

## S&P All Africa ex-South Africa Indices Consultation on Offshore Company Eligibility

**AMSTERDAM, APRIL 15, 2020:** S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with market participants on a potential change to the S&P All Africa ex-South Africa Indices.

The S&P All Africa ex-South Africa Indices currently use an offshore universe for developed market-listed companies that operate purely in or derive a majority of their revenues from the African continent (including South Africa). With the aim of enhancing the South African exclusion component of the index objective, S&P DJI is considering modifying the index eligibility rules for the offshore companies segment to exclude companies whose revenues or assets primarily derive from or reside in South Africa. The table below summarizes the proposed change.

Proposed Change	Methodology	
	Current	Proposed
Index Eligibility – Offshore Companies Segment	<p>For the offshore companies segment, companies that are domiciled outside Africa that do not have an active listing on a local African exchange and operate purely in or derive a majority of their revenues from the African continent are eligible if they meet the following criteria:</p> <ul style="list-style-type: none"> <li>• At least 50% of their total revenue or assets must derive from or reside in Africa.</li> <li>• Float-adjusted market value of at least US\$ 100 million.</li> <li>• Annual dollar value traded of at least US\$ 50 million.</li> </ul>	<p>For the offshore companies segment, companies that are domiciled outside Africa that do not have an active listing on a local African exchange and operate purely in or derive a majority of their revenues from the African continent are eligible if they meet the following criteria:</p> <ul style="list-style-type: none"> <li>• At least 50% of their total revenue or assets must derive from or reside in Africa (excluding South Africa).</li> <li>• Float-adjusted market value of at least US\$ 100 million.</li> <li>• Annual dollar value traded of at least US\$ 50 million.</li> </ul>

For more information on the S&P All Africa ex-South Africa Indices, please refer to the [S&P All Africa Indices Methodology](#).

Please note that this proposed change, if adopted, would impact the S&P All Africa ex South Africa Indices only. Under this proposal, there would be no change in the eligibility or selection rules of the S&P All Africa Index.

### IMPACT ANALYSIS

Using data from the September 2019 rebalancing, Table 1 on the following page shows the actual one-way turnover as well as the hypothetical one-way turnover that would have resulted if the previously described proposed 50% South Africa revenue/asset exclusion screen had been in effect at that time.

**Table 1:**

Index	One-Way Turnover		
	Actual	Hypothetical	Difference
S&P All Africa ex-South Africa	9.3293%	11.0130%	1.6838%
S&P All Africa ex-South Africa Capped	10.2997%	11.0706%	0.7709%
S&P All Africa ex-South Africa Select	15.2089%	15.6811%	0.4723%
S&P All Africa Select	9.6151%	9.4369%	-0.1782%
S&P All Sub-Saharan Africa ex-South Africa Index	13.2653%	15.9362%	2.6709%
S&P All Sub-Saharan Africa ex-South Africa Capped Index	15.0819%	15.7905%	0.7085%
S&P Pan Africa Ex South Africa Capped Index	12.7519%	14.1415%	1.3896%

Using data from the September 2019 rebalancing, Table 2 below shows the constituent drops and their weights that would have resulted had the previously described proposed 50% South Africa revenue/asset exclusion screen been in effect at that time.

**Table 2:**

Index	Drops Due To Proposed Exclusion Screen	Weight
S&P All Africa ex-South Africa	Hanil Cement Co Ltd	0.2615%
	Jupiter Mines Ltd	0.4568%
	MiX Telematics Ltd	0.2941%
	Scatec Solar ASA	1.2267%
	Petra Diamonds	0.1017%
S&P All Africa ex-South Africa Capped	Hanil Cement Co Ltd	0.2310%
	Jupiter Mines Ltd	0.4035%
	MiX Telematics Ltd	0.4310%
	Scatec Solar ASA	1.9536%
	Petra Diamonds	0.0855%
S&P All Africa ex-South Africa Select	MiX Telematics Ltd	0.6004%
	Scatec Solar ASA	2.7905%
S&P All Africa Select	MiX Telematics Ltd	0.2011%
	Scatec Solar ASA	0.9582%
S&P All Sub-Saharan Africa ex-South Africa Index	Hanil Cement Co Ltd	0.4109%
	Jupiter Mines Ltd	0.7178%
	MiX Telematics Ltd	0.4620%
	Scatec Solar ASA	1.8950%
	Petra Diamonds	0.1570%
S&P All Sub-Saharan Africa ex-South Africa Capped Index	Hanil Cement Co Ltd	0.2587%
	Jupiter Mines Ltd	0.4520%
	MiX Telematics Ltd	0.7826%
	Scatec Solar ASA	4.0316%
	Petra Diamonds	0.0980%
S&P Pan Africa Ex South Africa Capped Index	Hanil Cement Co Ltd	0.3510%
	Jupiter Mines Ltd	0.4258%
	MiX Telematics Ltd	0.3272%
	Scatec Solar ASA	1.5998%
	Petra Diamonds	0.1012%

## IMPLEMENTATION TIMING

S&P DJI is proposing to implement the proposed methodology change, if adopted, in conjunction with the subsequent rebalancing, which takes effect prior to the market open on Monday, June 22, 2020.

## CONSULTATION

## QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

1. **Do you agree with the proposal to exclude companies from the S&P All Africa ex-South Africa Indices that have at least 50% of their total revenue or assets derived from or residing in South Africa?**
2. **If the proposed change is adopted, do you agree with the proposed implementation date?**
3. **Do you have any other comments or feedback regarding the proposed change outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. Please respond to this survey by **May 15, 2020**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI may request clarifications from respondents as part of that review.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at [SPDJI\\_Index\\_Governance@spglobal.com](mailto:SPDJI_Index_Governance@spglobal.com).

*Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.*

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit [www.spdji.com](http://www.spdji.com).

## ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500<sup>®</sup> and the Dow Jones Industrial Average<sup>®</sup>. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has been innovating and developing indices across the spectrum of asset classes helping to define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit [www.spdji.com](http://www.spdji.com).

### FOR MORE INFORMATION:

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## CONSULTATION