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| Simplification Ground Rules | |
| 1 | Testing regulatory relevance, is the requirement still current and does it serve a regulatory objective? |
| 2 | Converting complex language construction into plain language, whilst maintaining regulatory objective |
| 3 | Cutting red-tape a continuing focus |
| 4 | Articulating what is absolutely necessary by clearly expressing purpose |
| 5 | Removing ultra long sentences, legal jargon and archaic words |
| 6 | Maintaining the chain of thought through a sensible chronologic regulatory approach |
| 7 | Removing ambiguity, duplication aadministrative matters |
| 8 | Harmonising outdated legal style drafting in a simplified uniform style to support issuers and sponsors |
| 9 | Amendments which are not considered simplification will be highlighted |

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| Key Amendments to Section – Continuing Obligations,   * Schedule 9: Procedural requirements of SENS * Schedule 15: Cautionary Announcements |

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|  | Text  *Note: Paragraph references refer to the current Requirements, unless otherwise stated* | Rationale |
| 1 | Scope of Section | Reduced significantly to deal with core listings requirements, being Sections, Schedules and Practice Notes. In terms of the existing and new definition of “*Listings Requirements*”, the Scope of Section does not form part of the Requirements. |
| 2 | Section Sequence  This section will be moved from Section 3 to Section 5, as a result of Conditions of Listing being moved to Section 3 from Section 4.  Furthermore, a new Corporate Governance Section will be introduced as a new Section 4. | The Continuing Obligations Section is before the Listing Conditions Section, which is out of place.  New section sequence up to Section 5:   * Section1: Authority of the JSE * Section 2: Sponsors & Designated Advisers * Section 3: Conditions of Listing * Section 4: Corporate Governance * Section 5: Continuing Obligations |
| 3 | Structural Reforms  The whole of Section 3 has been transformed in a manner that will support the application of continuing obligations.  This involves a wholesale repositioning of Section 3 into a new Section 5. | Continuing obligations will be divided into the following:   * Continuing Obligations Principles * General Continuing Obligations * Meetings * Directors   Furthermore, certain paragraphs have been relocated (not deleted) to their appropriate sections as they are not continuing obligations. These provisions will be simplified at the appropriate time, when those sections are reviewed.  Please refer to the Index Tracker and Relocation Report. |
| 4 | Corporate Governance  Paragraphs 3.84  Moved to a new Section 4. | Considering the significance of Corporate Governance, as with other peer exchanges, corporate governance will receive it owns standalone section.  Corporate governance provisions have been reformed to deal with the applicable corporate governance for both Main Board and AltX issuers. Furthermore, the approach on corporate governance on secondary listed companies have also been clarified. |
| 5 | New Definition – Prohibited Period  Paragraph 3.67  “*prohibited period*”  Removed the reference to *“(whether or not the director has knowledge of such matter)*“, as it has specific bearing on directors dealings.  Inserted back under “Dealings in Prohibited Periods”. | Moved from paragraph 3.67.  Prohibited periods are also used under the repurchase provisions, as such the definition must have generic application.  See new paragraph 5.50 |
| 6 | Schedules   * Schedule 9 (Procedural requirements for SENS) will be moved to the JSE Forms Portal. * Schedule 15 (Standard wording for cautionary announcements) | Both these schedules are administrative in nature.  Forms do not form part of the Requirements, due to administrative nature. |
| 7 | New Paragraph 5.4  Announcements  Included provisions of Schedule 9 to announcements.  *“All relevant company information must be announced by the applicant issuer as soon as possible after authorisation by the applicant issuer and the sponsor. Relevant company information, includes announcement of the applicant issuer and price sensitive information.[[1]](#footnote-1) “* | The nature of announcements must be described that may be released on SENS. |
| 8 | Cautionary Announcements - Exception  Paragraph 3.10  The exception through a JSE dispensation has been removed. | The ability afforded to the JSE to provide a dispensation on information to be announced may be in conflict with Section 81 of the Financial Markest Act. |
| 9 | Cautionary Announcements  Moved paragraphs 11.40-11.42 dealing with cautionary announcements from Section 11 to Continuing Obligations.  Reference to Guidance Letter in the Requirements removed. | Consolidate provisions dealing with cautionary announcements.  Guidance letter will be maintained, but guidance letters should not form part of the Requirements. |
| 10 | Listing Conditions  Consolidated listing conditions continuing obligations, under new heading. | Dealing only with control and free float. |
| 11 | Cash Companies  Paragraph 3.26  As communicated in Section 9 Simplification, cash companies have been moved to Section 9. | Retained a headline provision that a cash company classification can lead to suspension and removal, as per Section 9. |
| 12 | Voting Rights  Paragraph 3.28  Inserted underlined text.  *“An issuer shall not issue any securities with voting rights differing from other securities of the same class, save for weighted voting shares in terms of Section 3. Where a company currently has listed low or high voting securities prior to the incorporation of weighted voting shares in the Requirements, the JSE will grant a listing of additional securities of that class* | Recognising newly introduced weighted voting shares and historical high/low voting shares.  Mirrored wording from paragraph 4.19. |
