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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 and administrative 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| 8 | Harmonising outdated legal style drafting in a simplified uniform style to support issuers and sponsors |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 Sections 6 (Pre-Listings Statement) & 7 (Listing Particulars)  Version 2: September 2024 |

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| Par | Text  *Note: Paragraph references refer to the current Requirements, unless otherwise stated* | Rationale |
| 1 | Scope of Section | Reduced significantly to deal with core purpose of the Section only. As per definitions, the Scope of Section does not form part of the Listings Requirements. |
| 2 | Introduction of a New Section 7: Pre-Listings Statements, Revised Listing Particulars and Circulars  This new section deals with the following provisions relation to Pre-Listings Statements, Revised Listing Particulars and Circulars:   * The balance of the items remaining in Section 11: Contents of Circulars and Listings Particulars, save for summary circulars; * Section 6: Pre-Listings Statements; and * Section 7: Listings Particulars. | The concept of a summary PLS and circulars have been removed for Main Board issuers.  We have not seen any uptake on this offering over the course of several years. We think it may come down to a risk and cost issue, as issuers are required to prepare a full PLS or circular in terms of the Requirements. The summary affords very little value and requires extra resources, responsibility, and costs on top of the already prepared PLS/circular. It also requires further sign-off from the sponsor.  We aim to maintain summary circulars for AltX issuers, but to make summary disclosures mandatory from the outset. This will be addressed in the release for new listings. |
| 3 | Prospectus  The reference to “*prospectus*” has been removed.  Refer to amended definitions. | The JSE regulates a PLS, which can be a prospectus, but the approval and disclosure obligation for a PLS in terms of the Requirements resides with the JSE. |
| 5 | Amended Disclosure Approach  Following international benchmarking and to support listings and capital raisings on the JSE, the JSE is proposing to harmonise the disclosure regime for a prospectus in terms of the Act with the disclosure regime for a PLS in terms of the Requirements.  The JSE has undertaken a comparative analysis of the prospectus disclosures required in terms of the Act against those imposed by the JSE through the Requirements, please refer to Annexure A. As can be seen, there is a substantial overlap between the disclosure themes required for a prospectus in terms of the Act and for a PLS in terms of the Requirements.  As communicated from the outset in the ground rules of the simplification approach, duplication must be avoided. As such, where disclosure provisions for listing particulars are covered in the Act it should not need to be repeated, with potential variances, in the Requirements.  It is therefore suggested that the prospectus disclosures in the Act serve as base and be mandated by the JSE as disclosure for purposes of a PLS (See Appendix 1 to Section 7, items A).  As can be seen in Annexure A, all the items not covered in the prospectus disclosures in terms of the Act, which are regarded as disclosures bespoke to the JSE, will then need to be disclosed in addition to the prospectus disclosures in order to meet the PLS requirements. (See Appendix 1 to Section 7, items B). | The aim is to have a current, efficient and uniform disclosure regime for purposes of preparing a PLS.  This approach will support applicant issuers in preparing a prospectus, as the majority of the prospectus requirements will form the base of a PLS.  The proposed disclosure regime for a PLS does not mean that that the PLS requires registration with or the involvement of the Companies and Intellectual Property Commission (“CIPC”). The JSE is merely mandating some of the disclosures required for a prospectus, for purposes of a PLS. However, if shares are being offered to the public, a prospectus will need to be registered with CIPC. The JSE remains the sole custodian a PLS issued in terms of the Requirements.  Although foreign issuers seeking a listing on the JSE is not subject to the Act, the disclosure provisions in the Act will be imposed on such issuers through the Requirements. Therefore, the disclosure narrative merely emanates from the Act but is then mandated by the JSE, for disclosure for purposes of a PLS.  It should be noted the new disclosure regime for a PLS, will then have bearing on the disclosure requirements for circulars to the extent that they referred back to certain provisions under the previous Section 7. This will be identified and updated through the public consultation processes.  In conclusion it must be recognised that the similar theme of disclosure in the Act (Items A) and the Requirements do not mirror exactly, however reliance is placed on the required level of disclosure imposed by statute, which affords a level of disclosure allowing the general public to make an informed investment decision.  The combination of the above three sections into the New Section 7, is considered a rewrite as the marked-up version would have served no value.  The Singapore Stock Exchange takes a similar approach where reliance is placed on statutory based disclosure first, thereafter supplemented by the exchange based disclosure.  In essence the level of disclosure is substantially maintained for a PLS/RLP/circulars, merely the source information is now divided between the Regulations and the Requirements. |
| 6 | Disclosures: Corporate Actions and Transactions  It should be noted that the new disclosure regime will have an impact for the specific disclosures required for corporate action and transaction circulars in other Sections, which will be remedied. | These amendments will merely be cross referencing amendments and will not change the substance of disclosure required for corporate action and transaction circulars. |
| 7 | Schedule 12: Working Capital  The schedule has been simplified. In Section 2 simplification, the working capital responsibilities have been removed from the sponsors. | The schedule will be renumbered in the final version. |
| 8 | New B28: Material Assets  In line with the approach with the disclosure of beneficial owners in Section 6 Corporate Actions), beneficial ownership disclosure is only required to be disclosure, only if known to the issuer and with permission of the party to disclose. |  |

**ANNEXURE A**

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| **Disclosure Compare**  **Companies Regulations v JSE LR**  **Section 7**  **July 2024** |

