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| **Basic parameters for securities that track or reference an index** | JSE Comment | Sponsor Response |
| 19.30) If the securities to be listed will track or reference an index it must be issued over an index or index product acceptable to the JSE in accordance with paragraphs 19.31 to 19.42 relating to index disclosures and acceptable index calculators. |  |  |
| **Index disclosures and acceptable index calculators** |  |  |
| **General** |  |  |
| 19.31) Issuers wishing to list any instruments where an index in referenced must ensure that the ground rules comply with paragraph 19.35 and index calculators must comply with paragraphs 19.36 to 19.41. | Eventual issuer of product to please note this provision |  |
| 19.32) As per the JSE’s website. |  |  |
| 19.33) Issuers must submit an application to the JSE illustrating full compliance with paragraphs 19.35 to 19.41 prior to the listing of any instrument with an index as underlying. |  |  |
| 19.34) Issuers will not be permitted to make use of an index without a valid index license agreement obtained from the index sponsor. | Please provide us with the index licensing agreements |  |
| **Transparency** |  |  |
| 19.35) The construction of the index, including the treatment of various corporate actions (where applicable), must be clearly documented in a ground rule summary document and this document must be publicly available on the issuer’s website to ensure full transparency. | Please note |  |
| The JSE will have regard to the following principles in considering whether the comprehensive ground rules document is acceptable - | Please note |  |
| (a) Basic constitution of the index and corporate actions to be dealt with timeously, objectively, and consistently |  |  |
| (b) Details of index reviews and their intervals must be clearly disclosed |  |  |
| (c) Ground rules must ensure that the index is free of any type of manipulation by the index calculator or issuer |  |  |
| (d) it must include details of the process involved for changes to index, including corp actions, and how this will be communicated to investors |  |  |
| (e) index methodology must be clear and give details of the calculation method, constitution, index rules, index review, changes to the index and consequences of any changes in index methodology. Must be in plain English and understandable |  |  |
| (f) Sole discretion by index calculator should be limited to avoid any unnecessary movement in the market. Advance communication by the index calculator with the market is imperative |  |  |
| (g) the mathematics applied in the index must match the written description of the index |  |  |
| (h) the index must be replicable as far as practically possibly i.e. investors must receive the same returns in the open market |  |  |
| (i) Any changes to index published on website as well as correction of erroneous index data |  |  |
| (j) clear policy for corrections i.e. how published and how corrected? |  |  |
| (k) all instruments in the index must have a reliable and discoverable price that is published |  |  |
| (l) material changes to the index methodology must be communicated to the JSE, and communication to the market must be made before implementation |  |  |
| (m) a brief explanation, sufficient for an investor to understand how an index was developed, including, at a minimum, the size and liquidity of the market being assessed namely the number and volume of transactions submitted, the range and average volume and range and average of price, and indicative percentages of each type of market data that have been considered in a benchmark determination. Terms referring to the pricing methodology must be included “transaction-based”, “spread-based” or “interpolated/extrapolated” |  |  |
| (n) a brief explanation of the extent to which and the basis upon which expert judgment if any, was used in establishing an index. |  |  |
| **Experience** |  |  |
| 19.36) The index calculator must satisfy the JSE that it has adequate experience in calculating indices. The JSE will have regard to the following principles in considering whether an index calculator has the required experience - |  |  |
| (a) The index calculator will be expected to have sufficient staff with considerable relevant experience. Experience could include the calculation of in-house benchmarks, custom indices or having worked with or been employed by an acceptable index calculator for a considerable period. |  |  |
| (b) The index calculator must prove that it has enough knowledge and experience in dealing with the impact of corporate actions (where applicable) on indices. This will be achieved by displaying a track record of handling corporate actions (where applicable) that it has dealt with. |  |  |
| **Independence** |  |  |
| 19.37) Kindly ensure compliance |  |  |
| **Continuity** |  |  |
| 19.38) Kindly ensure compliance |  |  |
| **Technology** |  |  |
| 19.39) Kindly ensure compliance |  |  |
| **Continuing Obligations** |  |  |
| 19.40) The index calculator is approved based on the information presented to the JSE with the initial application and in order to maintain standards on a continuing basis the issuer of any securities after due and careful inquiry must notify the JSE in February each year of any significant changes including - | Issuer of the securities in question to please note these provisions. |  |
| (a) Any changes to its staff responsible for calculating the index | Ditto |  |
| (b) any changes to its technology | Ditto |  |
| (c) any changes to its relationship between the index calculator and the issuer of securities and any of its associates | Ditto |  |
| 19.41 Annual “after due and careful inquiry” confirmation from the issuer of the instrument referencing the index |  |  |