| 13 | Documents of title  Temporary documents of tile  Receipts  Paragraphs 3.53 – 3.58  Removed  *“Temporary documents of title*  *3.54 Issuers may introduce “temporary documents of title” in South Africa provided that they are in accordance with the terms prescribed by the transfer secretary.[[2]](#footnote-2)*  *3.55 Issuers that have received such approval shall not place a time limit on the acceptance by them of any “temporary documents of title” for the purpose of issuing definitive securities certificates.*  *3.56 Issuers that have received such approval shall:*  *(a) cancel any securities certificates lodged with or being issued by them, and against which a “temporary document of title” has been issued, as soon as they are able to do so; and*  *(b) issue definitive securities certificates within 21 days after presentation to them of any “temporary document of title” duly signed and completed by the transferee.*  *3.57 No issuer may charge a fee for the registration and/or transfer of its securities in the Republic of South Africa.*  *Receipts*  *3.58 Only on request will receipts be issued for securities lodged with an issuer, whether for registration or otherwise.”* | Regulatory relevance, as documents of title/share certificates are addressed under the Companies Act. |
| 14 | Directors  Paragraph 3.59  The obligation to inform the JSE of board and company secretary changes has been removed. | Administratively burdensome as announcement to the market is sufficient and the JSE monitors SENS announcements. |
| 15 | Directors’ Declarations & Company Secretary Information  Paragraph 3.60  Timing of submissions amended from 14 days to 7 days.  Sponsors responsibility removed, as covered under Section 2. Responsibility to complete Director’s Declaration is placed on the director.  Obligation imposed to announce the Director’s Declaration information on appointment, save for personal information, qualifications and experience (the “general information”).  The information to be announced will be limited to a period of five years before the date of appointment. | Timing of 14 days seems to be a long period for the submission of vital director and company secretary information to the JSE.  Directors are a regulated party as such the responsibility to complete the Director’s Declaration must be placed on them, with the support and guidance from the sponsor.  The information contained in the Director’s Declaration must be included in the PLS and changes (other than general information) must be announced on an ongoing basis. It would appear out of place that newly appointed directors are not required to announce integrity information as contained in the Director’s Declaration. |
| 16 | Dealings by associates of directors and investment managers  Paragraph 3.74  The following text has been removed:  *“Issuers may impose more rigorous restrictions upon dealings by directors if they so wish or if it is appropriate in certain circumstances.[[3]](#footnote-3) “* | No regulatory relevance. |
| 17 | Companies listed on another exchange  Removed  Paragraph 3.81  *“An issuer whose securities are listed on any other exchange must ensure that equivalent information is made available at the same time to the market of each exchange on which the issuer’s securities are listed, unless prohibited by or in terms of the rules or requirements of any other stock exchange. Refer to paragraph 10 of Schedule 9 and Section 18.”* | Addressed under Section 18 (duplication) |
| 18 | Information to be processed by the JSE  Removed  Paragraph 3.82  *“Issuers must ensure that information that is provided to the JSE for processing is the same as that provided to other parties such as transfer secretaries.”* | No regulatory relevance. |
| 19 | Disclosure of beneficial interests in securities  Removed  Paragraph 3.83(b)  *“No such announcement shall be required in respect of notices received by the issuer and which relate to a disposal of less than 1% of the relevant class of securities, per Section 122(3) of the Act.”* | Covered under Section 122(3) of the Companies Act. |
| 20 | Liquidation, business rescue proceedings  Paragraph 3.85  Removed  *(i) In the event of an applicant issuer being placed, or making application to be placed, into liquidation, whether voluntary or compulsory, provisional or final, the applicant issuer must immediately notify the JSE of this fact.[[4]](#footnote-4)*  *(ii) In the event that the board of directors of the issuer adopts a resolution to place the issuer under business rescue proceedings, or application is made to a court to place the issuer under business rescue proceedings, in terms of Chapter 6 of the Act or the board of directors issues a notice in terms of Section 129(7) of the Act, the issuer must notify the JSE thereof on the date of the first signature of the board resolution, on the date of the service of the application, or on the date of issue of the Section 129(7) notice, as the case may be. Furthermore, in the event that the business rescue proceedings are terminated and the issuer does not proceed with liquidation proceedings and wishes to:*  *(a) delist, the issuer will remain subject to the delisting procedures set out in Section 1 of the Listings Requirements; or*  *(b)remain listed, the issuer must consult the JSE in order to discuss the suitability of the issuer for continued listing on the JSE.* | Addressed in Section 1 (duplication). |
| 21 | Demand to call a shareholders’ meeting  Paragraph 3.94(i)  Removed discretion of the JSE, on the timing to call a meeting. | Demand to call a meeting is regulated by the Companies Act and the JSE should not have the ability to exercise a discretion of the timing to convene of the meeting. |

*Drafting notes:*

* *Remove paragraph 4.19 from existing Listings Requirements.*
* *Remove paragraphs 11.40-11.42 from existing Listings Requirements.*
* *Remove paragraphs 3.53 – 3.58 from existing Listings Requirements.*
* *Remove paragraph 3.81 from existing Listings Requirements.*
* *Remove paragraph 3.82 from existing Listings Requirements.*
* *Remove paragraph 3.83(b) from existing Listings Requirements.*
* *Remove paragraph 3.85 from existing Listings Requirements.*
* *Schedule 9 (Procedural requirements for SENS) will be moved to the JSE Forms Portal.*
* *Schedule 15(Standard wording for cautionary announcements) will be moved to the JSE Forms Portal.*

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