

Overview of the amendments to the requirements for Debt and Specialist Securities

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Current layout of the Debt Listings Requirements

- Definitions and Interpretations
- Section 1 – Authority of the JSE
- Section 2 – Debt Sponsor or Designated Person
- Section 3 – Conditions for Listing (Entry Criteria)
- Section 4 – Listing Particulars
- Section 5 – Financial Information
- Section 6 - Continuing Obligations
- Section 7 – Corporate Governance
- Section 8 – The Listing Process

Layout of the Debt and Specialist Securities Listings Requirements

- Definitions, Section 1 (Authority of the JSE), Section 2 (Debt Sponsor or Designated Person), Section 5 (Financial Information), Section 7 (Corporate Governance), Section 8 (The Listing Process) – amended to include references to Specialist Securities
- Sections 3 (Conditions for Listing (Entry Criteria), Section 4 (Listing Particulars) and Section 6 (Continuing Obligations) have the following new sub-sections:
 - Part A: General – details the requirements applicable to debt and specialist securities
 - Part B: Debt Securities – details additional requirements (over and above Part A) applicable to debt securities. Certain product types for example sustainability debt securities, have added requirements
 - Part C: Specialist Securities – details additional requirements (over and above Part A) applicable to specialist securities. The requirements are further segregated into requirements for (i) Warrants and Investment Products and (ii) ETFs and AMETFs

Material changes to the requirements for debt securities



Material changes to the requirements for debt securities

- Definitions and interpretations:

- Ordinary debt securities: being notes, bonds, debentures, etc with exposure to the creditworthiness of the applicant issuer only
- Distinctive debt securities: being redeemable preference shares, asset-backed debt securities, securitisations, convertible notes, credit linked notes and project bonds
- Debt securities: ordinary and distinctive debt securities

NB: Structured products have been removed from the definition of debt securities. This now falls within the Investment Product definition and will be regulated under the Specialist Security requirements

- Green Finance Taxonomy: the South African Green Finance Taxonomy document

Material changes to the requirements for debt securities

- Section 1 (Authority of the JSE):
 - Additional instances of when an issuer's debt securities may be suspended
 - If the issuer adopted a resolution to be wound up voluntarily and obtained the requisite approvals
 - If the single underlying reference entity adopted a resolution to be wound up voluntarily and obtained the requisite approvals
 - Requirements for the redemption and removal from the list of redeemable preference shares or debentures (extracted from the Listings Requirements):
 - Written application to be made at least 30 days before the date of redemption and in accordance with the relevant corporate action timetable
 - Application accompanied by a copy of the proposed announcement/circular regarding the redemption

Material changes to the requirements for debt securities

- Section 3 (Conditions for Listing):
 - Securities cannot have differing voting rights within the same series/class
 - For new debt security issuers, only the latest set of annual financial statements (**AFS**) is required to have an unqualified audit opinion and unmodified audit report
- Section 4 (Listing Particulars):
 - Where there is more than one guarantor, only the AFS of the holding company must be made available for inspection in a secure electronic manner
 - Use of proceeds debt securities: Where the proceeds are utilised for an economic sector, assets or projects which aligns with the Green Finance Taxonomy, a statement confirming this must be included

Material changes to the requirements for debt securities

- Section 4 (Listing Particulars):
 - Credit linked notes: where there is more than one reference obligation or reference entity – the link to the AFS is only required for those reference entities representing 10% or more relative to the total basket size of reference obligations or reference entities

NB: Index-linked notes have been removed from this section and are included under Part C as structured products
- Section 5 (Financial Information): New paragraph regarding Financial Reporting Compliance
 - Provides the purpose of the Financial Reporting Investigations Panel (**FRIP**)
 - Details the actions that the JSE can take when an issuer has not complied with the applicable accounting practices including censures, re-issue of annual financial statements, referral to professional bodies

Material changes to the requirements for debt securities

- Section 6 (Continuing Obligations):
 - Interim financial statements do not have to be submitted to the JSE and accordingly the annotations for non-submission of interims have been removed

NB: If prepared, interims must be prepared in accordance with IAS34 and announced on SENS. Reasons for any restatements no longer needs to be included in the SENS
 - Reminder letters regarding the submission of AFS has been removed
 - The annual compliance certificate must state whether or not there were changes to the placing document

NB: Applicable to year-ends commencing from 30 November 2024
 - Issuers must review the issuer information in the placing document or any document incorporated by reference annually and update it if it is materially outdated

