

Proposed Amendments to the JSE Listings Requirements

7 April 2014

Section	Nr	Proposed amendment/s	JSE comments
Definitions	1	Revised definition of price sensitive information	<p>Nature of amendment and rationale</p> <p>The definition of price sensitive information will be amended to ensure consistency throughout the JSE Listings Requirements (the “Requirements”) and to align same with the provisions of the Financial Markets Act No.19 of 2012 (“FMA”), with specific reference to “inside information”.</p> <p>The amended definition will result in consequential changes to paragraph 3.4(a), General Obligation of Disclosure, to ensure consistency with the FMA.</p>
2 Sponsors	2	<p>Sponsor Independence</p> <p>The Requirements stipulate that an independent sponsor must be appointed in all dealings with the JSE. A sponsor must provide confirmation of independence to the JSE in respect of each corporate action.</p>	<p>Nature of amendment</p> <p>The amendment will seek the removal of requirement to appoint an independent sponsor, subject to certain limitations.</p> <p>Rationale</p> <p>This amendment is based on the following:</p> <ul style="list-style-type: none"> • the Requirements are far more prescriptive and clear with less room for interpretation; • the general obligations of a sponsor owed to the JSE (such as a duty of care and skill and obligation to uphold the integrity of the JSE); and • sponsors are required to confirm to the JSE that reasonable care and judgment is exercised in order to achieve and maintain independence.

			<p>The removal of the provision will be subject to the following:</p> <ul style="list-style-type: none"> ➤ The areas that may affect the independence of the sponsor should be disclosed in the circular, pre-listing statement or prospectus, as the case may be. ➤ The JSE will reserve the right to require the appointment of an independent sponsor should it be of the view that the sponsor is not fulfilling its obligations pursuant to the Requirements. ➤ A sponsor may not act as sponsor for on issuer where the sponsor forms part of the group structure of the issuer, save for the routine administrative items stipulated in Practice Note 1/2003.
3 Continuing Obligations	3	Paragraph 3.13: Disclosure of periodic information - Dividends and interest	<p>Nature of amendment</p> <p>The amendment will seek the removal of the requirement to provide calculated or estimated consolidated profits before taxation when an issuer declares a dividend.</p> <p>Rationale</p> <p>Distributions (including dividends) are declared in accordance with the Companies Act No 71 of 2008 (the "Companies Act") by the board of directors and subject to the solvency and liquidity test. Dividends are no longer limited to be paid out of profits and as such this requirement has become outdated.</p>
	4	Paragraph 3.25(a), (b), (c) and (d): Announcements by the JSE in respect of modified audit reports	<p>Nature of amendment</p> <p>An issuer must publish an announcement on SENS in relation to financial results, if -</p> <ul style="list-style-type: none"> ➤ The auditor's report contains an emphasis of matter (E) ➤ The auditor's report is qualified (Q);

			<ul style="list-style-type: none"> ➤ The auditor's report contains an adverse opinion (A); and ➤ The auditors' report contains a disclaimer opinion (D). <p>The amendment will seek the removal of requirement which requires the JSE to also issue an announcement in respect of the above events.</p> <p>Rationale</p> <p>The above events must be announced through SENS by the issuer in the first instance. It is therefore a duplication of announcements when the JSE also issues an announcement in respect of the same event.</p> <p>The JSE trading system will still be annotated in respect of the issuer, as "E", "Q", "A" and "D" depending on the above event type.</p>
	5	Paragraph 3.60: Directors	<p>The schedule 21 contains basic details of the director and requires certain confirmations from the director whether he/she has ever been guilty of a criminal offence or as been involved in a company that has been liquidated (to name a few).</p> <p>Nature of amendment</p> <p>The amendment will seek to impose an obligation, on a director and issuer, to notify the JSE of any changes to the Schedule 21 information previously submitted to the JSE. From a regulatory perspective, the JSE must have current information on directors of listed companies.</p> <p>Rationale</p> <p>The amendment will support continuing obligations in respect of director disclosures as it relates to the items contained in Schedule 21. Currently a schedule 21 document is only submitted on listing or within 14 days from his/her appointment.</p>

	6	Paragraph 3.65: Dealing in securities by directors	<p>Nature of amendment</p> <p>A director must report a dealing in securities by no later than 24 hours after such dealing to the issuer and the issuer must release an announcement in respect thereof by no later than 24 hours following receipt of such information.</p> <p>The amendment will seek to extend the period in which directors must report a dealing to the issuer which is by no later than 24 hours, to no later than 3 business days.</p> <p>Rationale</p> <p>It is acknowledged that executing a dealing (from instruction to conclusion) includes a few administrative steps which is time consuming. The amendment will allow directors more time to comply with the requirement.</p> <p>The amendment is further supported by the approach followed by the London Stock Exchange.</p>
	7	Paragraph 3.90 (and 3.88): Appointment of auditor and audited financials for subsidiaries	<p>Nature of amendment</p> <p>The amendment will seek the removal of the requirement to appoint auditors for subsidiary companies and have the financials of subsidiary companies audited.</p> <p>Rationale</p> <p>Audit standards deal with the audit of subsidiary financials in the context of the group, which has been deemed satisfactory by the JSE.</p>

