
JSE Limited Listings Requirements

Service Issue 13

Dear Subscriber

The JSE continuously reviews the Listings Requirements to ensure that:

1. practice that has developed is incorporated;
2. they remain aligned with international practice; and
3. feedback from sponsors and issuers are incorporated.

In light of this, the service issue contains amendments to the Listings Requirements arising as a result of the incorporation of:

1. The requirements are now clear on what is expected from underwriters, companies and their directors in case of an underwriting.
 2. The terms “registered auditors” has been changed to “accredited auditors” to accommodate certain concerns from the Independent Regulatory Board of Auditors (“IRBA”).
 3. The range of sanctions available to the JSE with respect to contraventions of the Listings Requirements by Auditors and their advisors have been amended.
 4. Changes to the requirements for the accreditation for auditors of major subsidiaries have been introduced.
 5. The definition of children has been changed from 21 to 18 in accordance with the Children’s Act.
 6. The minimum cash requirement for a cash shell has been increased from R2 million to R5 million.
 7. A definition of spouse has been included to clarify the position on associates.
 8. The definition of a major subsidiary has been amended.
 9. Additional responsibility for sponsors has been introduced for them to advise the JSE when they or their clients are in breach of or may be in breach of the Listings Requirements.
 10. Detailed requirements have been introduced for sponsors’ responsibilities when signing off on a profit forecast.
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11. The trading statement requirements have been changed to make it clear that issuers must publish a trading statement as soon as they have reasonable certainty that their results will differ by more than 20% even if they can not quantify a range or percentage at that stage. A further announcement will then be required once they have certainty on a range.
 12. The JSE can now annotate a listing when there is a modification or emphasis of matter on a review opinion.
 13. The issue of shares for cash requirements by subsidiaries has been changed to ensure that all such issues are categorised as disposals irrespective of whether the subsidiary is listed or not.
 14. The requirement to maintain shareholder spread has been repealed.
 15. The section dealing with directors' dealings has been changed to reflect the practice note that we issued last year and to allow associates to deal at any time. The practice note will therefore be retracted once the changes are effective.
 16. The JSE's position on the splitting of chairman and CEO has been clarified as well as the requirement for the chairman to either be independent or for the appointment of a lead independent director.
 17. The listing criteria for the Africa Board have been introduced.
 18. The profit forecast requirements have been changed to introduce a distinction between general and specific forecasts and also to make it clear that targets and objectives for future periods are not deemed to be forecasts. Specific forecast will require sign off from sponsors whereas general forecasts will not.
 19. Certain financial disclosure items have been removed from section 8 where it was felt that it is already dealt with under IFRS.
 20. Specific requirements have been introduced to make it clear which aspects of a SRP document is regulated by the JSE. The main areas are the time table and the pro forma financial information.
 21. The details surrounding the market making activities of warrant, ETF and asset backed securities have been included.
 22. Additional requirements have been introduced to obtain details of shares held as treasury each time we receive an application for an additional listing.
 23. Clarification of wording and removal of inconsistencies to ensure the correct reflection of our intention and acceptable practice in areas such as:
 - the definition of promoter and significant;
 - second interim result;
 - the nature and implications of the auditor's report on preliminary, provisional and abridged reports;
 - who can be the financial director; and
 - voting on amendments to share schemes.
 24. Certain changes have been made to ensure that all issuers comply with the Central Securities Depository Rules.
 25. Certain transactions "in the ordinary course of business" will not be categorised as transactions in certain circumstances.
 26. The vendor consideration placing requirements have been amended.
 27. The asset backed security requirements were changed to allow for alternative structures other than a trust where the same level of protection is afforded to investors.
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28. The ETF requirements have been changed to make provision for the listing of different assets classes and not only indices as we have at the moment.
 29. The definition of independent director is aligned with King III and further expanded to exclude directors that participate in a share incentive/option.
 30. The aggregation rule in Section 9 has been amended.

Effective date

The changes relating the third King Report on Corporate Governance must be complied with in respect of all financial years commencing on or after 1 March 2010. The amendment to the definition of independent director, specifically as it relates to such directors participation in share incentive/option schemes will only become effective from 1 April 2011. All other changes will become effective on 1 April 2010.

Any editorial queries can be e-mailed to thirusha.naidu@lexisnexis.co.za. Customer service enquiries can be directed to (031) 268 3007. If you would like to be notified of changes to the Listings Requirements via the JSE Listings Bulletin please send your email address as well as your account number to: jselistings@lexisnexis.co.za.

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