

Consultation process on proposed amendments to Debt Listings Requirements

22 October 2012

Changes to the Debt Listings Requirements

The Debt Listings Requirements were implemented with effect 1 June 2011. Since implementation a few requirements posed practical problems and therefore the JSE propose the following changes to the Debt Listings Requirements.

Documents available for Inspection

The current paragraph 4.19(c) reads as follows:

“The Placing Document must be available to investors at least two weeks before the listing date of the first instrument.”

The Placing Document is defined as the Programme Memorandum or the Offering Circular. The period of two weeks seems to be impractical and the market requested a shorter period. Once the Programme memorandum is finalised, the Issuer would like to raise the capital as soon as possible the investors prefer the instruments to list as soon as possible.

The JSE would like to propose the following new wording for paragraph 4.19(c):

“The signed Placing Document must be available to the public via placement of the document on the JSE and the Issuer’s website at least 5 business days before the listing date of the first instrument unless otherwise agreed with the JSE. If the Applicant Issuer has a listing on an exchange which is a member of the World Federation of Exchanges or the appropriate information on the Issuer is available in the public domain before the signed Placing document is made available to the public, the Placing document must be available on the JSE’s and Issuer’s websites for at least 3 business days before the listing of the first instrument.”

Financial statements

In terms of paragraph 5.3 of the Debt Listings Requirements an Applicant Issuer must submit financial statements for the last three financial year and the latest audited financial statements of the Applicant Issuer must be in respect of a period not older than 12 months. This results in Applicant Issuers not being able to raise capital in the period after financial year end till publication of the audited financial statements. This change is in line with other international markets.



JSE Limited Registration Number: 2005/022939/06
One Exchange Square, Gwen Lane, Sandown, South Africa.
Private Bag X991174, Sandton, 2146, South Africa. Telephone:
+27 11 520 7000, Facsimile: +27 11 520 8584, www.jse.co.za

Executive Directors: NF Newton-King (CEO),
Non-Executive Directors: HJ Borkum (Chairman), AD Botha,
MR Johnston, DM Lawrence, A Mazwai, NS Nematswerani, N
Nyembezi-Heita, N Payne, Dr. M.A Matooane Alternate
Directors: JH Burke, LV Parsons

The current paragraph 5.3(a) reads as follows:

“An Applicant Issuer which makes application for Listing of a Debt Security or the registration of a Programme Memorandum must have published and submitted financial statements which:

(a) have been prepared in respect of at least the last three financial years (except as provided for in paragraph 5.4) and the latest published audited financial statements of such Applicant Issuer must be in respect of a period ended not more than 12 months before the date of the Placing Document. If more than 9 months have lapsed since the last financial year end. Interim financial statements must be submitted. No audit or review opinion is required on the interim financial information;”

The JSE propose to amend paragraph 5.3(a) of the Debt Listings Requirements to allow for the audited financial statements to be not older than 18 months.

The JSE would like to propose the following new wording for paragraph 5.3(a):

“An Applicant Issuer which makes application for the registration of a Programme Memorandum must have published and submitted financial statements which:

(a) have been prepared in respect of at least the last three financial years (except as provided for in paragraph 5.4) and the latest published audited financial statements of such Applicant Issuer must be in respect of a period ended not more than ~~12~~ months before the date of the Placing Document. If more than 9 months have lapsed since the last financial year end, Interim financial statements must be submitted to the JSE. No audit or review opinion is required on the interim financial information.”

Changes to existing Debt Securities or Placing Document

The second requirement that pose challenges is the voting on changes to terms and conditions at a meeting of note holders which is time consuming.

The JSE would like to propose the following new wording for paragraph 7.10:

“In the event that the Applicant Issuer makes any changes to the Placing Document that affect the terms and conditions of the Debt Securities or the guarantee, other than the changes which are of a formal, minor or technical nature or are made to correct a manifest error or to comply with mandatory provisions of the law of South Africa, the Applicant Issuer must obtain approval from Holders of Debt Securities holding not less than 66.67% of the value of a specific class of notes or all outstanding notes. This approval can be obtained by the relevant Holders of Debt Securities (i) at a general meeting or (ii) may be voted on in writing by Holders of Debt Securities entitled to exercise voting rights in relation to the proposed written resolution within 15 business days after the written resolution was submitted to Holders of Debt Securities. A written resolution as contemplated above would have been adopted if it was supported by Holders of Debt Securities entitled to exercise sufficient voting rights for it to have been adopted in accordance with the voting percentage prescribed above at a properly constituted meeting of Holders of Debt Securities. The notice of the proposed written resolution to Holders of Debt Securities should include the actual written resolution including any restrictions on voting in terms of the program memorandum, the last date on which a Holder of Debt Securities should return the signed written resolution and the address to which it should be sent.”

Please submit all comments to alwynf@jse.co.za by close of business Monday, 26 November 2012.

