

## Proposed Amendments to the JSE Debt Listings Requirements

11 April 2014

Section	Nr	Proposed amendment/s	Rationale
	1	Private companies	Removing the reference to the disclosures required in respect of private companies in the introduction and the main body of the Debt Requirements on the basis that private companies are no longer permitted to list securities pursuant to the provisions of the Companies Act No .71 of 2008.
<b>Section 2</b>	2	Paragraph 2.3: Appointment	Paragraph 2.3 addresses the requirement for the appointment of a debt sponsor. The requirement will be amended to provide that the appointment of a debt sponsor must be maintained for the duration that any debt securities of the applicant issuer remains listed on the JSE, and not only for the period which application for listing is made.
<b>Section 3</b>	3	Paragraph 3.11: Preliminary approval of placing documents	<p>A new paragraph will be included under the heading “Preliminary approval of placing documents” to make it clear that if preliminary approval has not been obtained from the JSE in respect of a placing document (which document is intended to be used for marketing purposes), a warning statement must be placed on the cover page that the placing document has not been approved by the JSE.</p> <p>See the new paragraph 3.16.</p>
	4	Paragraph 3.18: Pre-issued trading	The granting of a listing of debt securities must be announced by the applicant issuer on SENS no later than close of business on the day before the listing of the debt securities This requirement will be moved to Section 7, paragraph 7.14 under the heading – “Listed Debt Instruments” as it does not belong under “Pre-issued Trading”.
	5	Paragraphs 3. 20 & 8.3(j): Exchange control approval	This paragraph will be amended to make it clear that exchange control approval will also be required for issuers domiciled in the common monetary area (excluding of course South Africa), as requested by the Reserve Bank.
<b>Section 4</b>	6	Paragraph 4.16(b)(i): Financial and legislation information	The material change statement has been moved to paragraph 4.16(b)(i) from paragraph 5.5(k). This material change disclosure requirement is more

			<p>appropriate under Section 4.</p> <p>Further the material change disclosure requirement does not have to be reviewed and reported by the applicant's auditors.</p>
	7	Paragraph 4.21(k): Offering circular or pricing supplement	The coupon rate indicator will be limited to three decimal places to accommodate the JSE trading systems.
	8	New paragraph 4.22: Offering circular or pricing supplement	A new paragraph 4.22 will be added to place a positive obligation on the applicant issuer to confirm that the authorised amount has not been exceeded. Therefore the disclosure of the authorised amount has been removed from paragraph 4.21(p) on the basis of the new positive confirmation that must be provided by the applicant issuer.
	9	Paragraph 4.25: Non-listed securities	<p>This requirement has been removed as it serves no regulatory purpose from a listed environment.</p> <p><i>“Where non-listed Debt Securities are issued under a Programme Memorandum, registered by the JSE, the Applicant Issuer shall inform the JSE at the time of placement of the details of the issue(s) if the Programme Memorandum has an authorised amount.</i></p> <p>Also see the positive obligation that the authorised amount has not been exceeded in 8 above.</p>
<b>Section 5</b>	10	Paragraph 5.2: General	The amendment will confirm that IFRS will be the acceptable benchmark for the preparation of financial information in alignment with the JSE Listings Requirements and as such the reference to “GAAP” will be removed.
	11	Paragraph 5.5(a)-(g): Contents of financial information	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 Debt Requirements. Further, these items may change in future as a result of changes to IFRS and as a consequence affect the Debt Requirements. Direct reference to the source, being IFRS, will be more appropriate. Therefore, it is proposed to delete these paragraphs dealing with the contents of Financial Information.
<b>Section 6</b>	12	Paragraph 6.2(c): Special purpose vehicles/Asset-backed debt securities	The amendment will seek the inclusion of a litigation statement by the applicant issuer in the placing document or pricing supplement.