	8	General: Disclosure of voting results in respect of annual general meeting and any general meetings - Vote for, Against, Abstained.	<p>Nature of amendment</p> <p>Currently there is no requirement for an issuer to announce the results of its AGM or any general meeting. However, some issuers do so on a voluntary basis. The amendment will seek to include a requirement for issuers to announce the results of its AGM or any general meeting.</p> <p>Rationale</p> <p>It will be beneficial to shareholders, investors and stakeholders if issuers were required to announce the outcome of an AGM or any general meeting.</p> <p>Refer to the new paragraph 3.90</p>
4 Conditions of Listing	9	Paragraph 4.28(a) and (c): Main board listing criteria	<p>Nature of amendment</p> <p>The amendment will seek the amendment of the (a) subscribed capital and (b) profit requirements to align same with current market conditions and to allow for an alternative entry point via a net asset value test (rather than a profit test only).</p> <p>Rationale</p> <p>The amounts contained in the subscribed capital and profit requirements were included in 2001 and are outdated in the current economic environment. These amounts have been increased accordingly with the annual CPI (compounded) since 2001 and rounded to a firm number.</p> <ul style="list-style-type: none"> (a) The subscribed capital requirement has been increased from R25 million to R50 million; and (b) The profit requirement has been increased from R8 million to R15 million. <p>The net asset value test will provide an alternative entry point to the existing profit requirement, which will afford issuer's with a strong balance sheet the opportunity to list on the main board of the JSE.</p> <p>The net asset value test will be applied in the same manner as in (a) above,</p>

			however, the amount required is increased tenfold to R500 million.
	10	Paragraph 4.28(d): Main board listing criteria	<p>Nature of amendment</p> <p>The listing criteria will be extended to allow a listing on the main board where the applicant issuer has a direct non-controlling interest in a majority of the assets. The direct interest must however provide the right to actively participate in the management of such assets.</p> <p>Rationale</p> <p>The approach is in alignment with Section 12 (mineral companies). The approach has also further been introduced to ALT^x companies.</p>
	11	Paragraph 4.28(f): Main board listing criteria	<p>Nature of amendment</p> <p>On listing, an applicant issuer must have a public shareholders' spread of 20% and at least 300 equity security holders.</p> <p>ALT^x: Spread of 10% and at least 100 equity security holders are required.</p> <p>The amendment will seek to only require a percentage spread of public shareholders for both main board and ALT^x issuers. The reference to a specified number will be removed.</p> <p>Rationale</p> <p>The London Stock Exchange only requires a percentage allocation of public shareholders.</p>

<p>5</p> <p>Methods and Procedures of Bringing Securities to Listing</p>	<p>12</p>	<p>Paragraph 5.53(b)(ii): Requirement of a fairness opinion on the issue of options and convertible securities</p>	<p>Nature of amendment</p> <p>The amendment will seek the removal of the requirement of a fairness opinion in respect of the issue of options and convertible securities under a general authority where the issue price is at a premium to the current market price.</p> <p>Rationale</p> <p>Under a general authority equity securities may not be issued to a related party and as such the requirement of the fairness opinion relates to (i) the discount on the issue price in respect of the option at the time of exercise of the option or (ii) the conversion price of the convertible securities are not known. In the majority of the cases, the issue of options and convertible securities under a general authority triggers a fairness opinion on the basis of the unknown factor (discount at time of exercise of the option and conversion price of the convertible securities is not known).</p> <p>The amendment suggested will seek to dispense with the requirement of a fairness opinion where the issue price of the option/convertible security is at the current market price or a premium to the current market price of the securities.</p> <p>The issue of options/convertible securities at a discount will continue to require a fairness opinion, subject to the discount threshold under a general issue for cash authority (10% of the 30 VWAP).</p> <p>Although it may be uncertain whether the options vest in future at a discount or when the convertible securities convert, shareholders will have comfort that (i) the options/convertible securities are issued at a premium for cash and (ii) on an arm's length basis with no related party implications.</p>
	<p>13</p>	<p>Paragraph 5.62: Vendor consideration placings ("VCP")</p>	<p>Nature of amendment</p> <p>Schedule 4 of the Requirements (listing application) will be amended to allow the listing of shares in respect of an acquisition when the asset (property) acquired is in the process of being transferred.</p>

			<p>Rationale</p> <p>The amendment will allow the JSE to list shares pending the transfer of the asset (property), provided the board of directors of the issuer confirm to the JSE, when seeking the listing of the shares pursuant to a VCP, that there are binding agreements securing the transfer of the assets and that there is nothing that that they are aware of that would, in their opinion, impact the transfer process.</p>
	14	Paragraph 5.75: Use of treasury shares	<p>Nature of amendment</p> <p>Whenever an issuer wishes to use repurchased shares, held as treasury shares by a subsidiary of the issuer, such use must comply with the Requirements as if such use was a fresh issue of securities.</p> <p>Rationale</p> <p>The amendment will seek to include a new definition in the Requirements, namely “treasury shares”.</p>
	15	<p>Working capital sign-off by sponsor</p> <p>See Paragraph 5.69(c) (repurchases) and Paragraph 5.85(a) (payments to securities holders):</p> <p>Also refer to Paragraph 2.12: Working capital statement</p>	<p>Nature of amendment</p> <p>The removal of the working capital sign-off by the sponsor in respect of (i) circulars and (ii) communication to holders of securities.</p> <p>Working capital sign-off will however be obtained in respect of a new listing.</p> <p>Rationale</p> <p>Taking into account the strict provisions in the application of the solvency and liquidity test pursuant to the Companies Act, which is the responsibility of the directors of an issuer (in respect of repurchases and distributions), the additional sign-off by the sponsor on the working capital requirements</p>

