

16 February 2012

Dear Sponsors/Designated Advisors and Company Secretaries

DIRECTORS' DEALINGS

The provisions of paragraphs 3.63 – 3.74 of the JSE Listings Requirements ("LR") explicitly set out rules on, *inter alia*, what constitutes a dealing, who should disclose a dealing, the time frame in which to do so, obtaining clearance for the dealing and restrictions on a director and an issuer during prohibited periods. These directors' dealings provisions have been in effect for a number of years yet the JSE has noticed a frequent disregard of them by issuers and its directors.

The following LR provisions represent the most common areas of breach in relation to directors' dealings:

Paragraph 3.65

"Directors are required to disclose to the issuer all information that the issuer needs to comply with paragraph 3.63. The issuer shall also advise each of its directors of their obligations to disclose to it all information that the issuer needs in order to comply with paragraph 3.63. Any director who deals in securities relating to the issuer is required to disclose the information required by paragraph 3.63 to the issuer without delay, and in any event by no later than 24 hours after dealing. The issuer must in turn announce such information without delay and in any event by no later than 24 hours after receipt of such information from the director concerned."

Directors and their brokers must communicate with each other on matters such as the completion of successful trades irrespective of the type of portfolio held by such director i.e. on a discretionary basis or not, to enable the director to comply with paragraph 3.65 of the LR. The failure by a broker to notify a director of a trade is not an excuse for the late disclosure of a dealing. It is the responsibility of the director to ensure that his/her broker is well informed of the provisions of the LR relating to directors' dealings.

Furthermore, directors should make alternative arrangements for receiving notifications from brokers in instances when they are out of the office.

Paragraph 3.66



JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa. Telephone:
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

Executive Directors: NF Newton-King (CEO),
F Evans (CFO) Non-Executive Directors: HJ Borkum
(Chairman), AD Botha, ZL Combi, MR Johnston, DM Lawrence,
A Mazwai, NS Nematswerani, N Nyembezi-Heita, N Payne
Alternate Directors: JH Burke, LV Parsons

“A director (excluding any of his/her associates) may not deal in any securities relating to the issuer without first advising the chairman (or one or more other appropriate directors designated for this purpose) in advance and after receiving clearance from same. In his/her own case, the chairman, or other designated director, must advise the board of directors in advance, or advise another designated director, and receive clearance from the board of directors or designated director, as appropriate. The JSE may waive this requirement in situations where the director has no discretion in the transaction. The JSE must be consulted for a ruling in these cases and if a waiver is granted the announcement must clearly explain the reasons why the director had no discretion.”

A director who deals in securities relating to the issuer without obtaining the required clearance to deal will be in direct breach of the LR. For this reason, it is of utmost importance that issuers prepare a detailed policy to regulate and inform its directors and third parties of the procedures relating to any dealings by directors. This policy should be effectively communicated and easily accessible.

It is also important to note the following provisions of the LR in relation to when clearance to deal may not be given and when a director is prohibited from dealing:

Paragraph 3.67

“A director must not be given clearance (as required by paragraph 3.66) to deal in any securities relating to the issuer during a prohibited period. A “prohibited period” means:

- (a) a closed period;*
- (b) any period when there exists any matter which constitutes unpublished price sensitive information in relation to the issuer’s securities (whether or not the director has knowledge of such matter).”*

Paragraph 3.69

“A director may not deal in any securities relating to the issuer:

- (a) during a closed period as defined; and*
- (b) at any time when he/she is in possession of unpublished price sensitive information in relation to those securities, or otherwise where clearance to deal is not given in terms of paragraph 3.66.”*

Finally, we have in the past limited our actions to imposing private censures on issuers and directors. Going forward and depending on the circumstances of the matter, we shall be adopting a more stringent approach and imposing harsher censures. We thus urge issuers, directors and sponsors/designated advisors to put systems and lines of communication in place to avoid breaching the relevant provisions of the LR and also to be mindful of the provisions of the Securities Services Act 36 of 2004 (“SSA”) as a contravention of the LR relating to directors’ dealings may also lead to a contravention of the provisions of the SSA.

Yours faithfully

A handwritten signature in black ink, appearing to read 'E. SAIMAN', with a long, sweeping underline that extends to the left.

E.SAIMAN

Head: Investigations Unit

Issuer Services Division