Cap
SNH	Steinhoff Int Hldgs N.V.	147	125	-22	Remains in Small Cap
ADR	Adcorp Holdings Limited	190	168	-22	Remains in Fledgling
Largest Increase in Ranking in Main Board					
Alpha	Instrument	December Rank	September Rank	Move	Comment
LTE	Lighthouse Capital Ltd	120	145	25	Remains in Small Cap
WEZ	Wesizwe Platinum Ltd	202	228	26	Remains in Fledgling
CRP	Capital & Regional Plc	142	176	34	Remains in Fledgling
MFL	Metrofile Holdings Ltd	195	231	36	Remains in Fledgling
OMN	Omnia Holdings Ltd	124	164	40	Remains in Small Cap

3. Feedback on the FTSE/JSE Africa Index Series

3.1 Rebasing of Index Values

Due to various system limitations, the JSE cannot currently process an index level in excess of 99,999.99 where that index has a derivative contract listed on it. As such, it has been the practice to rebase any index whose level is approaching this value. No indices are currently due to be rebased. The below indices have index values in excess of 70,000.00:

Index	Class	Index Value	Derivative Listed	Open Interest
J211 - Industrial 25	Capital Index	73,188.16	Yes	0
J213 - Financial and Industrial 30	Capital Index	76,858.79	Yes	265
J853 - Nonlife Insurance	Capital Index	80,048.36	-	-
J257 - SA Industrials	Capital Index	78,977.06	-	-
J554 - SWIX Media	Capital Index	105,869.47	-	-
J554 - SWIX Media	Total Return Index	132,482.58	-	-

3.2 Corporate Actions for the quarter

The table below summarises all intra-quarter index adjustments made to the All Share and Top 40 indices since the September 2019 review:

Amendment Type	Top 40 Index	All Share Index	Top 40 Notes
CA - Constitution Addition	0	1	Impala platinum and Sibanye Gold addition
CD - Constitution Deletion	3	5	Aspen Pharmacare, PSG Group and Sappi deletion
CP - Special Dividend	2	1	No special dividend declared
DV - Dividend	0	0	
IC - Weight Change	2	15	Prosus free float change after Naspers unbundling
IS - Shares Update	4	11	Shares in issue update due to Naspers Capitalisation Issue results
NC - Name Change	0	0	

3.3 Arrowhead and Gemgrow unbundling: reverse takeover of Gemgrow by Arrowhead

On 29 August 2019, Gemgrow Properties Ltd announced its intention to acquire all of the Arrowhead Properties Ltd ordinary shares by way of scheme of arrangement. As such, shareholders of Arrowhead Properties were to receive 0.8237 shares in Gemgrow Properties Ltd B.

Gemgrow Properties Ltd B replaced Arrowhead Properties within all the existing market cap weighted JSE Indices with the index shares based on terms received and added at a price based on Arrowhead Properties close price adjusted by the offer terms therefore deeming the transaction market cap neutral. Furthermore, Gemgrow Properties Ltd changed the name to Arrowhead Properties Ltd on 25 September 2019.

The first [informative notice](#) was published on 21 August 2019, followed the updated notice on 30 August 2019.

3.4 Removal of TIDM Identifier Field

On 01 August 2019, the JSE in consultation with the Index partner FTSE Russell decided to implement changes by removing all TIDM identifiers from all indices data products. Following approval from the relevant governance bodies, the removal of TIDM identifiers was implemented on 20 September 2019. Notice and communication was released to the market as well as affected data vendors.

4. Naspers and Prosus Capping proposal

Following the [market consultation](#) published on 5 November 2019, comments, submissions and responses were requested to be submitted to the JSE on or before 22 November 2019. FTSE/JSE is appreciative of all the responses and input received during this consultative process. FTSE/JSE published an [Informative Notice](#) on 10 December 2019, which fully details the outcome of the consultation process.

5. 1% Free Float Threshold

At the September 2019 AC meeting, the AC was presented with a proposal to review the 1% and 3% free float threshold rule (4.3.6) for companies that utilise the Strate register number in the Index Series. There were a number of alternatives that were presented and discussed at the September meeting. The finalised proposal was presented to and approved by the relevant governance bodies. The rule change will ensure that Strate register changes will be reflected in the Index Series more quickly. The notice regarding the Ground Rule change will be published on 19 December 2019 and will be effective for the March 2020 review.

The next AC meeting will be held on Thursday, 5 March 2020.

For further information, please contact the FTSE/JSE Indices Department.

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