			appears to add no further regulatory value.
	16	Paragraphs 5.82 - 5.84: Derivative transactions relating to the repurchase of securities (general authority)	<p>Nature of amendment</p> <p>The amendment will seek the removal of these paragraphs dealing with derivative transactions relating to the repurchase of securities (general authority).</p> <p>Rationale</p> <p>These requirements have not been used and add no regulatory value.</p>
6 Pre-Listing Statements	17	(A) Paragraph 6.19(g): Issues not requiring pre-listing statements (" PLS ")	<p>Nature of amendment</p> <p>The amendment will seek the removal of the requirement for a PLS in respect of a <u>rights offer</u> where the issue of shares would increase the shares in issue by 25% or more.</p> <p>Rationale</p> <p>With a rights offer the issuer is issuing shares for cash and as such the requirements for a PLS are not necessary as no change is taking place within the issuer.</p>
	18	(B) Paragraph 6.19(g): Issues not requiring pre-listing statements	<p>Nature of amendment</p> <p>The amendment will seek the increase of the percentage trigger of revised listing particulars where the issue of shares would increase the shares in issue from <u>25% or more</u> to <u>50% or more</u>.</p> <p>Rationale</p> <p>The trigger of 25% is considered to be low when shares are issued in a</p>

			<p>series of transactions and/or for a particular acquisition.</p> <p>Further, the annual report also deals with many of the basic disclosures in a PLS.</p>
7 Listing Particulars	19	Paragraph 7.C.14: Market value of securities :	<p>Nature of amendment</p> <p>This requirement requires the disclosure of the market value of securities over a period of time.</p> <p>The amendment will seek the removal of disclosure period in respect of each quarter for the last two years.</p> <p>Rationale</p> <p>Requiring the disclosure for a period of the last two years is not relevant disclosures and will therefore be removed.</p>
8 Financial Information	20	Paragraph 8.2(c): Circumstances when a report of historical financial information is required	<p>Nature of amendment</p> <p>A report on historical financial information is required on the subject of a substantial acquisition that <u>that is planned</u> to be effected.</p> <p>The amendment will seek to remove this requirement.</p> <p>Rationale</p> <p>The issuer cannot provide a report on historical information in respect of an acquisition or disposal <u>that is only planned</u>. An issuer can only proceed to instruct its auditor or reporting accountant (as the case may be) to report on historical information if firm terms in respect of the acquisition/disposal have been agreed and agreements have been signed. The Requirements do provide for a report on historical information for substantial actual acquisition/disposal made.</p>

	21	Paragraph 8.2(d): Circumstances when a report of historical financial information is required	<p>Nature of amendment</p> <p>A report on historical financial information is required on an existing listed issuer that is issuing a prospectus/pre-listing statement.</p> <p>The amendment will seek to remove this requirement.</p> <p>Rationale</p> <p>The audited historical information of the issuer is publically available and prepared in accordance with IRFS and should therefore not require a report.</p>
	22	Paragraph 8.2(f): Circumstances when a report of historical financial information is required	<p>Nature of amendment</p> <p>A report on historical financial information is required on the subject of a substantial acquisition/disposal that has been effected by a category 1 transaction.</p> <p>Substantial is defined in the definitions section as equal to or exceeding 30%.</p> <p>The amendment will seek to increase the percentage trigger for a report by the auditor/reporting accountant on the historical financial information from 30% to 50%.</p> <p>Rationale</p> <p>It would be more relevant to shareholders to only require major acquisitions/disposals through a category 1 transaction, to be supported by a report from the auditor/reporting accountant in respect on the historical financial information.</p>

	23	Paragraph 8.3: Financial information to be presented.	<p>Nature of amendment</p> <p>The amendment will seek the removal of the requirement, as the contents of historical financial information, is addressed in IFRS.</p> <p>Rationale</p> <p>Historical financial information must be prepared in accordance with IFRS. The contents of historical financial information are dealt with in IFRS and there is no need to repeat these items in the Requirements. Further, these items may change in future as a result of changes to IFRS and as a consequence affect the Requirements. Direct reference to the source, being IFRS, will be more appropriate.</p>
	24	Paragraph 8.7: Financial information to be presented - Reviewed interim financial information is to be prepared in accordance with IFRS on Interim Financial Reporting	<p>Nature of amendment</p> <p>Acquisition/Disposal:</p> <p>When preparing 6 month interims, it must comply with IFRS and therefore comparative results need to be shown.</p> <p>The amendment will seek the non-application of a portion of an IFRS requirement in respect of the preparation of interim results, being the requirement to show comparative results.</p> <p>Rationale</p> <p>A usual motivation for an amendment to the Requirements is that dispensation is being granted by the JSE, on a continuous basis, in respect of a particular requirement.</p> <p>The dispensation request granted allows the issuer not to show the comparative results. The basis for the dispensation request is that the interim results are the most recent financial information and that historical information on the issuer is readily available.</p>

	25	Paragraph 8.8: Financial information to be presented – Audited financial statements to be presented	<p>Nature of amendment</p> <p>Audited financial statements shall be prepared for (i) new listings and (ii) substantial acquisitions/disposal where more than 12 months have passed for the period for which audited financial statements were prepared.</p> <p>The amendment will seek to extend the period above from 12 months to 15 months.</p> <p>Rationale</p> <p>The amendment will afford issuers with more flexibility when making acquisitions/disposals and more reliance should be placed on the interim results which should be reviewed by the auditors/reporting accountants.</p> <p>In respect of new listings, a requirement will further be incorporated to state that such issuers must still prepare and publish the audited financial statements in accordance with the Requirements even though they were not listed at that time.</p>
	26	Par 8.11(a) – Additional information for the presentation of historical financial information	<p>Nature of amendment</p> <p>The amendment will seek the removal of this requirement to disclose any major change in nature of property, plant and equipment and any change in policy regarding the use thereof.</p> <p>Rationale</p> <p>This disclosure item is addressed through compliance with IFRS.</p>
	27	Paragraph 8.11(b)-(d) – Additional information for the presentation of historical financial information	<p>Nature of amendment</p> <p>The amendment will seek the removal of these additional disclosure items in respect of historical financial information.</p>