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|  | **Disclosure Item as per JSE LR** | **Regulations** |
| 1 | **Name, address and incorporation**  7.A.1 – 7.A.3 | **Name, address and incorporation**  √ S57 (1)-(3) |
| 2 | **Share capital**  7.A.4 – 7.A.11 | **Share capital of the company**  √ S60 |
| 3 | **Borrowings**  7.A.12 – 7.A.19 | **Loans**  √ S65(2)(a)  S58(c) |
| 4 | **Loans receivable**  7.A.20 – 7.A.22 | **Loans**  √ S65(2)(b) |
| 5 | **Options and preferential rights in respect of securities**  7.A.23 – 7.A.24 | **Options or preferential rights in respect of shares**  √ S61 |
| 6 | **Controlling shareholders**  7.A.25 – 7.A.26 | √  Bespoke JSE and simplified |
| 7 | **Major shareholders**  7.A.27 | √  Bespoke JSE and simplified |
| 8 | **Statement of public shareholders**  7.A.28 | √  Bespoke JSE and simplified |
| 9 | **Directors, managers and advisers**  7.B.1 – 7.B.11  **Remuneration**  7.B.7 | **Directors, other office holders, or material third parties**  √ S58  **Annual financial statements**  √ S58(3)(b)  S30(4)-(6) |
| 10 | **Company secretary**  7.B.12 | **Directors, other office holders, or material third parties**  √ S58(2)(b) |
| 11 | **Auditor, attorney, banker, sponsor, trustee, underwriter and expert**  7.B.13 | **Directors, other office holders, or material third parties**  √ S58(2)(b) |
| 12 | **Amounts paid or payable to promoter**  7.B.14 | **Amounts paid or payable to promoters**  √ S68 |
| 13 | **Commissions paid or payable in respect of underwriting**  7.B.15 - 7.B.17 | **Commissions paid or payable in respect of underwriting**  √ S62 and 69 |
| 14 | **Expenses**  7.B.17and 7.B.18 | √  Bespoke JSE and simplified |
| 15 | **Interest of directors and promoter**  7.B.18 - 7.B.19 | **Interest of directors and promoters**  √ S64 |
| 16 | **Directors’ interests in securities**  7.B.20 | √  Bespoke JSE and simplified |
| 17 | **Directors’ interests in transactions**  7.B.21 | √  Bespoke JSE and simplified |
| 18 | **Responsibility statement**  7.B.22 and 7.B 23 | **Responsibility for untrue statements in prospectus**  √ S104 and 106 |
| 19 | **Purpose of the issue/offer**  7.C.1 | **Purpose of the offer**  √ S70 |
| 20 | **Particulars of the issue/offer**  7.C.2-7.C.3 | **Particulars of the offer**  √ S72 |
| 21 | **Timing**  7.C.4-7.C.5 | **Particulars of the offer**  √ S71 |
| 22 | **Issue price**  7.C.6-7.C.7 | **Particulars of the offer**  √ S72 |
| 23 | **Minimum subscription**  C.7.8 | **Minimum subscription**  √ S73 |
| 24 | **Commission**  7.C.9 | √  Bespoke JSE and simplified |
| 25 | **Authorisations**  7.C.10 | √  Bespoke JSE and simplified |
| 26 | **Dividends**  7.C.11-7.C.13 | √  Bespoke JSE and simplified |
| 27 | **Market value of securities**  7.C.14 | √  Bespoke JSE and simplified |
| 28 | **Simultaneous issues**  7.C.17 | √  Bespoke JSE and simplified |
| 29 | **Over subscription**  7.C.18 | √  Bespoke JSE and simplified |
| 30 | **Group activities**  7.D.1 - 7.D.8 | **History, state of affairs and prospects of company**  √ S59 |
| 31 | **Property acquired or to be acquired**  7.D.9 | **Property acquired or to be acquired**  √ S67 |
| 32 | **Disposal of property**  7.D.10 | **Property acquired or to be acquired**  √ S67(2)(e) |
| 33 | **Litigation**  7.D.11 | √  Bespoke JSE and simplified |
| 34 | **Accountant’s reports**  7.E.1 – 7.E.2 | √  Bespoke JSE and simplified |
| 35 | **Report of historical financial information**  7.E.3 | √  Bespoke JSE and simplified |
| 36 | **Acquisitions made from proceeds**  7.E.4 – 7.E.6 | √54(2) |
| 37 | **Statement as to working capital**  7.E.7 – 7.E.9 | √  Bespoke JSE and simplified |
| 38 | **Material change**  7.E.10 | **Report by directors as to material changes**  √ S75 |
| 39 | **Profit forecasts**  7.E.11 | √  Bespoke JSE and simplified |
| 40 | **Pro-forma statements**  7.E.12 | √  Bespoke JSE and simplified |
| 41 | **Material contracts**  7.F.1 – 7.F.4 | **Material contracts**  √ S63 |
| 42 | **Social mandate, laws of incorporation and MOI[[1]](#footnote-1)**  7.F.1 – 7.F.4 | √  Bespoke JSE and simplified |
| 43 | **Material risks[[2]](#footnote-2)**  7.F.7 | √  Bespoke JSE and simplified |
| 44 | **King Code**  7.F.8 – 7.F.9 | **General statement of required information**  √54(1)(b)  JSE mandates King application and has mandatory corporate governance section) |
| 45 | **Expert’s consents**  7.F.10 | √  Bespoke JSE and simplified |
| 46 | **7.G  Documents and consents to be available for inspection** | √  Bespoke JSE and simplified |
| 47 | **7.H  Vendors** | √  Bespoke JSE and simplified |

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