

To: Market Participants
 From: JSE Indices Department
 Date: 8 November 2016
 Subject: Notes from the JSE Fixed Income Index Series Advisory Committee Meeting held on Wednesday, 12 October 2016

1. Background

The JSE Fixed Income Index Series Advisory Committee (AC) met on Wednesday, 12 October 2016 to approve the fourth 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 made to the ALBI and two changes to the CILI. There were four constituent changes in the Credit Fixed Top 30 and six 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 October 2016 Reweighting
ALBI	ES23	TN20	14
CILI	EL28	ABS12	3
	ECN32	ABCPI3	
CFIX30	RW21	DV24	19
	SBK9	FRX18	
	SBS39	SBK14	
	TN30	TN17	
CFLO30	DVF19	BID04	13
	IBL85	FRB11	
	NBK33B	NED13	
	NBK34B	NED14	
	SBK25	SBK22	
	TNF18	N5B23	

3. JSE Fixed Income Index Series Roadmap

The JSE has collected feedback from a number of clients regarding the current provision of products and services in the Interest Rate market. These range from concerns with the production quality of existing products, through to requests for new services. The AC was presented with the following items which relate

directly to the JSE Fixed Income Index Series and were asked to provide their views on the relative importance of each initiative:

Item	Description
1	<u>15:00 Pricing</u> Publish an index level for all indices using the 15:00 bond valuation for unit trusts
2	<u>Daily valuation product</u> Create an end of day valuation product for all indices in a consistent format. There are currently different file formats for ALBI, CILI and the Credit Indices
3	<u>Daily constituent product</u> Create an end of day constituent product for all indices in a consistent format. There is currently only a constituent product for the ALBI.
4	<u>Daily tracker product</u> Create a daily end of day product that lists all known upcoming index changes, including reconstitutions, re-weightings and coupons.
5	<u>Basic performance contribution</u> Define and publish a basic contribution calculation to allow all clients to simply verify the index returns on a bottom-up basis using the overnight returns of the individual bonds
6	<u>Advanced performance contribution</u> Define and publish an advanced performance contribution methodology to decompose index returns in terms of broader interest rate variables, such as time decay, yield curve shifts, credit spreads etc.
7	<u>Single Stock Total Return Indices</u> Create a series of total return indices at the single bond level to provide the total return for each bond, incorporating coupon reinvestment.
8	<u>FTP Data Product Delivery</u> Deliver all data products via FTP
9	<u>Custom Index Service</u> Provide a custom index service
10	<u>IOSCO Principles for Financial Benchmarks</u> Determine the viability of improving compliance with the IOSCO Principles for Financial Benchmarks

The JSE will use the feedback from the AC as well as market participants in order to allocate the resources required to deliver on these initiatives.

Next Meeting Dates:

Wednesday, 11 January 2017

Wednesday, 12 April 2017

Wednesday, 12 July 2017

Wednesday, 11 October 2017

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