			<p>Rationale</p> <p>These disclosure items are already addressed under Section 7 of the Requirements, being paragraphs 7.A.15 (Borrowings) and 7.A.20 (Loans receivable), save for paragraph 8.11(b)(ix) which will be included in paragraphs 7.A.15 and 7.A.20.</p>
	28	Paragraph 8.11(e) to (m): Additional information for the presentation of historical financial information	<p>Nature of amendment</p> <p>The amendment will seek the removal of these additional disclosure items in respect of historical financial information.</p> <p>Rationale</p> <p>The disclosure items (e), (f), (g), (i), (l) and (m) are already addressed under Section 7 of the Requirements.</p> <p>Items (h) and (j) do no longer add to any disclosure value.</p> <p>Item (k) - disclosure of headline earnings per share and earnings per share will be maintained in respect of new listings only.</p>
	29	Par 8.14 – Adjustments	<p>Nature of amendment</p> <p>The amendment will seek the removal of the requirement in respect of the statement of adjustment.</p> <p>Rationale</p> <p>This disclosure item is addressed through compliance with IFRS.</p>

	30	Par 8.15 – Pro forma financial information	<p>Nature of amendment</p> <p>The amendment will seek that pro forma financial information presented, as part of or accompanying interim results, will not be reviewed and reported on by the issuer’s auditors.</p> <p>Rationale</p> <p>The interim results themselves are not reviewed and reported on by the issuer’s auditors and as such there is no reason for the more onerous approach to expect pro forma financial information, presented as part of or accompanying interim results, to be reviewed and reported on by the issuers’ auditors.</p>
	31	Paragraph 8.29(c)(iii): Unadjusted information	<p>Nature of amendment</p> <p>The amendment will seek the removal of the requirement to have a review/audit on all of the adjustment columns in pro formas for acquisitions and disposals.</p> <p>Rationale</p> <p>In line with general principle of the review, a circular should be transaction specific. Current requirements oblige the issuer to get a review/audit on unrelated acquisitions/disposals that are combined in the pro formas. This is an unnecessary and onerous regulatory step given that the other transactions are not the subject of the transaction and would by definition be considered small.</p>
	32	Paragraph 8.38(c): Profit forecast and estimates – must be reported on by sponsors Also refer to Paragraph 2.11: Profit forecast	<p>Nature of amendment</p> <p>The requirement will seek the removal of the requirement for the sponsor to sign-off on a profit forecast or estimate pursuant to paragraph 2.11.</p>

			<p>Rationale</p> <p>The sponsor, by the nature of its role and staff compliment, is no longer deemed the right party to sign-off on profit forecasts and estimates and that this responsibility should remain with the board and the auditor/reporting accountant of the issuer (to the extent required).</p>
	33	Paragraph 8.63(i): Disclosure of information in annual report – special resolutions	<p>Nature of amendment</p> <p>This requirement requires the disclosure of special resolutions passed by subsidiary companies in the annual report.</p> <p>The amendment will seek the removal of this disclosure item on the basis that the memorandum of incorporation (“MOI”) of subsidiary companies are no longer reviewed or approved by the JSE and therefore disclosure of special resolutions are no longer relevant.</p> <p>Rationale</p> <p>The JSE issued Bulletin 11 of 2012 removing the requirement in Schedule 10 to have the MOI of subsidiary companies reviewed or approved by the JSE.</p> <p>Therefore, the disclosure item is no longer relevant.</p>
	34	General: Incorporation by reference	<p>Nature of amendment</p> <p>The amendment will seek to allow issuers to disclose financial information that is publically available by merely referring to the issuer’s website where the information can be viewed.</p> <p>Historical information of an applicant issuer must however be included in the body of a prospectus and pre-listing statement. Therefore incorporation by reference will not apply to the disclosure of historical financial information for purposes of a prospectus and pre-listing statement.</p>

			<p>Rationale</p> <p>On the basis that certain information has been prepared and published in accordance with the Requirements, issuers should be allowed to incorporate same by reference. This will also reduce the volume of circulars, pre-listing statement and prospectuses.</p> <p>Refer to the new paragraph 11.61.</p>
<p>9</p> <p>Transactions</p>	35	Paragraph 9.5(b): Categorisation	<p>Nature of amendment</p> <p>A transaction is categorised by assessing the size relative that that of the issuer. A category 1 transaction requires shareholder approval and is triggered where the percentage ratio is 25% of market cap or more.</p> <p>The amendment seeks to increase the category 1 threshold to a percentage ratio of 30%.</p> <p>Rationale</p> <p>This approach will be in line with a percentage threshold in the Companies act where shareholders' approval is required for issuing shares: Section 41(3) of the Companies Act requires the approval of shareholders' if the voting power of shares issued as a result of transactions or series of integrated transactions will be equal or exceed 30%.</p> <p>Further, the amendment will accord with the general principles as set out in the introduction of the Requirements, which aims to ensure that holders of securities be afforded the opportunity to vote upon substantial changes in the issuer's business operation. "Substantial" is defined in the Requirements as equal to or exceeding 30%.</p> <p>All transaction below 30% will constitute a category 2 transaction requiring the full terms of the agreement and financial effects to be announced.</p>

