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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| 8 | Harmonising outdated legal style drafting in a simplified uniform style to support issuers and sponsors |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 5: Methods and Procedures of Bringing Securities to Listing;
* Section 11: Circulars, PLS/Prospectuses and Announcements; and
* Section 16: Documents to be submitted to the JSE.

Introduction of a new Section 6: Corporate Actions |

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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 Corporate ActionsVarious corporate actions in the following Sections have been consolidated into a new Corporate Actions Section (Section 6). * Section 5: Methods and Procedures of Bringing Securities to Listing;
* Section 11: Circulars, PLS/Prospectuses and Announcements;
* Section 16: Documents to be submitted to the JSE.

Limited provisions in Section 7 (Listings Particulars) have also been included in the consolidation:* Paragraphs 7.C.15 and 7.C 16: Rights offers, capitalisation issues and scrip dividends.
 | The following corporate actions have been identified, see Annexure A.Each corporate action will be structured in alphabetical order, under the following key indicators:* Specific requirements;
* Announcements;
* Contents of circular; and
* Submission to the JSE.

The aim is to consolidate all the provisions dealing with a particular corporate action in one place, rather than being spread across various sections. This approach will support the ease of applying the listings requirements to a particular corporate action, for all parties.  |
| 3 | Relocation ReportPlease refer to the Relocation Report for provisions that have been moved out of Section 5:* Introductions;
* Offers for sale and subscription;
* Placings;
* Pre-issued Trading and Price Stabilisation;
* Share Certificates;
* Exercise of options to subscribe for securities; and
* Restrictive funding arrangements.
 | Moved to the appropriate sections as indicated. |
| 4 | Section 5The introduction of Section 5 has been removed to make it more appropriate for the new Section 6: Corporate Actions. |  |
| 5 | Section 11The balance of the provisions of Section 11 (Circulars, PLS/Prospectuses and Announcements), after the consolidation, have been added to the Relocation Report.  | These provisions have specific bearing on circulars and will be moved to Section 7: Listing Particulars, which also includes disclosures for circulars.  |
| 6 | Section 16The balance of the provisions of Section 16 (Documents to be submitted to the JSE), after the consolidation, have been consolidated in a more general section dealing generally with documents to be submitted to the JSE. | All documentation to be submitted to the JSE are now included in the New Section 6: Corporate Actions – Documents to be submitted to the JSE. This resulted in a significant reduction of Section 16. The remaining items deal more with general provisions dealing with documents to be submitted to the JSE.  |
| 7 | Issue of shares for cash New paragraphs 6.34 - 6.42There are four reforms being proposed to the issue of shares for cash regime:* Reduction in level of shareholders’ approval;
* Removal of fairness opinion for related party issuances;
* Removal of pro forma financial information; and
* Repositioning in respect of the issue of options/convertible securities under a general authority, read with paragraph 6.37(i).

The JSE further proposes to require the details of the beneficial owner of the subscriber, under both the general and specific authority.  | VoteThe JSE imposes a 75% ordinary resolution for the approval of both a specific and general authority to issue shares for cash. The JSE has benchmarked this authority against the London Stock Exchange, the Singapore Stock Exchange and the Hong Kong Stock Exchange, and all these markets impose an ordinary resolution by majority vote to approve an issue of shares for cash. Although the JSE voting level has been in place for many years, the JSE appears not to be aligned with peer international exchanges. Fairness OpinionOn the basis that shareholders’ approval is imposed on an issue for cash authority, it must be questioned whether a fairness opinion adds value considering that the JSE offers active price formation for listed securities.The independent members of the board will however be required to express an opinion whether the issue price is fair to shareholders. Furthermore, participants and their associates will be excluded from voting. Pro forma financial informationThe JSE requires an explanation on the use of funds and questions whether pro forma financial information adds value considering the time, costs and resources allocation required in the preparation of pro forma financial information.The JSE will require a detailed narrative on the impact of the issue for cash on the financial statements.Furthermore, the number of shares issued, the issue price and the subscriber will be disclosed. Once again, the peer markets above do not require this detailed level of financial information. Options/convertible securitiesThe aim was to simply the pricing model linked to the date of issue.  |
| 8 | Issue of shares for cash: GeneralNew paragraphs 6.34 - 6.42The JSE further proposes to require the details of the beneficial owner of the subscriber, under both the general and specific authority. Paragraph 5.51(g)The JSE proposes to align the discount to a once-office issue with the discount offered to rights offers and general issue for cash.  | The JSE is of the view that disclosure of the beneficial ownership of subscribers is vital for transparency purposes to shareholders. Furthermore, it assists with related party considerations.Alignment of discount provisions.  |
| 9 | Repurchases New paragraphs 6.69 - 6.92There are four reforms being proposed to the repurchase regime:* Reduction in level of shareholders’ approval;
* Removal of fairness opinion for related party issuances;
* Removal of pro forma financial information; and
* Removal of prohibition to repurchase shares in a closed period, under a specific authority.

