

Amendments to the JSE Listings Requirements

Part 2 of 2015

1 October 2015

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Item	Section	Proposed Amendment	Nature of amendment and rationale
1	<b>Section 2: Sponsors</b>	<b>Annual Compliance Certificate for Sponsors</b>  <b>Paragraph 16.13 of Schedule 16 (Sponsors)</b>  The current paragraph 16.13 of Schedule 16 will be amended to provide for the submission of an annual compliance certificate for sponsors addressing various items in relation to the sponsor itself and in respect of compliance as it relates to the advice and services provided to applicant issuers.	<p>Sponsors are required to be approved by and registered with the JSE. Sponsors are regulated parties for purposes of the JSE Listings Requirements (the “Requirements”). The amendments will ensure that sponsors and designated advisers confirm to the JSE on an annual basis that the sponsor/DA complies with the provisions of the Requirements in order to enhance the JSE’s oversight in respect of sponsors and DAs. This approach is similar to applicant issuers pursuant to paragraph 1.19 of the Requirements, where applicant issuers confirm to the JSE on an annual basis that they comply with the provisions of the Requirements.</p> <p>The annual compliance certificate (as with the annual compliance certificate of applicant issuers) will be added as a form to Schedule 2 of the Requirements due to its administrative nature and will be available on the JSE’s website for download and completion.</p> <p>The annual compliance certificate will have to be submitted to the JSE by 31 January each year.</p>

2	<b>Section 2: Sponsors</b>	<p><b>Sponsor Procedures Manual</b></p> <p><b>New Paragraphs 16.22 – 16.24</b></p> <p>The JSE will require sponsor to prepare a procedures manual on certain items in relation to the sponsor itself and in respect of compliance as it relates to the advice and services provider to applicant issuers.</p>	<p>In support of the enhanced sponsor oversight approach mentioned above, the amendments will ensure that sponsors/DAs apply themselves pursuant to a procedures manual to underpin the confirmations that are provided in the annual compliance certificate and the sponsor/DA responsibilities pursuant to paragraph 2.7 of the Requirements.</p> <p>The procedures manual may be inspected by the JSE and the JSE may also request an explanation on how the procedures manual was applied on a specific instance.</p>
3	<b>Section 3: Continuing Obligations</b>	<p><b>Publication of financial results: Main Board, AltX and Specialist Securities, and obligations of REITs linked to their year end</b></p> <p><b>Section 3: Paragraphs 3.15, 3.16, 3.19, 3.20 and 3.23.</b></p> <p><b>Consequently amendments:</b></p> <p><b>Section 13: Paragraphs 13.47, 13.49 and 13.56.</b></p> <p><b>Section 19: Paragraph 19.20(b).</b></p> <p><b>Section 21: Paragraph 21.39.</b></p> <p><b>Practice note 1/2003.</b></p> <p>The Requirements require the <u>publication</u> of the following financial information for issuers:</p> <ul style="list-style-type: none"> <li>• six month interim reports (“<b>Interims</b>”) within three months of the financial period end;</li> <li>• twelve month provisional report (“<b>Provisionals</b>”) within three</li> </ul>	<p>The Financial Sector Assessment Program dated March 2015 contains a detailed assessment on South Africa of the implementation on the IOSCO (the International Organization of Securities Commissions) objectives and principles of securities regulation.</p> <p><a href="https://www.imf.org/external/pubs/cat/longres.aspx?sk=42757.0">https://www.imf.org/external/pubs/cat/longres.aspx?sk=42757.0</a></p> <p>On page 116 recommendations are made for the shortening of reporting periods for Interims and AFS, as South African standards are considered to be slow by international standards.</p> <p>These amendments will bring the continuing reporting obligations of entities listed on the main board and AltX in line with other international stock exchanges.</p> <p>The difference in approach in respect of the Part A and Part B Results is that it will afford issuers more time to prepare the glossy annual report or integrated annual report for distribution to shareholders along with the notice of annual general meeting.</p> <p>REITs have various responsibilities to fulfil which are linked to the distribution of their AFS. The consequential affect of the above mentioned changes are therefore to reduce the time periods within which to fulfil these various obligations from six</p>