	36	Paragraph 9.15: Category 2 requirements	<p>Nature of amendment</p> <p>The amendment will seek the removal of the requirement to have pro formas for announcements and to rather focus on supplying a snapshot of the underlying financial information.</p> <p>Rationale</p> <p>The approach is in line with international trends. We are not aware of any markets that have pro forma information in announcements and the compilation of the pro formas is time consuming and leads to delays in getting full information timeously out to the market. These calculations are further complex and do not deliver the intended value.</p>
	37	Appendix to section 9: Information to be included in a category 1 circular	<p>Nature of amendment</p> <p>A large number of these items are disclosed in the annual report of an issuer.</p> <p>The amendment will seek that the items that are addressed in the annual report should not be included and repeated in the category 1 circular. Disclosure will only be required, in respect of items relevant to the transaction, if any changes occurred as a result of the corporate action.</p> <p>The amendment will further seek to adopt the same approach in disclosure items in the preparation of revised listing particulars.</p> <p>Rationale</p> <p>From a regulatory point of view, there is no regulatory value in repeating information already publically available.</p>

<p>10</p> <p>Transactions with Related Parties</p>	<p>38</p>	<p>Paragraph 10.1(b)(i) and (ii): Definition of “related party”</p>	<p>Nature of amendment</p> <p>In simple terms, a related party includes, amongst others, a material shareholder (holding 10% in the issuer <u>or a subsidiary</u>) or a director (of the issuer <u>or a subsidiary</u>).</p> <p>A related party transaction requires the appointment of an expert to advise the board whether the transaction is fair to shareholders.</p> <p>The amendment seeks to remove the reference to (i) a subsidiary and (ii) a subsidiary of the holding company in the definition of “material shareholder” and paragraph 10.1(b) of the Requirements.</p> <p>Rationale</p> <p>The whole rationale behind the related party approach and the requirement for a fairness opinion is to ensure that no undue influence was placed on the issuer to favour a related party in a transaction.</p> <p>The focus should be on the directors and material shareholders of the issuer and not any of its subsidiaries or subsidiaries of the holding company. The chances of a director or material shareholder of a subsidiary/subsidiary of the holding company to influence the board of an issuer, seems remote when transacting with the listed issuer.</p>
	<p>39</p>	<p>Paragraph 10.9: Information to be included in a related party circular</p>	<p>Nature of amendment</p> <p>As with item 37 above, a number of these disclosure items are disclosed in the annual report of an issuer and can therefore be incorporated by reference.</p> <p>Rationale</p> <p>From a regulatory point of view, there is no regulatory value in repeating information already publically available.</p>

<p>11</p> <p>Circulars, Pre-listing statements/Prospectuses and Announcements</p>	<p>40</p>	<p>Paragraph 11.13 (rights offers and claw-back offers), 11.23/26 (repurchase of securities) & 11.28 (payments to securities holders)</p>	<p>Nature of amendment</p> <p>As with item 37 above, a number of these disclosure items are disclosed in the annual report of an issuer and can therefore be incorporated by reference.</p> <p>Rationale</p> <p>From a regulatory point of view, there is no regulatory value in repeating information already publically available through the annual report.</p>
	<p>41</p>	<p>General: The presentation of pro forma financial information in respect of certain corporate actions</p>	<p>Nature of amendment</p> <p>The amendment will seek to remove the requirement for the presentation of pro forma financial information in respect of the following corporate actions:</p> <ul style="list-style-type: none"> ➤ Rights Offer (paragraph 11.11) ➤ Specific issue of shares for cash (straight forward issue of class of shares in issue, not convertible or options, not related to BEE deal and issued at market price) (paragraph 11.19) ➤ General issue of shares for cash(paragraph 11.21) ➤ Specific repurchase of shares (paragraph 11.23) ➤ General repurchase of shares(paragraph 11.26) ➤ Specific payments(paragraph 11.28) <p>Instead of presenting pro forma financial information issuers will provide details on how the funds would be allocated in respect of a specific issue of shares for cash, e.g. that the issuer intends to raise cash, to repay debt of X which did result in an interest charge of Y in the last results.</p> <p>Rationale</p> <p>These corporate actions are fairly simple in nature and should not have to be supported by pro forma financial information.</p>

	42	Appendix to section 11: Guidelines on the publication of information	<p>Nature of amendment</p> <p>The amendment will seek to remove the requirement to distribute provisional annual financial statement and interim results to shareholders.</p> <p>Rationale</p> <p>The Companies Act does not require provisional annual financial statements and interims results to be sent to shareholders and as such the announcement through SENS will be sufficient.</p> <p>Annual financial statements must still be delivered to shareholders pursuant to the provisions of the Requirements and the Companies Act.</p>
12 Mineral Companies	43	Paragraph 12.4(d): Readers' Panel	<p>Nature of amendment</p> <p>If a competent person's report is not approved by the readers' panel after three submissions, the JSE may refer the matter to the SSC (SAMREC/SAMVAL Committee) for a technical ruling.</p> <p>The amendment will seek the removal of this requirement.</p> <p>Rationale</p> <p>The JSE wishes to afford itself and issuers with more flexibility in the submission process of a competent person's report.</p>
13 Property Entities	44	Appendix 13A/B: Approval of independent registered property valuer	<p>Nature of amendment</p> <p>The amendment will seek to place the responsibility of on the sponsor to confirm that the valuer is a registered valuer.</p>