	13	Paragraphs 6.7 - 6.12: Exchange traded funds	Exchange traded funds are dealt with under Section 19 of the JSE Listings Requirements – Specialist Securities and can therefore be removed from the Debt Requirements. This approach will avoid any confusion in the application of the relevant requirements dealing with ETFs.
<b>Section 7</b>	14	Paragraph 7.11: Changes to existing debt securities or placing document	The amendment will clarify the approach that amendments to placing documents must be approved by the JSE before submitting same to the holders of debt securities for approval. The requirement will also be expanded to ensure that an amended placing document (once approved by the holders of debt securities) must be submitted to the JSE and amendments published on SENS.
	15	New Paragraph 7.22 and 7.23: Dividends	These new paragraphs will be added to addresses certain disclosure items in respect of dividend announcements relating to debt securities (to the extent applicable). The disclosure items mirror the dividend disclosure requirements in the JSE Listings Requirements (see paragraph 11.17 of the JSE Listings Requirements).
<b>Section 8</b>	16	Paragraph 8.2: Annotations of drafts	Annotations will no longer be required, only a completed checklist. This will follow the approach as with the JSE Listings Requirements.
	17	Paragraph 8.3(d): Documents to be submitted	Reference to the provisions of the act or legislation, regulation or applicable rules under which the applicant issuer is regulated must be disclosed, however, the submission of such legislation/regulations to the JSE does not add regulatory value as it is not reviewed by the JSE. Therefore, it is suggested to remove this requirement.
	18	Paragraph 8.3(s): Documents to be submitted	On the basis that the material change disclosure does not have to be reviewed and reported by the applicant's auditors pursuant to the new paragraph 4.16(b)(i) (see above), the auditor's letter to be submitted is no longer required. Therefore, it is suggested to remove this requirement.
<b>Section 9 (NEW)</b>	19	The South African Government	The Debt Requirements are tailored to companies and therefore the new section was introduced to clarify the approach for the South African Government as debt issuer.

<p><b>General</b></p>	<p>20</p>	<p>IOSCO Final Report: Global Developments in Securitisation Regulation - 16 November 2012</p> <p>The FSB is a member of IOSCO (International Organisation of Securities Commissions) and the JSE has taken a view (along with the FSB), to adopt certain recommendations in the report which are not already addressed in the Debt Requirements as it relates to asset-backed securities (ABS).</p> <p>The recommendations are extracted directly from the report and will be included in the Debt Requirements in the relevant style and formatting.</p> <p>The IOSCO principles to be incorporated into the Debt Requirements are the following:</p>	<p><b>Principles:</b></p> <p><u>Affiliations and certain relationships and related transactions</u></p> <ul style="list-style-type: none"> <li>• Disclosure regarding affiliations, certain relationships and transactions with related parties helps investors by informing them about parties who may be able to influence or control the issuer.</li> <li>• Disclosure about the relationships among the participants in the securitisation transaction, including affiliations among the participants, relationships outside the ordinary course of business, and relationships related to the securitisation transaction itself would provide information material to an investor's understanding of the ABS. In addition, disclosure of the general character of these relationships would help investors more fully understand the structure of the securitisation transaction and the potential benefits to various participants in the program.</li> </ul> <p>See the new paragraph 6.2(c)(14).</p> <p><u>Repurchase and Replacement Activity</u></p> <ul style="list-style-type: none"> <li>• Issuers should disclose, on a periodic basis, historical information about all assets of the pool that were the subject of a demand to repurchase or replace for breach of the representations and warranties contained in the transaction agreements underlying the asset securitisation. This information will help investors to identify asset originators with clear underwriting deficiencies.</li> </ul> <p>See the new paragraph 7.4(a).</p> <p><u>Failure to make a required distribution</u></p> <ul style="list-style-type: none"> <li>• If a required distribution to holders of the asset-backed securities is not made as of the required distribution date under the transaction documents, disclosure of the failure, if material, and the nature of the failure should be made.</li> </ul>
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