

GEN – General – Insimbi Industrial Holdings Limited

Censure imposed by the JSE on both Insimbi Industrial Holdings Limited and Mr Fred Botha in his capacity as a director and CEO

The JSE wishes to inform stakeholders of the following findings in respect of Insimbi Industrial Holdings (“Insimbi Industrial Holdings” or “Company”) and Mr Fred Botha:

1. Insimbi Industrial Holdings entered into a closed period on 1 March 2020, a deemed prohibited period in terms of the JSE’s Listings Requirements. Prior to the prohibited period, Insimbi Industrial Holdings had entered into a share repurchase programme from 1 March 2020 to 31 May 2020, to allow the Company to repurchase a maximum of 3 million shares for an aggregate consideration not exceeding R3,270,000.00, under its general authority granted to it at its annual general meeting held on 4 July 2019 (“Repurchase Programme”). The JSE’s Listings Requirements requires that an issuer appoint an independent third party under a repurchase programme, who will be responsible for making the investment decisions in relation to the issuer’s repurchases, independently of and uninfluenced by the issuer (“Third Party”).
2. Notwithstanding the Repurchase Programme in place and conditions associated with the Repurchase Programme, Mr Botha, being an executive director of Insimbi Industrial Holdings, gave telephonic instructions to the traders of the Third Party on the specific number of securities to repurchase and at what price such securities should be repurchased at, during the specified dates of 13 March 2020 to 3 April 2020.
3. Accordingly, the JSE found both Insimbi Industrial Holdings and Mr Botha, in his capacity as a director of Insimbi Industrial Holdings, to be in breach of paragraph 5.72(h) of the JSE’s Listings Requirements for giving investment instructions to the Third Party, a third party whose investment decisions should be independent of Insimbi Industrial Holdings, and for influencing the repurchase of the Company’s securities during a prohibited period due to the Company’s closed period, notwithstanding the approved Repurchase Programme in place.
4. Issuers, invariably via its directors, have a duty to comply with the Listings Requirements at all times. Compliance with the Listings Requirements is aimed at, but not limited to, investor protection and investor confidence. To aid in this objective of transparency and a trusted marketplace, issuers are not permitted to repurchase securities during a prohibited period unless there is a repurchase programme in place prior to the prohibited period, where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The issuer must further instruct an independent third party, which makes investment decisions independently of and uninfluenced by the issuer. Both the Company and Mr Botha failed to comply with the important requirement of not influencing the independent investment decisions of the Third Party.
5. For these reasons and with reference to the JSE’s findings of breach, the JSE has decided to impose this public censure against the Company and Mr Botha.