Section 2
Sponsors & Designated Advisers

**Scope of section**

This section sets out the requirements relating to sponsors and designated advisers (“**DA**”), read with Schedule 1.

**New Definition [Definitions Section]**

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| --- | --- | --- |
| JSE Forms Portal[[1]](#footnote-1)  |  | administrative forms, as amended, pertaining to the Requirements available on the JSE website; |

Application: Sponsor & DA

2.1 Application must be made in terms of Schedule 1.

2.2 When approved, the sponsor and/or DA will be added to the JSE Register of Sponsors/DA. Sponsor/DA status will be reviewed annually in terms of Schedule 1.

2.3 The provisions applicable to a sponsor apply equally to a DA, save as otherwise stated.

Sponsors – Main Board

Appointment & Independence

2.4 An applicant issuer must always have a sponsor. The applicant issuer must inform the JSE in writing of the appointment of a sponsor.

2.5 An independent sponsor must be appointed for the events in 2.6 and if its independence is compromised in terms of 2.7.

2.6 An independent sponsor must attend to the following:[[2]](#footnote-2)

 (a) any event requiring shareholders’ approval except for:

 (i) MOIs;

 (ii) share incentive schemes;

 (iii) general issue of shares for cash;

 (iv) general repurchases;

 (v) increase in share capital; and

 (vi) change of name;

 (b) unbundlings not requiring shareholders’ approval;

 (c) related party transactions;

 (d) new listings;

 (e) removal of listings; and

 (f) rulings on all matters requiring an independent sponsor.

2.7 An independent sponsor must be appointed where a sponsor:[[3]](#footnote-3)

 (a) is the applicant issuer, its subsidiary, associate or division;[[4]](#footnote-4)

 (b) controls the applicant issuer;[[5]](#footnote-5)

 (c) acts as the auditor, reporting accountant specialist and/or tax adviser to the applicant issuer, unless the JSE decides otherwise;

 (d) has an investment in the applicant issuer which is material to the sponsor, unless the JSE decides otherwise;

 (e) obtains an interest in the success of a listing, transaction or corporate action, other than fees, unless the JSE decides otherwise; and

 (f) is deemed to be non-independent by the JSE.

2.8 The sponsor must confirm its independence by submitting a sponsor declaration available on the JSE Forms Portal on first submission, which will be used by the JSE for the independence assessment.

2.9 Where an independent sponsor is appointed, it must be the lead sponsor. Where multiple sponsors are appointed, one must be identified as the lead sponsor in all communications.

**Resignation & Termination**

2.10 A sponsor can resign or have its appointment terminated by the applicant issuer. The applicant issuer and the sponsor must inform the JSE separately of the reasons within 48 hours of the resignation or termination. The applicant issuer must appoint a new sponsor within 30 business days from the effective date above, unless the JSE decides otherwise.

2.11 Before accepting an appointment, the new sponsor must request the reason/s from the outgoing sponsor, as submitted to the JSE. The reason/s must be supplied by the outgoing sponsor within five business days of such request.

2.12 A sponsor shall continue to be subject to the jurisdiction of the JSE for a period of one year following the resignation, termination or withdrawal of status.

 Responsibilities of a sponsor

 2.13 A sponsor must:

 (a) ensure that the applicant issuer is guided and advised as to the application of the Requirements, including the application of the spirit of the Requirements and upholding the integrity of the JSE;

 (b) adhere to Schedule 1, including the Code of Conduct;

 (c) ensure that all documentation required for an applicant issuer and submitted to the JSE are in compliance with the Requirements;

 (d) provide to the JSE any information known to it, as regards compliance with the Requirements by an applicant issuer;

 (e) ensure that announcements and listing applications (of a class already listed) comply with the Requirements, on the basis that there are no JSE pre-approval processes. The sponsor must obtain confirmation from applicant issuers that results announcements have been prepared in compliance with the Requirements, and such statement must be included in results announcements;

 (f) submit the annual report checklist available on the JSE Forms Portal on submission of annual reports to the JSE;

 (g) submit a first submission checklist available on the JSE Forms Portal with every first submission;[[6]](#footnote-6)

 (h) manage the submission of all documentation to the JSE and ensure its completeness and correctness before submission

 (i) satisfy itself that the credentials of the auditors, reporting accountant specialist, competent persons, qualified reserve evaluators, property valuers, independent professional experts, and any other party deemed necessary by the JSE, comply with the Requirements;[[7]](#footnote-7)

 (j) carry out any activities requested by the JSE;

 (k) discharge its responsibilities with due care and skill; and

 (l) inform the JSE immediately if aware, or have reason to believe, that any of its applicant issuers have or may have breached the Requirements.