Material changes to the requirements for debt securities

- Section 6 (Continuing Obligations):
 - If the issuer has its shares primary listed on the JSE, it need not comply with the below requirements and must include the debt code where there is an announcement:
 - Financial statements announcement and submission
 - Restatement notification
 - Notification of change in auditor
 - Reporting irregularities
 - Confidentiality
 - Changes to the board
 - Directors' dealings
- Section 7 (Corporate Governance): Issuers with JSE listed equity securities are exempt

Material changes to the requirements for specialist securities



Material changes to the requirements for Specialist Securities

- Definitions and Interpretations
 - Basket warrant: amended to refer to a warrant on more than one security (previously referred to contract) and include cash settlement
 - Benchmarks: new definition which refers to the term as defined in the Financial Sector Regulation Act, 2017 (**FSRA**)
 - ETF: amended to refer to a fund tracking securities, an index or currencies; or, in the case of a company, tracking a commodity
 - ETN: amended to a note that reflects the linear (one-for-one basis) performance of the underlying securities or benchmarks and is backed by the creditworthiness of the issuer. Minimum maturity date removed

Material changes to the requirements for Specialist Securities

- Definitions and Interpretations
 - Index: amended to refer to the term as defined in FSRA
 - Investment products (**IP**): new definition – refers to AMCs, Structured Products and ETNs
 - iRPV: Amended to confirm that the iRPV is based on the previous day's portfolio
 - Structured products: DLR definition has been replaced with the definition from section 19 of the LR

Material changes to the requirements for Specialist Securities

- Section 1 (Authority of the JSE): Inclusion of instances when an issuer's specialist securities may be suspended
- Section 2 (Debt Sponsor, Sponsor or Designated Person): issuers of specialist securities can appoint designated persons (a natural person with relevant specialist security experience)
- -Section 5 (Financial Information): New paragraph regarding Financial Reporting Compliance
 - Provides the purpose of the Financial Reporting Investigations Panel (**FRIP**)
 - Details the actions that the JSE can take when an issuer has not complied with the applicable accounting practices including censures, re-issue of annual financial statements, referral to professional bodies

Material changes to the requirements for Specialist Securities

- Warrants and Investment Products (AMCs, ETNs and Structured Products)
 - Section 3 (Conditions for Listing)
 - In addition to banks / entities guaranteed by a bank, can be issued by bank controlling/holding companies, entities guaranteed by bank controlling/holding companies as well as insurers and insurer controlling companies (as per the Insurance Act)
 - Minimum net tangible asset amount increased to R30 billion
 - No longer required to be a members of BASA or regulated by the Banks Act
 - Guarantee is no longer required to be governed under SA jurisdiction
 - New issuers of warrants or investment products must have an unqualified audit opinion on their latest year's audited AFS and no modifications to the audit report

Material changes to the requirements for Specialist Securities

- Warrants and Investment Products (AMCs, ETNs and Structured Products)
 - Section 3 (Conditions for Listing)
 - If a benchmark is referenced, the security can only be issued on benchmarks where the benchmark provider complies with the IOSCO Principles for Financial Benchmarks or the EU Benchmark Regulations
 - Warrants cannot be issued over underlying shares where the exercise of the warrant would exceed 50% of the underlying shares in issue or the cash equivalent thereof. There is no longer a minimum or maximum maturity for warrants
 - The list of acceptable portfolio managers for AMCs has been amended to remove “a member of the JSE”

Material changes to the requirements for Specialist Securities

- Warrants and Investment Products (AMCs, ETNs and Structured Products)
 - Section 4 (Listing Particulars)
 - Reference to the debt and specialist securities process document
 - Certain information can be incorporated by reference and changes to such information does not require prior JSE approval
 - Issuers of structured products can make use of a virtual data room when registering a placing document
 - Issuers of structured products can utilize the fast track listing process and comply with the requirements for secondary registered issuers
 - If a benchmark is referenced - the code, currency and the link to the website where the information of the benchmark can be obtained

Material changes to the requirements for Specialist Securities

- Warrants and Investment Products (AMCs, ETNs and Structured Products)
 - Section 4 (Listing Particulars)
 - If a security or asset is referenced - details of where the price information of the security or asset is available and the provisions in the event of a modification or discontinuance of the underlying security or asset
 - Details of the market maker to be included for warrants and ETNs
 - Structured products:
 - a description of how the performance or return of the structured product will be determined
 - the link to the website where the unwind level will be published daily
- NB: Only applicable with effect from 31 January 2025*
- ETNs: the link to where the NAV is available on the issuer's website

