Schedule 4

Sponsors and Designated Advisers

This schedule applies to sponsors and DAs.

**Application**

1.1 Application to become a sponsor must be submitted in the format available in the JSE Forms Portal.[[1]](#footnote-1)

1.2 An applicant must identify the key contact person for purposes of the application.

1.3 The relevant fees payable are available on the JSE website.

**Eligibility**

1.4 A sponsor must satisfy the JSE that it:

(a) is competent to discharge its responsibilities; and

(b) will discharge its responsibilities in terms of the Requirements.

1.5 A sponsor must, as a minimum, have the following controls in place in relation to sponsor staff:

(a) clear and effective reporting lines with approved executives to ensure proper supervision;

(b) adequate staffing and resources to ensure the proper application of the Requirements;

(c) effective training and supervision in relation to the application of the Requirements and the Sponsor Code of Conduct; and

(d) identifying matters that may impact independence and/or conflicts of interests.

1.6 Subject to 1.8, a sponsor must have at least three staff members with established track records and experience in corporate finance, to the satisfaction of the JSE, who –

(a) are approved executives; or

(b) have passed the JSE examination for approved executives and have obtained practical experience in providing advice on the application of the Requirements under the supervision of an approved executive for the prescribed period in 1.9(b).

These individuals will be registered by the JSE as approved executives of the sponsor.

1.7 An approved executive application must be accompanied with a sponsor declaration available in the JE Forms Portal.

1.8 If the eligibility criteria above are not satisfied, the JSE may accept an applicant as a sponsor, but not a DA, provided it has:

(a) at least one approved executive;

(b) adequacy of staff; and

(b) can demonstrate that it accepts its responsibilities and is competent to discharge its responsibilities in terms of the Requirements.

The JSE reserves the right to review such sponsor’s status on notification of any staff changes within the sponsor.

**Supervision and staff**

1.9 An approved executive undertaking supervision, must:

(a) at the commencement date provide the details of the candidate;

(b) undertake supervision for a period of two years if the candidate is in possession of an academic degree or a period of five years if not; and

(c) at the completion of the supervision period confirm that the candidate has completed the supervision and is a suitable candidate to be an approved executive.

1.10 If a candidate changes employment, supervision may be transferred to another approved executive. Before an approved executive takes on the candidate, full details of the candidate’s previous experience and supervision progress must be obtained from the previous approved executive.

**Continuing obligations**

1.11 The JSE must be informed immediately of any new events in the sponsor declaration or changes thereto, in relation to an approved executive.

1.12 Any approved executive or staff member that has a material interest in an applicant issuer, compared to personal wealth, must not be involved in providing advice to such applicant issuer.

1.13 If an approved executive changes employment, the JSE must be notified within 48 hours.

1.14 If the departure of an approved executive results in a sponsor no longer having the minimum number of approved executives, the sponsor must take steps to remedy the situation and keep the JSE informed.

1.15 If a sponsor or approved executive ceases to meet the provisions of this Schedule, the JSE must be notified immediately.

1.16 If a sponsor approved in terms of 1.8 has staff changes, the JSE must be notified.

**Annual Compliance and fees**

1.17 Sponsors must submit an annual compliance certificate in the format available in the JSE Forms Portal, each time the annual subscription is payable to the JSE.

1.18 All approved executives must provide an affidavit to the JSE by no later than 31 January of each year confirming active involvement in providing advice on the application of the Requirements during the previous twelve months.

1.19 Failure to adhere to 1.17 and 1.18 may result in the removal of the sponsor or approved executive status.

1.20 If sponsor annual subscription fees are not paid by 31 January each year, no submission will be accepted from the sponsor by the JSE until the fees have been paid in full.

**JSE training**

1.21 The JSE may mandate training for approved executives on the Requirements that must be completed within certain periods specified by the JSE.[[2]](#footnote-2)

**Sponsor Code of Conduct**

The Code of Conduct applies equally to sponsors and approved executives.

Sponsors should exercise the utmost integrity, competence, diligence, and confidentiality in their dealings with the JSE and their applicant issuers.

**Fundamental Principles**

The following fundamental principles should be applied:

* **Integrity and Objectivity:** Sponsors should remain transparent and honest in all professional and business relationships and should not allow bias, conflict of interest or undue influence of others to override their professional judgment.
* **Professional Competence and Due Care:** Sponsors have an ongoing duty to maintain their professional knowledge and skill at such a level as to ensure that their applicant issuers clients receive competent and professional service in line with up-to-date developments in professional and best practice, legislation and the Requirements. Sponsors should act diligently and in accordance with applicable technical and professional standards when rendering professional services.
* **Confidentiality:** Sponsors should respect the confidential nature of information acquired in the context of professional and business relationships. Such confidential information may not be used by sponsors for personal gain and should not be disclosed to third parties without due authority or unless there exists a legal obligation of disclosure.

**Standards of professional conduct**

The following standards of professional conduct should be applied:

**A Professionalism**

* **Knowledge of the Law:** Sponsors must know and comply with all applicable laws, rules, regulations and codes (including the Requirements) of any government, regulatory organisation, licensing agency or professional association governing their professional activities. In the event where there is any conflict of these laws and/or rules, regulations or codes, sponsors and approved executives must comply with the more onerous of the law, rule, regulation or code.
* **Independence and Objectivity:** Sponsors must exercise reasonable care and judgment in order to achieve and maintain independence and objectivity in their professional dealings. sponsors and approved executives must not offer, solicit, or accept any gift, benefit, compensation or consideration that may reasonably be seen to compromise their independence or objectivity.
* **Faithful** **Representation:** Sponsors must not knowingly make any misrepresentations or omissions of fact in relation to the provisions of the Requirements. Sponsors must, without delay, inform the JSE in the event that they become aware of any such misrepresentations or omissions of fact by, or on behalf of, their applicant issuers (whether existing, former or prospective).
* **Misconduct:** Sponsors must not engage in any conduct involving dishonesty, fraud, deceit or the commission of any act that may reflect adversely on the JSE or on the professional reputation, integrity, or competence of the sponsor.

**B Integrity of capital markets**

* **Price Sensitive Information.** Sponsors in possession of price-sensitive, information must not trade on or disclose this information to third parties (unless a legal obligation of disclosure exists).**[[3]](#footnote-3)**
* **False Markets.** In order to protect the integrity of the capital markets, sponsors must refrain from prohibited market practices and false statements, as stipulated in the FMA, and take steps to make their applicant issuers aware of their responsibilities.[[4]](#footnote-4)

**C Duties to clients**

* **Prudence and Care.** Sponsors should act with reasonable care.
* **Fair Dealing.** Sponsors must deal fairly and objectively with all clients when furnishing advice on the Requirements or engaging in other professional practices relating to their duties as sponsors.
* **Preservation of Confidentiality.** Sponsors must keep confidential all information pertaining to existing, former and prospective applicant issuers, unless:
  + The information relates to illegal activity on the part of the existing or former applicant issuer;
  + Disclosure of the information is required by law or in terms of the Requirements; or
  + The existing, former or prospective applicant issuer consents to the disclosure of the information.

1. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. [↑](#footnote-ref-3)
4. [↑](#footnote-ref-4)