Directors

2.14 The sponsor must, in relation to the directors of an applicant issuer and any newly appointed directors:

 (a) submit the directors declarations available on the JSE Forms Portal;

 (b) explain their responsibilities in terms of the Requirements; and

 (c) explain the treatment of price sensitive information in terms of the Requirements and the market abuse provisions in terms of the FMA.

Financial reporting procedures

2.15 When appointed as sponsor, the sponsor must inform the JSE that it has obtained written confirmation from the applicant issuer that the directors have established suitable information communication procedures, providing for a flow of information that provides a reasonable basis for the directors to make proper judgements as to the financial position and prospects of the applicant issuer and its group.

Discussions with the JSE

2.16 A sponsor must be included in all formal discussions between the JSE and an applicant issuer, unless the JSE allows otherwise. If the sponsor is not included, the applicant issuer must update the sponsor as soon as practicable.

 Conflicts of Interest

2.17 Sponsors must disclose any matter that may reasonably impair their independence and objectivity in their professional dealings. Details of any such conflicts of interest, along with the procedures to avoid/manage such conflicts, must be disclosed in any prospectus, PLS or circular of the applicant issuer.

DA - ALTX Issuers

Resignation & Termination

2.18 A DA can resign or have its appointment terminated by the applicant issuer. The applicant issuer and the DA must inform the JSE separately of the effective date and reasons/s within 48 hours of the resignation or termination. The applicant issuer must appoint a new DA within 10 business days from the effective date above, unless the JSE decides otherwise.

2.19 Before accepting an appointment, the new DA must request the reason/s from the outgoing DA, as submitted to the JSE. The reason/s must be supplied by the outgoing DA within five business days of such request.

2.20 If an issuer fails to appoint a DA within the period referred to above, the JSE may suspend trading in the issuer’s securities. The issuer’s listing may be removed after 30 days from the effective date, if the issuer has failed to appoint a DA.[[8]](#footnote-8)

Additional Responsibilities

2.21 The DA must ensure that:[[9]](#footnote-9)

 (a) the directors of the new applicant have completed the Directors Induction Programme (“DIP”) prior to listing or make arrangements with the JSE that it will be completed within an agreed period; and

 (b) all new appointed directors complete the DIP within two months of the date of appointment, unless the JSE decides otherwise; and

 (c) the directors understand the importance of accurately disclosing all material information in announcements and circulars;[[10]](#footnote-10)

 (d) it explained to the directors of the applicant issuer their responsibilities under the Requirements and the Act relating to board and its sub-committees (“applicable regulations”) and is satisfied itself to the best of its knowledge and belief, having made due and careful enquiries that the directors: [[11]](#footnote-11)

 (i) have the requisite expertise and experience;

 (ii) understand their responsibilities and can be expected to comply with their obligations under the applicable regulations; and

 (iii) can be expected to prepare and publish all information necessary for an informed market to take place in the applicant issuer’s securities;

 (e) the directors of the issuer are informed of any amendments to the applicable regulations;

 (f) regularly review the issuer’s actual trading performance and financial condition to ensure that price sensitive information is announced; and

 (g) at least one of its approved executives attends all board meetings of the issuer, in an advisory capacity, to ensure that all applicable regulations are complied with.

Securities held the DA

2.22 A DA may hold securities in an applicant issuer for which listing is being sought.[[12]](#footnote-12) Disclosure of the number of securities, value and terms must be provided in the PLS.

2.23 Any dealings in securities in the applicant issuer by the DA (including by its employees and directors), must be announced as dealings in securities by directors in terms of Section 3.[[13]](#footnote-13)

21.24 Trading in the applicant issuer’s securities held by the DA must be prohibited until the release of the first annual financial statements of the applicant issuer post listing. The DA may trade up to 50% of the securities held in the applicant issuer and the balance after the release of the next annual financial statements.

**Penalties**

2.25 Where the JSE finds that any sponsor/DA contravened or failed to comply with the Requirements, the JSE may:[[14]](#footnote-14)

 (a) reprimand the sponsor/DA, privately or publicly;[[15]](#footnote-15)

 (b) impose a fine not exceeding R1 million; and/or

 (c) remove the sponsor/DA from the JSE Register of Sponsors/DA.

2.26 The JSE may announce through SENS any penalties in 2.25, with reasons. [[16]](#footnote-16)

2.27 The JSE will give advance notice to the sponsor/DA involved of any action that it proposes to take under 2.25, and will provide it with an opportunity to make written representations to the JSE.

2.28 A sponsor/DA may –

 (a) object against a decision in 2.25(a)and/or (b) in terms of 1.12; and

 (b) appeal against a decision in 2.25(c) in terms of 1.13.[[17]](#footnote-17) [[18]](#footnote-18)

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