Material changes to the requirements for Specialist Securities

- Warrants and Investment Products (AMCs, ETNs and Structured Products)
 - Section 6 (Continuing obligations)
 - Issuers must review the issuer information in the placing document or any document incorporated by reference annually and update it if it is materially outdated
 - Formal or minor changes to the terms and conditions were removed from the instances that do not require noteholder approval for such changes
 - Process for requesting approval from noteholders for changes to the terms and conditions included
 - New listings to be announced by 08h30 on the day of listing
 - Cautionary announcement to be released when the net tangible assets are less than R30 billion with 30 days to recapitalise
 - The annual compliance certificate must state whether or not there were changes to the placing document. The no material change statement on the website has been removed

Material changes to the requirements for Specialist Securities

- Warrants and Investment Products (AMCs, ETNs and Structured Products)
 - Section 6 (Continuing obligations)
 - The issuer must announce how the corporate action or restructuring in the underlying asset/s will affect the:
 - Warrant, at least the day before the amendment is effective
 - IP, at least on the day that the change is affected
 - Circumstances when the JSE may relieve the warrant or ETN issuer from market making has been updated to remove “when an issuance is sold out”
 - Structured products –the issuer must ensure that an unwind level is published on the issuer’s website on a daily basis

NB: Only applicable with effect from 31 January 2025

Material changes to the requirements for Specialist Securities

- Warrants and Investment Products (AMCs, ETNs and Structured Products)
 - Section 7 (Corporate Governance)
 - Issuers with JSE listed equity securities are exempt
 - The placing document must include disclosure regarding the issuer's implementation of the King Code or applicable corporate governance code for foreign issuers
 - The AFS must include disclosure regarding the issuer's implementation of the King Code or applicable corporate governance code for foreign issuers
 - Specific disclosures to be made in the AFS including appointment, composition, mandate and confirmations of the audit committee, directors CVs and capacity, executive financial director and evaluation policy

Material changes to the requirements for Specialist Securities

- ETFs and AMETFs
 - Section 3 (Conditions for Listing)
 - New criteria for issuers of ETFs on commodities - entity set up for that sole purpose, no credit risk associated with the issuer and insolvency remoteness from the arranger
 - List of acceptable underlying assets for ETFs has been amended to remove “any other asset acceptable to the JSE”
 - ETFs issued over indices can only be in respect of indices where the index provider complies with the IOSCO Principles for Financial Benchmarks or the EU Benchmark Regulations
 - Section 4 (Listing Particulars)
 - Reference to the debt and specialist securities process document
 - Certain information can be incorporated by reference and changes to such information does not require prior JSE approval

Material changes to the requirements for Specialist Securities

- ETFs and AMETFs
 - Section 4 (Listing Particulars)
 - Changes to the terms and conditions to be done in accordance with FSCA regulation for SA ETFs / applicable legislation for foreign ETFs
 - Details of how the NAV of the ETF is calculated including, the capital value, the distributable amount and the accrued cost
 - If a benchmark is referenced by the ETF:
 - the code, currency and the link to the website where the information of the benchmark can be obtained
 - a statement that the index referenced by the ETF is provided by an index provider that complies with the published IOSCO Principles for Financial Benchmarks or the EU Benchmark Regulations

Material changes to the requirements for Specialist Securities

- ETFs and AMETFs
 - Section 4 (Listing Particulars)
 - If a security or asset is referenced by the ETF:
 - where the price information of the security or assets is available
 - the provisions in the event of a modification or discontinuance of the underlying security or asset
 - The iNAV provider must comply with the IOSCO Principles for Financial Benchmarks or the EU Benchmark Regulations
 - Conditions under which the JSE may consider allowing an iNAV provider that is not independent of the issuer

Material changes to the requirements for Specialist Securities

- ETFs and AMETFs
 - Section 6 (Continuing obligations)
 - Issuers must review the issuer information in the placing document or any document incorporated by reference annually and update it if it is materially outdated
 - Formal or minor changes to the terms and conditions were removed from the instances that do not require holder approval for such changes
 - Process for requesting approval from noteholders for changes to the terms and conditions included for ETFs on commodities
 - The annual compliance certificate must state whether or not there were changes to the placing document. The no material change statement on the website has been removed
 - Index constituents are no longer required to be published

Material changes to the requirements for Specialist Securities

- ETFs and AMETFs
 - Section 6 (Continuing obligations)
 - Circumstances when the JSE may relieve the ETF issuer from market making has been updated to remove “when an issuance is sold out”, “when in the opinion of the calculation agent an instrument can be reasonably shown to have no value” or for a particular issuance of securities
 - Any change to the issue size must be announced by at least 8h30 on the morning of the change
 - Conditions under which the JSE may consider allowing a market maker that is not independent of the issuer
 - Section 7 (Corporate Governance)
 - Issuers with JSE listed equity securities are exempt
 - AFS to include capacity of directors and audit committee confirmations

Questions?

Contact the Debt and Specialist Securities team on
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Thank you

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