Schedule 1

This Schedule contains certain Requirements applicable to sponsors (Part I) and VCC advisers (Part II) and should be read with Section 2.[[1]](#footnote-1)

**Part I – Sponsors**[[2]](#footnote-2)

This schedule contains certain Requirements applicable to sponsors and should be read with Section 2.

**Introduction**

16.1 This schedule sets out the Requirements of the JSE pertaining to the eligibility criteria of sponsors.

16.2 A sponsor may be a company, partnership or sole proprietor with sufficient executive staff to execute all sponsor requirements and responsibilities in accordance with the Requirements.

16.3 The responsibilities of a sponsor are set out in Section 2.

**Qualifications for approval**

16.4 A sponsor must satisfy the JSE:

 (a) that it is competent to discharge the responsibilities of a sponsor; and

 (b) that it accepts the responsibilities of a sponsor and agrees to discharge those responsibilities at all times to the satisfaction of the JSE.

**Eligibility criteria**

16.5 The following criteria must be met by a sponsor in order to satisfy the JSE that it is competent to fulfil the role of sponsor:

 (a) **Employment of staff with relevant experience**

 (i) a sponsor will be expected to have staff who have considerable relevant corporate finance experience;

 (ii) a sponsor must be able to demonstrate to the JSE’s satisfaction, that at least three of its executive staff:

 (1) were registered as Approved Executives by the JSE as at 15 August 2008 and will continue to be so classified subject to paragraphs 16.5(a)(iv) and 16.14; or

 (2) have passed an examination[[3]](#footnote-3)\* as approved by the JSE from time to time (“the examination”);

 and each have relevant practical experience in advising on the general application of the Requirements under the supervision of an Approved Executive in accordance with schedule 16.5(a)(iii).[[4]](#footnote-4)#

 Such executive staff will be classified as Approved Executives and recorded as such by the JSE.

 (iii) An Approved Executive who is providing the supervision referred to in paragraph 16.5(a)(ii) above must:

 (1) notify the JSE in writing at the commencement of the relevant period, providing full details of the candidate; and

 (2) declare to the JSE at the end of the relevant period, that the candidate is suitable to be an Approved Executive who will be able to properly fulfil all the responsibilities of a sponsor.

 If a candidate moves from one employer to another and wishes to continue with his programme of practical experience, then arrangements must be made in order that an Approved Executive with the new employer continues with the necessary supervision. Before embarking on this exercise, the Approved Executive must obtain full details of the candidate’s previous experience.

 (iv) From time to time, the JSE will arrange courses relating to the Requirements and all Approved Executives must attend these, within the time periods prescribed by the JSE, in order to remain registered.[[5]](#footnote-5)

 (v) the sponsor’s Approved Executives must not have been:

 (1) convicted of an offence resulting from dishonesty, fraud or embezzlement;

 (2) censured or fined by a self regulatory organisation or recognised professional body;

 (3) barred from entry into any profession or occupation; or

 (4) convicted in any jurisdiction of any criminal offence or an offence under legislation relating to the Act and/or the FMA, have been a director or alternate director or officer of a company at the time such company was convicted of any similar offence;[[6]](#footnote-6)

 (vi) if the relevant criteria detailed in 16.5(a)(i) to (iv) above are not satisfied, the JSE may still accept the applicant as a sponsor but not as a DA, provided that such sponsor has demonstrated to the JSE’s satisfaction that it has the necessary expertise and adequacy of staff to properly discharge the responsibilities of a sponsor. In such instance such sponsor must have at least one executive approved as an Approved Executive by the JSE. In this instance the JSE will record whichever executive staff members have qualified for Approved Executive classification as well as the details of the other sponsor staff employed (“employment status”). The JSE reserves the right to review such sponsor’s status if and when there is any change to such sponsor’s employment status, which must be notified to the JSE within 48 hours of such change.

 (b) **Adequate supervision of staff**

 (i) a sponsor must ensure that all staff who do not qualify for classification are supervised and managed by Approved Executives whenever they are involved in sponsor activities; and

 (ii) a sponsor must have appropriate controls and procedures to ensure that staff involved in sponsor activities do not act beyond their authority.

(c) **Sufficiency of staff**

 (i) arrangements must be in place to ensure that a sufficient number of Approved Executives are always available to ensure that the sponsor’s responsibilities are properly discharged at all times.

(d) **Independence[[7]](#footnote-7)  [[8]](#footnote-8)**

 (i) a sponsor must provide an undertaking, in respect of matters mentioned in paragraph 2.4, that it will not act as a sponsor to any issuer to the extent that it is not independent;[[9]](#footnote-9)

 (ii) a sponsor must, in respect of the matters mentioned in paragraph 2.4, provide confirmation of its independence as sponsor by completing Schedule 17 and submitting same to the JSE.;[[10]](#footnote-10)

 (iii) (5) any director or employee of the sponsor that has a significant interest in an issuer, being 10% or more for purposes of this requirement, or is material to the director or employee, must not be involved in advisory activities of the sponsor in relation to such applicant issuer; [moved to schedule 1]

 [Moved to Section 2, as applicable]

**The application process**

16.6 Applications to become a sponsor must be made to the JSE by submitting the sponsor application form as set out in Schedule 2 Form D4.[[11]](#footnote-12)

16.7 An applicant will be required to nominate a person to act as the primary contact with the JSE concerning the application.

