

"On 16 October 2008, Huger Group Limited (Huger Group or the Company) acquired a long position in 80 455 single stock futures (SSF) contracts in which the underlying instruments were 8 045 500 of its own ordinary shares. The SSF contracts were described by the JSE Limited's Derivative Market as HUGEQ SSFs and were accordingly physically settled SSF contracts, requiring the holder of the long position to take physical delivery of the underlying instruments in the event that the HUGEQ SSFs were left to expire, and not closed out or not rolled over into longer dated contracts. While Huger Group did not enter into a derivative transaction involving its own ordinary shares, it acquired derivative instruments that may have resulted in it having to take physical delivery of 8 045 500 Huger Group ordinary shares.

On 7 November 2008, the JSE Limited (the JSE) made a finding that Huger Group had breached paragraph 5.69 of the JSE Listing Requirements (the LRs). Ultimately Huger Group accepted the finding of the JSE.

During 2009, the JSE found that the actions of two directors of Huger Group, Messrs Anton Potgieter and James Herbst (the Directors), had caused Huger Group to breach paragraph 5.69 of the LRs. The Directors took this finding of the JSE on appeal to the Financial Services Board (the FSB). While the FSB upheld the appeal of the Directors it found that the Directors breached paragraph 5.69 read with paragraph 5.82 of the LRs. The Directors approached the North Gauteng High Court (the Court) to set aside this finding of the Appeal Board on the basis that no opportunity was afforded to the Directors to make representations on the application of paragraph 5.69 read with paragraph 5.82 of the LRs. On 29 October 2013 the Court delivered judgment and set aside these findings of the Appeal Board and left the matter in the hands of the JSE to take further steps as it may deem necessary.

The JSE has considered bringing a charge of a breach of paragraph 5.69 read with paragraph 5.82 of the LRs against the Directors.

In order to resolve the long running dispute between the JSE and the Directors in regard to this matter, the Directors have acknowledged that:

1. the provisions of paragraph 5.69 read with paragraph 5.82 of the LRs may apply to acquisition of derivative instruments (in circumstances where the relevant transaction took place prior to the repeal of LR 5.82);
2. the General Principles enshrined in the LRs required the Directors to have greater regard to –
 - a. ensuring that holders of the relevant securities are given full information and afforded adequate opportunity to consider in advance and vote upon matters affecting a listed company's constitution or the rights of holders of securities; and
 - b. ensuring that the LRs promote investor confidence in standards of disclosure and corporate governance in the conduct of the applicant issuer's affairs and in the market as a whole.

The JSE has decided that an appropriate sanction in the circumstances is a fine of R300 000.00 on each Director."

31 May 2016