		<p>months of the financial period end.</p> <p>The Requirements require the <u>distribution</u> of the following financial information for issuers:</p> <ul style="list-style-type: none"> <li>• annual financial statements (“<b>AFS</b>”) within six months of year end.</li> </ul> <p>It is proposed to amend the timing in respect of the publication and distribution of financial results for Main Board and AltX issuers as follows:</p> <ul style="list-style-type: none"> <li>• for the publication of interim results to two months;</li> <li>• for the publication of AFS to three months (the “<b>JSE AFS</b>”)</li> <li>• for the distribution of AFS to four months (the “<b>Annual Report</b>”).</li> </ul> <p>The requirement to publish provisional financial results will be removed given that audited financial statements will be published within three months. A similar amendment will be made as it relates to the publication of AFS for specialist securities.</p> <p><b>JSE AFS:</b> Annual financial statements complying with paragraphs 8.62 and 8.63, save for compliance with paragraphs 8.63 (a), (l) and (q)).</p>	<p>to four months.</p> <p>Furthermore, main board listed issuers should be mindful of the shorter period to convene an AGM to present the AFS in order to comply with the amended paragraph 3.20 of the Requirements.</p> <p><b>Transitional Provisions</b></p> <p>We appreciate that these amendments could be considered as a material amendment to the current provisions of the Requirements and the processes involved for issuers in the preparation of AFS and Interims.</p> <p>Should the amendment be accepted, the JSE will ensure that there is at least a lead time of 12 months from the effective date of the amendments to allow issuers to prepare for the implementation of these provisions.</p>
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4	<p><b>Section 3: Continuing Obligations</b></p>	<p><b>The report issued by an auditor on financial information</b></p> <p><b>Paragraphs 3.18(g), 3.25(a) 4.13(a) and the definition of a modified auditor’s report</b></p> <p>Paragraphs 3.18(g), 3.25(a) and the definition of a modified auditor’s report will be amended to provide for the new format of the auditor’s report. One of the consequences of the auditor’s report is to move the issues regarding the going concern from the emphasis of matter paragraph to a separate paragraph within the auditor’s report. The amendments will maintain the <i>status quo</i> as it relates to disclosure of the going concern issues in results announcement and the resultant annotation on the JSE trading system. But in this instance the JSE will annotate it with a “G” rather than an “E”.</p>	<p>Paragraph 3.25 deals with the consequences of a modified audit report. The definition section of the Requirements explains what the JSE regards as a modified auditor’s report.</p> <p>One such modification is defined as an emphasis of matter. The most common emphasis of matter that we observe deals with the going concern. Paragraph 3.25(a) requires an annotation on the JSE trading system for such an event. Furthermore, paragraphs 3.18(g) require disclosure of the emphasis of matter in the results announcement. Paragraph 4.13(a) deals with the consequence for a new listing of an emphasis of matter paragraph.</p> <p>The IAASB (International Auditing and Assurance Standards Board) has issued a new suite of auditing standard dealing with the audit report starting with ISA 700 (revised), which will change the nature of the audit report. Whilst the standards are only effective for audits of annual financial statements for periods ending on or after 15 December 2016, the JSE has been approached by issuers and their auditors wishing to early adopt the suite of standards. One of the consequences of the new audit report format is that matters about the going concern are no longer regarded as “an emphasis of matter”, but rather are elevated to their own separate paragraph in the auditor’s report. This is dealt with in ISA 570 (revised).</p> <p>The above paragraphs of the Requirements therefore need to be amended to deal with the consequences of the new auditor’s report, and to ensure a <i>status quo</i> as it relates to the understanding of what a modified auditors report is, and the resultant disclosure in the results announcement and annotation on the JSE trading system. But in this instance the JSE will annotate it with a “G” rather than an “E”.</p>