The JSE further proposes to require the details of the beneficial owner of the securities holder, under the specific repurchase authority.  | VoteThe JSE imposes a 75% ordinary resolution for the approval of both a specific and general authority to repurchase securities. The JSE imposes a 75% ordinary resolution for the approval of both a specific and general authority to issue shares for cash. The JSE has benchmarked this authority against the London Stock Exchange, the Singapore Stock Exchange and the Hong Kong Stock Exchange. London and Singapore impose an ordinary resolution by majority, whilst Hong Kong imposes a 75% on a specific authority. Although the JSE voting level has been in place for many years, the JSE is not completely aligned with the peer international exchanges. Fairness OpinionOn the basis that shareholders’ approval is imposed for related party repurchases, it must be tested whether a fairness opinion adds value considering that the JSE offers active price formation for listed securities.The independent members of the board will however be required to express an opinion whether the repurchase price is fair to shareholders. Furthermore, participants and their associates will be excluded from voting. Pro forma financial informationThe JSE requires an explanation on the source of fund used and questions whether pro forma financial information adds value considering the time, costs and resources allocation.The JSE will require a detailed narrative on the impact of the repurchase on the financial statements.Furthermore, the number of shares to be repurchased, the repurchase price and the selling shareholder will be disclosed. Once again, the peer markets above do not require this detailed level of financial information. Closed period repurchasesThe above markets have no prohibition for closed period repurchases. Based on the premise that shareholders’ approval is imposed, and participants (and their associates) are excluded from voting, the JSE is proposing to remove the prohibition on closed period repurchases under a specific authority.The JSE proposes to maintain the prohibition for closed period repurchases under a general authority as more discretion is vested with the board and shareholders’ approval is not afforded at that specific time the repurchase is undertaken.  |
| 10 | Redemption of listed redeemable securitiesContents of circularParagraph 11.38(b)(iv) and new paragraph 6.66(d)Removal of pro forma financial information. | Detailed pro forma information will be replaced with a detailed narrative on the impact of the redemption on the financial statements. |
| 11 | Rights offers and underwriterThe JSE further proposes to require the details of the beneficial owner of the underwriter.  | The JSE is of the view that disclosure of the beneficial ownership of the underwriter is vital for transparency purposes to shareholders. Furthermore, it assists with related party considerations.  |
| 12 | LiquidationContents of circularParagraph 11.32(d) and new paragraph 6.114Removed pro forma financial information  | Highly unlikely that an issuer in liquidation will be able to prepare pro forma financial information and may cause unnecessary delays.  |

Remove Guidance Letter:

* Guidance in fairness opinions relating to an issue of shares for cash in terms of the JSE Listings Requirements. 11 November 2010

**Annexure A**

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|  | **Corporate Action**  |
| 1 | Acquisition issues and vendor consideration placings |
| 2 | Alteration of share capital |
| 3 | Dividends, capitalisation issues and scrip dividend  |
| 4 | Change of name |
| 5 | Issues for cash |
| 6 | Listed options |
| 7 | Odd lot offers  |
| 8 | Payments to securities holders |
| 9 | Redemption of listed redeemable securities |
| 10 | Repurchase |
| 11 | Rights offer and claw back offers |
| 12 | Transfer of sector  |
| 13 | Voluntary liquidation  |