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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| 8 | Harmonising outdated legal style drafting in a simplified uniform style to support issuers and sponsors |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 12: Mineral Companies |

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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 | Consolidation of Minerals and Oil/Gas  Considering the various overlaps between the provisions relating to minerals and oil/gas, these have now been consolidated. As such there is no longer separate provisions relating to minerals and oil/gas activities. | The oil/gas provisions were mainly copied from minerals, therefore the consolidation is sensible. |
| 3 | Definitions  Proposed to remove the definitions of “*material*” and “*mineral*”  Proposed to amend the definition of “*substantial mineral and oil/gas assets*” | “*Material*” is already defined in the Requirements and therefore has that meaning.  “*Minerals*” cannot be confused with oil/gas activities, therefore the definition does not add value.  Increased the percentage from 25% to 30%, to align with the JSE definition of what is considered to be “*substantial*” |
| 4 | Experience and expertise  Paragraph 12.4  The JSE proposes to remove to remove the following:  *“The directors and senior management of an applicant must collectively have appropriate expertise and experience for the governance and management of the applicant and the group’s business. Details of such expertise and experience must be disclosed in any listing particulars prepared by the applicant.”* | This provision is a general listing condition and already contained in Section 4: Conditions of Listing. Applies to all issuers irrespective of industry and as such there is no need to repeat in Section 12. |
| 5 | Solid Minerals Readers Panel  The JSE is proposing to remove the functions performed by the Readers Panel as it relates to a competent person’s reports (“CPR”) and Form A Report (Oil & Gas).  The JSE will however introduce provisions that the competent person (“CP”), competent valuator (“CV”) or qualified reserve evaluator(“QRE”) must be independent as determined through prescribed independence indicators, similar to those applied to sponsors. Furthermore, a statement must be made by the board on the independence of the CP/CV/QRE, which must be included in the PLS and/or category 1 circular.  Paragraph 12.4  *“Solid Minerals Readers Panel[[1]](#footnote-1)*  *12.4 (a) The JSE will refer all Competent Person’s Reports to the Readers Panel for approval.*  *(b) Any material unresolved complaints concerning a Competent Person or Competent Valuator in respect of a Competent Person’s Report will be referred by the JSE to the SSC who will, in turn, refer the complaint to the appropriate body under which the individual or individuals is/are registered as professionals. The JSE may provide the SSC with all correspondence and documentation involved with the approval process of the Competent Person’s Report (which is the subject of the complaint) with the Readers Panel.[[2]](#footnote-2)*  *(c) Competent Person’s Reports must be submitted to the JSE for approval in accordance with the following timetable:[[3]](#footnote-3)*  *Day (D)   Action required*  *D Notify the JSE that a Competent Person’s Report will be submitted for approval. The notification must include the name of the applicant issuer, the type of commodity that is involved, the name of the Competent Person and/or Competent Valuator, the date on which the report will be submitted and a short description of the transaction/reason for the report.*  *D+5 The signed Competent Person’s Report must be submitted to the JSE before 10h00 and this must be accompanied by a compliance checklist, cross referencing every paragraph in this section, together with the applicable sections in the SAMREC and SAMVAL codes to the relevant part of the Competent Person’s Report. All changes made to the Competent Person’s Report must be marked-up in all subsequent submissions for review by the Readers Panel.*  *D+15 JSE will make available the Readers Panel comments.*  *Comments on second and third submissions of the Competent Person’s Report will be made available within five days of submission to the JSE.”* | The Readers Panel was initially introduced by the JSE during 2000 to support appropriate checks and balances with respect to the preparation of a CPR, on the basis that the SAMREC code, and a few years later the SAMVAL code, were adopted into the Listings Requirements. The Readers Panel was then equally extended to oil and gas issuers in 2015, as applied to the Form A Report prepared in terms of the SAMOG code.  The codes have now firmly settled with issuers and the market, and the market has grown accustomed to the level and manner of disclosure.  On the basis that mineral and oil/gas issuers have grown accustomed to the codes and the quality of CPRs and Form A Reports have significantly improved over the years, it can be argued that the Readers Panel no longer serves a regulatory purpose. Furthermore, the Readers Panel adds an additional layer of time, costs and resources to the preparation of a CPR or Form A Report.  It should be noted that any material complaints concerning a CP or CV in respect of a CPR can still be referred to the SAMCODES Standards Committee who will, in turn, refer the complaint to the appropriate body under which the individual or individuals is/are registered as professionals.  As a safeguard, the JSE will be imposing a provision that the CPR and Form A Report must be prepared and signed off by an independent CP/CV/QRE which is not currently the case. Also, the JSE will continue with its annual proactive monitoring process on the annual reports to review annual report disclosure compliance for mineral issuers. |
| 6 | Contents of PLS and circular  Paragraph 12.9(b)(i)(2)  The JSE proposes to remove to remove the following, based on complexity:  *“which has been acquired or disposed of by, or leased to or by, the applicant issuer, including any interest in the consideration passing to or from the applicant issuer”* | Th regulatory objective is to have disclosure of interests in assets and share capital of the issuer. The text removed makes no reference to dates and as such makes the application thereof uncertain. |
| 7 | Contents of PLS and circular  Paragraph 12.9(c)  The JSE proposes to remove to remove the following:  *“(c) financial information in terms of Section 8 of the Listing Requirements to the extent that the applicant issuer has a financial history;”* | Historical financial information is already covered under the provisions of PLS and category 1 transactions. |
| 8 | Executive Summary  Paragraph 10.9(h)  It is proposed that the JSE and Reader’s Panel will no longer approve the executive summary. | Please refer to item 5 above. Also the CPR will not be prepared by an independent CP. |
| 9 | Minimum contents of the annual report: Mineral Issuers  Paragraph 12.13(4)  The JSE proposes to remove all referencing to Table 1 of the SAMREC code on the basis that the functions of the Readers Panel will be removed from Section 12. | These annotations were introduced to assist with the review of the CPR by the Readers Panel. |
| 10 | Minimum contents of the annual report: Mineral Issuers  Paragraph 12.13(ii) (2)  The JSE proposes to remove to remove the following:  *“(2) Where individual operations, projects or exploration activities are not material to Mineral Companies, then only 12.13(iii)(6) and 12.13(iii)(8) require compliance disclosure.”* | The JSE is of the view that if mineral assets are not material to the issuer, no further specific mining reporting obligations should be imposed on the issuer in relation to those assets. The focus of disclosure must be aimed at material mineral assets of the issuer. |
| 11 | Minimum contents of the annual report: Mineral Issuers  Paragraph 12.13(iii) (1)  The JSE proposes to move to text from mining to exploration under 12.13(iv):  *“a brief description of any exploration activities, exploration expenditures, exploration results and feasibility studies undertaken [stand-alone but refer to T4 and T5, section 12.10 (e) (ii), (iii) for guidance];”*  Also, the reference above to “*feasibility*” to be replaced with “*technical*”. | The provision deals with exploration and not mining.  A feasibility study is only one of the technical type studies that can be undertaken in the exploration phase, therefore we have broadened the scope to “technical” studies. |
| 12 | Minimum contents of the annual report: Mineral Issuers  New paragraph 12.13(iii)(14) (new 12.13(c)(xiii))  Considering the proposed removal of the Readers Panel, the JSE is proposing to introduce a new provision requiring the board to disclose the specific governance arrangements and internal controls relating to mineral disclosure contained in the annual report. | On the basis that independence is only required in relation to the preparation of the CPR for new listings and category 1 transaction, this approach will support the integrity of the specific mineral disclosures in the annual report. |

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