Section 14  
**Weighted Voting Shares and Preference Shares**

**Scope of section**[[1]](#footnote-5)

This section deals with the listing of a weighted voting share structure and preference shares.

**Weighted Voting Shares**

**General**

14.1 Weighted voting shares will not be listed or traded on the JSE; and

14.2 The criteria for listing in 3.8(b) and 3.8(c) must be incorporated in the MOI of the applicant or constitutional documents if a foreign applicant

**Governance Arrangements**

14.3 The applicant must comply with the following:[[2]](#footnote-6)

(a) the weighted voting share must have automatic conversion provisions which provide that a weighted voting share will be converted into an ordinary voting share in the event that:

(i) the weighted voting share is sold or transferred to any person; or

(ii) on the expiry of a period of ten years from the listing date of the applicant issuer, subject to 14.3(b);

(b) holders of ordinary voting shares may agree at a general meeting to allow an extension to the time sunset provision provided the holder/s of weighted voting shares (in respect of their entire shareholdings in respect of the applicant, both weighted voting shares and ordinary shares) may not participate in such vote;

(c) holder/s of weighted voting shares must hold at least 10% of the economic interest in the applicant on listing;

(d) holder/s of ordinary voting shares holding at least 10% of the total voting rights, as measured against the total issued ordinary shares, must have the ability to convene a general meeting;

(e) the holder/s of weighted voting shares must provide an undertaking that their entire shareholdings in respect of the applicant, both weighted voting share and ordinary shares on listing, may not be disposed or transferred for a period of 12 months from the listing date; and

(f) the following matters must be voted on through the enhanced voting process:

(i) variation of rights attaching to securities;

(ii) appointment and removal of auditors;

(iii) appointment, re-election or removal of independent non-executive directors;

(iv) remuneration policy and implementation report pursuant to Section 4;

(v) reverse takeover; and

(vi) removal of listing.

**Contents of PLS**

14.4 The provisions of Section 7 apply, in addition the following:

(a) a statement on the cover page that the applicant has a weighted voting share structure;

(b) details of the weighted voting share structure and its associated risks;

(c) the rationale for adopting a weighted voting share structure;

(d) the matters that are subject to the enhanced voting process;

(e) a summary of the key provisions of the weighted voting share structures as incorporated in the MOI of the applicant or constitutional documents if a foreign applicant;

(f) the following details of each holder of weighted voting share:

(i) name of beneficial shareholder/s with weighted voting shares;

(ii) number of weighted voting shares;

(iii) total voting rights of weighted voting shares;

(iv) number of ordinary voting shares;

(v) total voting rights of ordinary voting shares; and

(vi) total voting rights of weighted voting shares compared to ordinary voting shares.

**Changes in capital**

14.5 No further weighted voting shares can be issued, save in the event of a rights issue, bonus issue, capitalisation issue, scrip dividend, consolidation or sub-division of securities, in each case offered in the same ratios in conjunction with ordinary voting shares.[[3]](#footnote-7)

**Circulars, annual reports and SENS**

14.6 An applicant with a weighted voting share structure must prominently include a statement on the cover page of its notice of meetings, circulars, annual reports and announcements that the applicant is an issuer with a weighted voting share structure.[[4]](#footnote-8)

14.7 The events in 14.13(a) and (b) must be announced on SENS immediately.[[5]](#footnote-9)

**Preference Shares**

**General**

14.8 The applicant issuer must appoint a sponsor.

14.9 The payment of dividends/distributions must comply with the corporate actions timetable.

14.10 The applicant issuer must obtain approval from the JSE and from preference shareholders holding not less than 75% of the value of a specific class of preference shares, in the event that the applicant issuer makes any changes that affect the terms and conditions of the preference shares or the guarantee (if applicable)

14.11 Where amendments are of a technical nature, made to correct a manifest error or to comply with mandatory provisions of any applicable laws, no prior approval by the JSE is required however, the issuer must provide the amended terms and conditions the JSE immediately and release an announcement on SENS providing a summary of the amendments, the effective date of the change/s and where it may be inspected. Any such modification will be binding on the relevant shareholders of preference shares.

14.12 If the applicant issuer is listed, it need not to comply with the corporate governance provisions in Section 4.

14.13 The applicant issuer need not to comply with Section 6 (Corporate Actions) of the Requirements.

14.14 The applicant issuer must announce transactions in terms of Section 9 on SENS.

**PLS or circular**

14.15 An applicant issuer must prepare a PLS, including the terms of the preference shares. If an applicant issuer is an issuer already listed on the JSE, it must prepare a circular, including the terms of the preference shares.

14.16 A statement must be included in the PLS or circular, as applicable, that:

(a) it will be available for inspection on the applicant issuer’s website, with the link to where the PLS or circular, as applicable, can be viewed. The PLS or circular, must be able to be inspected on the website as long as the preference shares are listed on the JSE; and

(b) exchange control approval for the listing of the preference shares has been granted, if applicable.

**Announcements**

14.17 The issuer must make an announcement on SENS, one day prior to the event, of any maturity, early redemption, conversion or other such rights of the preference shares.

14.18 An application must be made to the JSE for the removal of listing of the preference shares at the close of business on the maturity, early redemption or conversion date of the preference shares.

1. [↑](#footnote-ref-5)
2. [↑](#footnote-ref-6)
3. [↑](#footnote-ref-7)
4. [↑](#footnote-ref-8)
5. [↑](#footnote-ref-9)