			<p>Rationale</p> <p>The JSE believe that this process is rather administrative and is a responsibility that could be taken on by the sponsor, which would in turn expedite the approval process of a valuer.</p>
<p>16</p> <p>Documents to be Submitted to the JSE</p>	45	Paragraph 16.20(b): Periodical returns	<p>Nature of amendment</p> <p>This requirement requires that the JSE must be informed of any non-declaration of preference or ordinary dividends.</p> <p>The amendment will seek the removal of this requirement.</p> <p>Rationale</p> <p>This requirement does not add any regulatory value.</p>
<p>21</p> <p>Alternative Exchange</p>	46	General: Passing of resolutions	<p>Nature of amendment</p> <p>Schedule 10 of the Requirements require that all shareholder meetings convened in terms of the Requirements must be held “in person” and may not be held by means of a written resolution as contemplated in section 60 of the Companies Act.</p> <p>The amendment will seek to allow the passing of resolutions pursuant to the Requirements to be passed by written resolution in accordance with the Companies Act.</p> <p>Rationale</p> <p>Section 60 of the Companies Act allows for the passing of resolutions by shareholders by written resolution. The intention is to simplify transactions for ALT^x issuers without compromising regulatory value.</p> <p>Refer to Schedule 10</p>

	47	General: Issue of circulars	<p>Nature of amendment</p> <p>The JSE issued an amendment to the Requirements in 2012 that grants issuers the option to issue a summary circular to shareholders rather than the full approved circular with all annexures (provided the full circular is available), which in many cases could easily exceed 100 pages. The summary circular only requires that certain headline disclosure items be disclosed in the summary circular and that a copy of the full circular be made available on the issuer's website (in the event that an issuer would like to review the full circular).</p> <p>The amendments will allow ALT^x issuers to only use summary circulars in respect of transaction communication to shareholders, rather than preparing a full circular.</p> <p>Rationale</p> <p>The intention is to simplify transaction circulars for ALT^x issuers without compromising regulatory value.</p>
	48	Paragraph 21.3(h): Conditions of listing – Board composition	<p>Nature of amendment</p> <p>The requirement requires the composition of the board to be as follows: at least 3 directors, or 25% of the directors, must be non-executive whichever is the greater.</p> <p>The amendment will seek to align the composition requirements of the board with the Companies Act. The Requirements will therefore not impose any additional requirements over and above the Companies Act.</p> <p>Rationale</p> <p>Alignment with the provisions of the Companies Act.</p>

	49	Paragraph 21.3(j): Conditions of listing - control	<p>Nature of amendment</p> <p>An issuer must have control over the majority of its assets, unless it is an investment entity. Control is at least 50% +1 of the voting shares.</p> <p>The amendment would seek to allow listings on ALT^x without an issuer controlling its assets.</p> <p>Rationale</p> <p>The approach is in alignment with Section 12 (mineral companies). The approach has also further been introduced to main board issuers.</p>
	50	Paragraph 21.5(i): Corporate Governance	<p>Nature of amendment</p> <p>The amendment will seek to focus the application of the corporate governance requirements to chapter 2 of the King III Report on Corporate Governance (“King III”) on an “apply or explain basis”. Chapter two deals with boards, directors and board committees.</p> <p>The composition of the board and its committees will as a minimum need to comply with to the provisions of the Companies Act.</p> <p>Rationale</p> <p>The provisions of the Companies Act have been reviewed and the provisions have been adequate for ALT^x.</p> <p>Chapter 2 has been recognised by the King Committee as of vital importance and is the only chapter that is recommended to be addressed in the annual report. Issuers will therefore need to address the provisions of chapter 2 of King III on an “apply or explain basis”, with no further corporate governance requirements from a JSE perspective.</p>

	51	Par 21.5 (ii) – Corporate Governance – Audit Committee	<p>Nature of Amendment</p> <p>Currently the DA must be invited to, and must attend, all audit committee meetings. The DA is to be an observer at these meetings and not a member.</p> <p>The amendment will only require the DA to be invited to and attend the audit committee meetings during the first year of listing or publication of first annual financial statements (whichever is later). However, the DA must have an open invitation to attend audit committee meetings should it wish to do so.</p> <p>Rationale</p> <p>The JSE has always seen the role of the DA as very close to the issuer and its board. This is affirmed by the provisions as set out in paragraph 21.16 of the Requirements.</p> <p>After a period of a year, the board of the issuer should be familiar with the processes and obligations pursuant to the Requirements and should therefore be allowed to manage its affairs.</p> <p>The DA must still attend all board meetings, and the audit committee reports to the board. As such, the DA will have a finger on the pulse of audit committee matters and will be able to attend audit committee meetings (after one year) should it wish to do so.</p>
	52	Paragraph 21.6: Public shareholders	<p>Nature of amendment</p> <p>The requirement will be amended to clarify that only the shares that are held by the DA and locked-up pursuant to paragraph 21.3(g) of the Requirements, will not be regarded as public.</p> <p>Lock-up: Shares held by the DA are locked-up and 50% are released after the publication of the issuer’s results and 50% a year later.</p> <p>This amendment will clarify that only the shares that are held by the DA and locked-up pursuant to paragraph 21.3(g) of the Requirements, will not be</p>

			<p>regarded as public</p> <p>Rationale</p> <p>Shares held by DA post the lock-up period will be regarded as public on the basis that the DA is able to freely trade in those shares as it wishes, subject of course to any limitations pursuant to the “public shareholder” definition.</p>
	53	Par 21.7 (b)(ii): Issue for cash	<p>Nature of amendment</p> <p>Currently, the shares held by a DA and the controlling shareholders(s) together with their associates were excluded from voting on a general issue for cash resolution authority.</p> <p>The amendment will seek to remove the voting exclusions in respect of the DA and controlling shareholder.</p> <p>Rationale</p> <p>The removal of the restrictions will bring the authority to issue shares for cash in line with the main board (which do not have such restrictions).</p> <p>This amendment will also be in line with the approach to regard the shares held by the DA (not within the lock-up period) as public and should therefore be permitted to vote.</p>
	54	Paragraph 21.8: Pre-listing statements	<p>Nature of amendment</p> <p>The amendment will seek the increase of the percentage trigger of revised listing particulars where the issue of shares (other than rights offer) would increase the shares in issue by 50% or more to 100% or more.</p> <p>Rationale</p> <p>The aim of the amendment will be to allow more flexibility for ALT^x issuers.</p>

