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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| 8 | Harmonising outdated legal style drafting in a simplified uniform style to support issuers and sponsors |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 Section 9 - Transactions (Version 2 March 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 | New Definition   * Reverse Takeovers | Reverse takeovers were defined as part of categorisation classifications, which appears out of place.  Moved out of Section 9 and now included as a definition. |
| 3 | Consistency timing of categorisation and terms announcements  Timing of categorisation and terms announcements have been clarified.  Categorisation referred to “*prior to the transaction*” and “*at the time terms of the transaction are announced*”.  Cat 1 and 2 announcements referred to “*after*” and “*upon*” terms being agreed. | Different wording was used as regards timing of categorisation and terms announcements, which have now been clarified:   * Categorisation: Before the announcement of terms * Announcement: As soon as possible after terms have been agreed (aligns with LSE). |
| 4 | Paragraph 9.1(b)  Categorisation of options  Text removed - confusing:  “*However, in such instance, the categorisation upon exercise will be required to be no less onerous than the classification determined at the date of grant*” | Categorisation of options should be simplified:   * Issuer’s discretion – categorise at time of exercise; * Not at issuer’s discretion – categorise at time of transaction, as if exercised; and * Premium/consideration for option – categorise at time of transaction. |
| 5 | Terminology  References to “*listed company*” or “*company*”, referring to the issuer has been amended to “*issuer*” | Consistency in terminology |
| 6 | Paragraph 9.1(f)  Treasury Shares  Text removed:  “*a transaction must be referred to the JSE at an early stage if the transaction involves treasury shares*.”[[1]](#footnote-1) | Repetitive:  The JSE now has a definition on what constitutes treasury shares (30 September 2014), therefore factually ascertainable.  Furthermore, paragraph 5.75 deals with the issue of treasury shares. Whenever an issuer wishes to use treasury shares, such use must comply with the Listings Requirements as if such use was a fresh issue of securities. |
| 7 | Paragraph 9.2  General  Text removed:  “*An issuer that is in any doubt as to the application of the Listings Requirements contained in this section must consult the JSE at an early stage in order to discuss the details of the transaction and, where necessary, to obtain a ruling from the JSE*.” | General enabling provision, no regulatory value.  The JSE is always open for discussions and/or rulings in interpretations on categorisation, especially where complex. |
| 8 | Paragraph 9.3  Categorisation  Text removed:  “*Any issuer considering a transaction must, at an early stage, consider the categorisation of the transaction.*” | General enabling provision, no regulatory value.  This provision applies without so saying. |
| 9 | Paragraph 9.5(c)  Reverse take-over  Text removed:  *“The JSE must be consulted at an early stage in order to discuss the details of the acquisition transaction and, where necessary, obtain a ruling from the JSE.”* | General enabling provision, no regulatory value.  The JSE is always open for discussions and/or rulings in interpretations on categorisation, especially where complex. |
| 10 | Paragraph 9.7(c)  Percentage ratios  Text removed:  *“the categorisation calculations are inappropriate to the sphere of activity of the issuer”* | The provision does not add any regulatory value. Sphere of activity should have no impact on categorisation. |
| 11 | Paragraph 9.8(c)  Consideration  Text removed:  “*If the total consideration is not subject to any maximum the transaction will be treated as a Category 1*;” | Repetitive, covered under paragraph 9.4(b). |
| 12 | Paragraph 9.10  Indemnities and similar arrangements  Text removed:  *“In cases of doubt, the JSE must be consulted at an early stage in order to discuss the details of the transaction and, where necessary, to obtain a ruling from the JSE.”*[[2]](#footnote-2) | General enabling provision, no regulatory value.  The JSE is always open for discussions and/or rulings in interpretations on categorisation, especially where complex. |
| 13 | Paragraph 9.11  Aggregation  Text removed:  *“In cases of doubt, the JSE must be consulted at an early stage in order to discuss the details of the transaction and, where necessary, to obtain a ruling from the JSE.”* | General enabling provision, no regulatory value.  The JSE is always open for discussions and/or rulings in interpretations on aggregation, especially where complex. |