16.8 The JSE will advise the applicant of the result of the application in writing.

**Fees**

16.9 The relevant fees, as determined by the JSE from time to time, are published and available on the JSE’s website, [www.jse.co.za](http://www.jse.co.za), per Section 17.

16.10 If annual subscription fees payable by a sponsor are not paid by 31 January of any year, no document from such sponsor will be accepted for submission to the JSE until the fees have been paid in full.

**Register**

16.11 A register of sponsors will be published by the JSE.

**Continuing requirements**

***Annual confirmation***

16.13 Each time the annual subscription is paid, sponsors are required to submit a sponsor annual compliance certificate to the JSE complying with Schedule 2 Form D3 and confirm to the JSE whether or not it still meets the eligibility criteria, and specifically, whether or not it continues to have a minimum of three Approved Executives in its employ.[[12]](#footnote-13)

16.14 Individuals who wish to remain as registered Approved Executives must submit a sworn affidavit to the JSE by no later than 31 January of each year confirming that they were actively involved in providing advice on the application of the Requirements during the previous twelve months and that they will continue to do so in the next twelve months. Failure to make this submission will result in the removal of the individual from the register.

**Issues affecting approved executive status**

16.15 Whenever an Approved Executive of a sponsor resigns and moves employment to another sponsor, such person must notify the JSE.

**Issues affecting sponsor status**

16.16 A sponsor, excluding sponsors appointed in terms of paragraph 16.5(a)(vi) above, must inform the JSE within 48 hours, in writing, if any of its Approved Executives leave its employment (including the situation where an Approved Executive is no longer physically present in the sponsors offices and providing advice to issuers) and, if such departure causes the sponsor to have less than three Approved Executives in its employ it will have a period of three months in which to re-satisfy the eligibility criteria detailed in paragraph 16.5 above, failing which (unless the JSE provides dispensation in terms of paragraph 16.5(a)(vi)) the sponsor’s status will be suspended until such criteria are satisfied. The JSE will publish such details of the suspension of sponsors.

16.17 . [Duplication in Section 2]

16.18 Duplication in16.16

16.19 [Duplication in Section 2]

16.20 Moved to Section 2

16.21

Already in Sponsor Executive Declaration

**Sponsor application form**

16.22 Details of the sponsor application form to be submitted by the applying sponsor to the JSE are as set out in Schedule 2 Form D4.[[13]](#footnote-16) [[14]](#footnote-17)

Appendix to Schedule 16[[15]](#footnote-25)

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:

 **A 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 judgement.

 **B 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 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.

 **C 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**

Sponsors must comply with the following Standards of Professional Conduct:

**I Professionalism**

 **A Knowledge of the Law.** Sponsors must know and comply with all applicable laws, rules, regulations and codes (including the Listings Requirements and the Code and Standards) 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 must comply with the more onerous of the law, rule, regulation or code.

 **B Independence and Objectivity.** Sponsors must exercise reasonable care and judgment in order to achieve and maintain independence and objectivity in their professional dealings. Sponsors must not offer, solicit, or accept any gift, benefit, compensation or consideration that may reasonably be seen to compromise their independence or objectivity.

 **C 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 clients (whether existing, former or prospective).

 **D 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 or Executive.

**II Integrity of capital markets**

 **A 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).**[[16]](#footnote-26)**

 **B 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 clients aware of their responsibility in this regard.[[17]](#footnote-27)

**III Duties to clients**

 **A Prudence and Care.** Sponsors should act with reasonable care.

 **B 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.

 **C Preservation of Confidentiality.** Sponsors must keep confidential all information pertaining to existing, former and prospective clients, unless:

 1 The information relates to illegal activity on the part of the existing or former client;

 2 Disclosure of the information is required by law or in terms of the Requirements; or

 3 The existing, former or prospective client consents to the disclosure of the [Moved to Section 2]

1. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. \* The examination will be preceded by a course but attendance will be voluntary unless a candidate failed the examination after which attendance will be compulsory before being allowed to write the examination again. [↑](#footnote-ref-3)
4. # A person who has a relevant degree at the commencement of the period will be required to serve two years under the supervision of an approved executive whilst others will be required to serve five years. [↑](#footnote-ref-4)
5. [↑](#footnote-ref-5)
6. [↑](#footnote-ref-6)
7. [↑](#footnote-ref-7)
8. [↑](#footnote-ref-8)
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13. [↑](#footnote-ref-16)
14. [↑](#footnote-ref-17)
15. [↑](#footnote-ref-25)
16. [↑](#footnote-ref-26)
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