	55	Par 21.10: Categorisation	<p>Nature of amendment</p> <p>A transaction is categorised by assessing the size relative that that of the issuer. A category 1 transaction requires shareholder approval and is triggered where the percentage ratio is 50% of the market cap or more.</p> <p>The amendment seeks to increase the category 1 threshold to a percentage ratio of 75%.</p> <p>Rationale</p> <p>The amendment is in line with the AIM requirements in the UK.</p> <p>The increase will give issuers another 25% flexibility to seek acquisitions or effect disposals without shareholders' approval.</p> <p>All transaction below 75% will constitute a category 2 transaction of which the full terms of the agreement and financial effects on the issuer have to be announced.</p>
	56	Paragraph 21.11(b): Transactions not regarded as related party transactions	<p>Nature of amendment</p> <p>The amendment will seek to increase the threshold for related party transactions <u>not requiring shareholders' approval</u> where the percentages ratio referred to paragraph 9.6 are less than or equal to 75% of market cap but exceeds 10%.</p> <p>For such transaction, an expert must be appointed to prepare a fairness opinion and the fairness opinion must state that the transaction is fair to shareholders. If the fairness opinion states that the transaction is <u>not fair</u> to shareholders, then a circular must be prepared and sent to shareholders for voting purposes.</p> <p>Therefore shareholders' approval will only be required –</p> <ul style="list-style-type: none"> ➤ for a related party transaction exceeding 75%; and ➤ where the fairness opinion states that the transaction is not fair

			<p>(where the transaction is less than or equal to 75% but exceeds 10%).</p> <p>Rationale</p> <p>This amendment will add more flexibility to ALT^x issuers as currently transactions exceeding 10% requires shareholders' approval. As such, a circular to shareholders must be prepared and issued.</p>
	57	Paragraph 21.26: Shares held by DA	<p>Nature of amendment</p> <p>The amendment will seek to remove the maximum holdings of a DA in an issuer, provided the issuer still complies with the public spread requirements.</p> <p>Rationale</p> <p>The amendment will be in line with requirements applicable to sponsors.</p>
	58	General: DA sign-off on working capital and profit forecast/estimates	<p>Nature of amendment</p> <p>The amendment will seek to remove the requirements for the DA sign-off on working capital and profit forecast/estimates.</p> <p>Rationale</p> <p>See rationale in 15 above.</p>

<p>Schedule 2,3, 4 & 6</p> <p>Schedule 22</p> <p>Schedule 26</p>	<p>59</p>	<p>Listing applications resulting from corporate actions</p> <p>Application for delisting of shares resulting out of a repurchase of shares</p> <p>Application for increase in authorised share capital</p>	<p>Nature of amendment</p> <p>Applications in respect of -</p> <ul style="list-style-type: none"> ➤ Listing of shares; ➤ Delisting of shares (repurchase only); and ➤ Increase of authorised share capital, <p>are currently reviewed and approved by the JSE.</p> <p>Going forward, the sponsor will in accordance with its obligations ensure that these applications comply with the Requirements and as such they will no longer be vetted and approved by the JSE. This approach will be in line where sponsors approve the contents of announcements</p> <p>Rationale</p> <p>The amendment will seek to expedite the approval process on the basis that the JSE will not review the application but merely process the application.</p> <p>These applications are not complex applications and must address certain disclosure requirements. The disclosure requirements range between 8 – 11 items and in essence the processing of these applications is a “box-ticking exercise” to ensure that all items have been addressed.</p>
<p>Schedule 5</p> <p>Approval of Expert</p>	<p>60</p>	<p>General: Approval of independent expert for purposes of providing a fairness opinion</p>	<p>Nature of amendment and rationale</p> <p>The JSE has undertaken a review to simplify and expedite the approval process of independent experts preparing JSE fairness opinions.</p> <p>Through this approach:</p> <ul style="list-style-type: none"> ➤ the JSE will crystallise the independence criteria for experts so that a clear assessment can be made by the expert on whether it will be regarded as independent; ➤ an internal mechanism will be put in place to pre-approve the team of an expert for specified industries for a period of two years; and

			<ul style="list-style-type: none"> ➤ an independent expert must be appointed to provide a fairness opinion of a delisting offer. This expert must have no relationship with the issuer, whatsoever.
Schedule 14 Dealing by scheme – 14.9	61	General: Dealing in securities by a scheme	<p>Nature of amendment and rationale</p> <p>The JSE wishes to clarify the approach in dealing in securities by a scheme (whether a diluting scheme or not).</p> <p>Paragraph 14.9(d) of Schedule 14 applies the provisions of paragraphs 3.63 to 3.74 to any dealings by a scheme involving securities relating to a scheme. These provisions generally relate to the announcement of dealings in shares by directors and also do not allow any dealings in prohibited periods.</p> <p>The rationale behind paragraph 14.9 is the following:</p> <ul style="list-style-type: none"> ➤ share incentive/option schemes are established by companies to incentivise staff; ➤ the trustees or other parties responsible for administering these schemes generally deal in the issuer’s shares based on instructions from the issuer; ➤ given the aforementioned, the JSE views such schemes as part of or an extension of the company itself; and ➤ the provisions of the Requirements relating to dealings by directors and share schemes are aimed at ensuring transparency, providing relevant guidance to the market to support the insider trading and market abuse provisions of the FMA. <p>Taking the aforementioned into account, the JSE wishes to clarify that dealings by a scheme, as contemplated in paragraph 14.9(d), <u>is not</u> subject to the provisions of paragraphs 3.63 to 3.74 of the Requirements if all of the following are applicable:</p> <ul style="list-style-type: none"> ➤ the instruction to deal in securities is given by an employee (other than directors as referred to in paragraph 3.63(a)(i) to (ii) after the shares have vested; ➤ the share scheme is merely facilitating the dealing;