| 14 | Paragraph 9.12  Aggregation  Text removed:  *“Where acquisitions are entered into during a period of 12 months that cumulatively exceed 100% of either of the percentage ratios, the provisions relating to a reverse take-over will apply.”* | Rely on reverse takeover provisions. |
| 15 | Paragraph 9.14  Shareholders’ approval of Category 1 resulting from aggregation  Text removed:  “*The JSE is to be consulted regarding the necessary approval from shareholders*.” | General enabling provision, no regulatory value.  The JSE is always open for discussions and/or rulings in interpretations on categorisation, especially where complex.  Furthermore, if a Category 1 transaction is triggered only the latest transaction needs shareholders’ approval as stated in paragraph 9.14. |
| 16 | Paragraph 9.22  PLS and share issuance  Text removed:  “*In addition, if the Category 1 transaction results in an issue of securities that, together with any other securities of the same class issued during the previous 3 months, would increase the securities issued by more than 50%, then the issuer must include in the Category 1 circular the information required to be disclosed for a pre-listing statement.[[3]](#footnote-3) :* | Covered under Section 6, paragraph 6.19(h). |
| 17 | Paragraph 9.23  Shareholders’ approval of Category 1 resulting from aggregation  Text removed:  *“The issuer, as enlarged by the acquisition, must be suitable for listing as if it was a new applicant and must satisfy the conditions for listing as set out in Section 4* | See new definition off reverse takeover, being treated as a new listing. |
| 18 | Cash Company  Text added:  Paragraph 3.26  The provisions dealing with cash companies have been moved from Section 3 to Section 9.  New paragraph 9.12  The periods for suspension and removal of listing have been extended. | It is more appropriate to deal with cash companies under Section 9, as a disposal transaction will lead to a company being classified as a cash company.  The periods have been extended to afford the issuer and shareholders more time to engage on the future prospects of the issuer and to potentially seek opportunities in the market. |
| 19 | Paragraph 9.31  Text removed  *“A copy of all draft documentation that is sent to the Panel for approval must be submitted to the JSE, together with a letter confirming that the relevant documentation has been submitted to the Panel.”[[4]](#footnote-4)* | The JSE need only be provided with the Panel approval. |
| 20 | Paragraph 9.33  “*A copy of the actual approved documentation must be sent to the JSE together with the letter referred to in paragraph 9.32 above*.“ | Repetitive:  Covered in paragraph 9.32. |
| 21 | Restrictive funding transactions  Previous paragraph 9.25  Removed restrictive funding arrangements from Section 9, as it is merely a disclosure item in terms of Section 7 and has related party implications in terms of Section 10. | Restrictive funding arrangements have no bearing on transactions. |
| 22 | Supplementary notifications  New paragraph 9.22  The current provisions of supplementary notifications only deal with the scenario when there is a shareholders’ meeting. A new provision has been included to afford clarity on the treatment of a category 2 announcement, where no shareholders’ approval is required. | Providing clarity on the treatment of supplementary notifications on a category 2 announcement, where no shareholders’ approval is required. |
| 23 | Supplementary circulars  New paragraph 9.23 – 9.25  Moved paragraphs 11.56 and 11.57 dealing with supplementary circulars to Section 9 dealing with supplementary notifications. | Consolidation of themes, supplementary announcements and circulars. |
| 24 | The Panel  New paragraph 9.32 – 9.33  Moved paragraphs 11.54, 11.55 and 16.37 dealing with the Panel to Section 9 dealing with the Panel. | Consolidation of themes, the Panel. |
| 25 | Mineral and Oil/Gas Issuers  Paragraphs 9.13(j) and 9.27(h)  In relation to category 1 and 2 requirements, reference has been included to additional disclosure obligations for mineral and oil/gas as is the case with properties. | Clarity on disclosure for property and mining issuers. |
| 26 | Profit warranties  New paragraph 9.35  Moved paragraph 3.34 to Section 9 as it deals with acquisition issues. | Consolidation of provisions dealing with acquisition issues. |
| 27 | Issues by subsidiaries other than on listing  New paragraph 9.36 and 9.37  Moved paragraphs 3.35 and 3.36 to Section 9 as it deals with categorisation. | Consolidation of provisions dealing with categorisation. |

* *Remove paragraphs 11.54,11.55 and 16.37 from the Listings Requirements.*
* *Remove paragraphs 11.56 and 11.57 from the Listings Requirements.*
* *Remove paragraph 3.34 -3.36 from the Listings Requirements.*
* *Restrictive funding arrangements to be dealt with in Section 7 and Section 10.*

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