Odd lot offers

5.123 An “odd-lot” offer is an offer where the listed company intends reducing administrative costs resulting from a large number of “odd-lot” holders. The JSE interprets an “odd-lot” as a total holding of:[[1]](#footnote-1)

 (a) less than 100 securities; or

 (b) 100 or more securities, provided that it can be illustrated to the JSE that the cost associated with a holder disposing of such number of shares is equal to or exceeds the total value of such number of securities.

5.124 When a listed company proposes to make an odd lot offer, the following criteria will apply:

 (a) in all instances a two-way election must be provided for in terms of which securities holders may:[[2]](#footnote-2)

 (i) elect to retain their odd-lot holding; or

 (ii) elect to sell their odd-lot holding;

 (b) this requirement has been repealed;[[3]](#footnote-3)

 (c) this requirement has been repealed; and

 (d) expropriation resulting from 5.124(a)(ii), being the default action applicable if securities holders do not make any election in terms of 5.124, will only be allowed where the issuer’s MOI is amended to make provision for expropriation of odd-lots and where the specific odd-lot offer has been approved by shareholders in general meeting.[[4]](#footnote-4)

Documents to be submitted to the JSE

5.125 The documents detailed in paragraph 16.35 must be submitted to the JSE.

Documents to be published

5.126 The document that requires publication regarding odd lot offers is set out in paragraph 11.53.

Odd lot offers

11.53 An issuer making an odd lot offer to securities holders must comply with the relevant corporate action timetable and distribute a circular to securities holders, including a notice of general meeting, containing the following:[[5]](#footnote-5)

 (a) details of the resolutions shareholders will be asked to approve in order to effect the odd lot offer;

 (b) the reasons for the odd lot offer;

 (c) the election alternatives referred to in paragraph 5.124(a); and

 (d) the procedure to be adopted by certificated and dematerialised shareholders with respect to their documents of title.

Odd lot offers

16.36 The following information is required to be submitted to and approved by the JSE before approval will be granted for an odd lot offer to securities holders, as contemplated in paragraphs 5.123 to 5.126:[[6]](#footnote-6)

 (a) the circular;

 (b) the application for removal, complying with Schedule 2 Form A5, if applicable;

 (c) copies of any exchange control (refer to paragraph 16.26) approvals required; and[[7]](#footnote-7)

 (d) the board of directors’ resolution approving the odd lot offer and confirming that the company and its subsidiary/ies have passed the solvency and liquidity test (in respect of the maximum payment that will be made to shareholders as a result of the odd lot offer) and that, since the test was performed, there have been no material changes to the financial position of the group; and[[8]](#footnote-8)

 (e) the appropriate documentation fee as published and available on the JSE website, [www.jse.co.za](http://www.jse.co.za), per Section 17.

**Notes:**

* **Remove any reference to “expropriation”**
* **Make default position prominent.**
* **Clarify specific authority to repurchase, not general**
1. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. [↑](#footnote-ref-3)
4. [↑](#footnote-ref-4)
5. [↑](#footnote-ref-5)
6. [↑](#footnote-ref-6)
7. [↑](#footnote-ref-7)
8. [↑](#footnote-ref-8)