			<ul style="list-style-type: none"> ➤ the employee referred to above takes the profit or loss on the dealing in shares; and ➤ the trustee or other parties responsible or the company are not involved in the decision to deal. <p>It is important to note that the instruction to deal, as referred to above, relates to the party that applies his/her mind on whether to transact in securities and not the party that simply implements that decision from an administrative point of view.</p> <p>The provisions of paragraphs 3.63 to 3.74 will therefore apply mutatis mutandis to any dealings by the issuer or a scheme (<u>including a non-dilutive scheme being a scheme not approved pursuant to Schedule 14</u>). Also refer to new paragraph 3.91.</p> <p>Refer also to the new paragraph 3.91.</p>
Section 18	62	General: Fast-track listing process for Main Board & ALT ^x in respect of secondary listings	<p>Nature of amendment</p> <p>The amendment will seek the introduction of requirements allowing for a fast-track listing process for companies applying for a secondary listing on the Main Board and ALT^x provided such company has been listed for at least 18 months or more on an accredited primary exchange.</p> <p>The accredited exchanges are: NYSE, LSE, ASX and the TSX.</p> <p>The principle behind the approach is that the JSE has satisfied itself with the disclosure and regulatory approach of such exchanges. All relevant information in respect of the issuer will be available in the annual report and the issuer's website.</p> <p>Rationale</p> <p>By enabling applicant issuers to use their existing annual report rather than preparing a formal pre-listing statement, the listing timetable will be significantly shortened.</p>

General	63	Written Resolutions – Main Board	<p>Nature of amendment</p> <p>Schedule 10 of the Requirements require that all shareholder meetings convened in terms of the Requirements must be held “in person” and may not be held by means of a written resolution as contemplated in section 60 of the Companies Act.</p> <p>The amendment will seek to allow the passing of certain special resolutions by main board issuers to be passed by written resolution in accordance with the Companies Act.</p> <p>The following resolutions will be allowed by way of written resolutions, subject to the provisions of the MOI of the issuer:</p> <ul style="list-style-type: none"> • Change of name; • Increase in authorised share capital; • Odd lot offers; and • Approval of MOI. <p>Rationale</p> <p>Section 60 of the Companies Act allows for the passing of resolutions by shareholders by written resolution.</p>
Schedules	64	Removal of certain Schedules from the Listings Requirement and will be referenced to the JSE website	<p>Nature of amendment and rationale</p> <p>Many of the schedules are considered to be administrative in nature as their purpose is to provide information to the JSE to effect certain corporate actions/approvals.</p> <p>These schedules do not impact the main body of the Requirements and we are therefore of the view that many of the schedules can be removed due to their administrative nature. The schedules removed will be made available on the JSE website and there will be reference thereto in the Requirements.</p>

			<p>This approach will reduce the volume of the Requirements which currently exceeds 600 pages.</p> <p>See Appendix 1 for a list of the Schedules to be removed from the Requirements to the JSE website.</p> <p>Schedule 9 and 20 will be removed from the Requirements as a whole due to no regulatory value.</p> <p>It should be noted that this amendment will lead to a re-shuffling in schedule numbers throughout the Requirements.</p>
General	65	The JSE has also undertaken minor amendments that are considered to be housekeeping matters and of minor importance in relation to the above.	

SCHEDULES

Nr	Schedule
1	Schedule 2: Application for a listing of securities resulting from rights offers, claw-back offers and renounceable offers
2	Schedule 3: Application for a listing of securities resulting capitalisation issues or scrip dividends
3	Schedule 4: Application for a listing of securities resulting from acquisitions, amalgamations/mergers, take-overs, share incentive schemes and convertible securities
4	Schedule 6: Application for the listing of securities resulting from an issue for cash
5	Schedule 9 – Mechanical or electronic signatures on certificates of title – To be deleted on the basis of no regulatory value
6	Schedule 18: Annual compliance certificate
7	Schedule 20 – Standard wording for cautionary announcements - To be deleted on the basis of no regulatory value
8	Schedule 21: Director's declaration
9	Schedule 22: Application for the de-listing of shares arising out of a repurchase of shares
10	Schedule 26: Application for an increase in authorised share capital
11	Schedule 27: Company Secretary Information
12	<p>Section 13 Property Entities</p> <p>Schedule 5A Expert's confirmation of independence Schedule 5B Expert's declaration of competency Schedule 5C Declaration by issuer Appendix 13A Independent registered valuer's confirmation of independence Appendix 13B Declaration by issuer</p>
13	<p>Schedule 15: Accreditation of auditors, reporting accountants and IFRS advisers</p> <ul style="list-style-type: none"> • Auditor application and annual declaration form for accreditation with the JSE • IFRS adviser application and annual declaration form • Reporting accountant specialist application and annual declaration form • Auditor application and annual declaration form for accreditation with the JSE <p><u>Auditors of foreign entities</u></p> <p>Declaration by CEO of the audit firm registered in a jurisdiction other than the Republic of South Africa</p>