<b>5</b>	<b>Section 7: Paragraph 11.17</b>	<p><b>STC Credits</b></p> <p><b>Various paragraphs: Section 5 and Section 11</b></p> <p>The reference to Secondary Tax on Companies ("<b>STC</b>") credits will be removed</p>	<p>The Income Tax Act has repealed the provisions relating to STC (section 64B and 64C). Furthermore section 64J(5) states:</p> <p><i>"The STC credit of a company on or after the third anniversary of the effective date is deemed to be nil."</i> Therefore from 1 April 2015 there is no more STC credit.</p> <p>Global amendments will be made to remove reference to STC credits.</p>
<b>6</b>	<b>Section 13: Property Entities</b>	<p><b>Paragraph 13.15: Special Property Forecast Report</b></p> <p><u>Special Property Forecast Report</u></p> <p>References in the Requirements to the SAICA circular will be replaced with references to the IRBA guide.</p> <p>The amendments are necessary as the SAICA guide -</p> <ul style="list-style-type: none"> <li>• is not the correct authority for audit guidance; and</li> <li>• is outdated.</li> </ul> <p>Furthermore, the JSE must ensure that the Requirements continue to mandate the need for the auditor to perform the special procedures to give the required level of assurance above that provided by a limited assurance engagement. The</p>	<p>Paragraph 13.15 of the Requirements requires that the reporting accountant must prepare a special property forecast report. The work to be undertaken in respect of the preparation of such special property forecast report is detailed in a SAICA circular issued in August 2005.</p> <p>The need for a special property forecast report came about from the fact that in 2005 the JSE accepted that forecast financial information was more relevant and should replace historical financial information in the context of property entities. Whilst an audit opinion cannot be obtained on forecast financial information, the JSE wished to obtain as much assurance as possible on the forecast financial information, and wanted more assurance than would be obtained from a normal assurance conclusion (or what is called limited assurance). That forecast financial information is relevant in respect of the following:</p> <ul style="list-style-type: none"> <li>• eligibility for listing;</li> <li>• investment decisions;</li> <li>• decisions regarding approval of transactions; and</li> </ul>

	<p>IRBA guide can only guide the auditor on how to implement the provisions of the Requirements in the relevant auditing standards and to meet the additional regulatory reporting requirements in the Requirements.</p> <p><u>Pro forma statement of financial position</u></p> <p>Paragraph 13.16(e) currently requires a “review” opinion on certain information in the pro forma statement of financial position, this will now refer to the detail required pursuant to the IRBA guide</p> <p>The amendments are necessary to ensure-</p> <ul style="list-style-type: none"> <li>• consistency in the work performed by auditors in order to comply with this paragraph; and</li> <li>• sufficient clarity as to the JSE’s intentions.</li> </ul> <p><u>Other consequential changes</u></p> <p>As part of the process referred to above it was brought to the JSE’s attention that -</p> <ul style="list-style-type: none"> <li>• the use of the word “opinion” in paragraph 8.48 of the Requirements is inappropriate in certain circumstances and must be amended to ensure alignment with the auditing standards; and</li> <li>• The SAICA Revised Guide on</li> </ul>	<ul style="list-style-type: none"> <li>• more recently decisions regarding the granting of REIT status .</li> </ul> <p>In 2006 the Independent Regulatory Board for Auditors (the “IRBA”) was established as a result of the enactment of the Auditing Profession Act No 26 of 2005. As SAICA is not the regulator of registered auditors the guidance to address the treatment of a special property forecast report must be issued under the umbrella of IRBA. We have been discussing the need for its guide to be updated with IRBA since 2008. In August 2014 approval was obtained from the Committee for Auditing Standards (the “CAS”) for the staff of IRBA to prepare guidance for the treatment of a special property forecast report.</p> <p>In November 2014 approval was also obtained from the CAS to expand guidance to include the auditor’s report that is issued under paragraph 13.16(e) of the Requirements, which deals with special sign-off for the pro forma statement of financial information. Currently there is inconsistency in application of the provision and uncertainty for reporting accountants who are applying the provisions, especially so when applying same for the first time.</p> <p>A task force comprising of the JSE, IRBA, SAICA and auditors was formed in September 2014 and has met several times to discuss the proposed new IRBA guide. This proposed IRBA guide is going through a detailed IRBA process and will be published for public comment in the last quarter of 2015.</p> <p>The JSE is therefore proposing its amendments in parallel with the IRBA consultation process.</p>
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		Forecasts contains certain factual inaccuracies and has therefore been withdrawn by SAICA.	
<b>7</b>	<b>Schedule 16:</b>	<p><b>Sponsor Training</b></p> <p><b>Paragraph 16.5(iv)</b></p> <p>The existing provision will be expanded to make provision that the JSE may prescribe by which dates certain sponsor training must be completed in order for a sponsor to maintain its registered status with the JSE.</p>	The JSE wishes to ensure that all sponsors (approved executives) complete mandatory training by certain dates to ensure that sponsors are up to date with the latest developments in the Requirements.
<b>8</b>	<b>Schedule 16</b>	<p><b>Eligibility Criteria</b></p> <p><b>Paragraph 16.5(v)(4)</b></p> <p>The statement required by a sponsor's approved executives will be expanded to include an offence under legislation relating to the Financial Markets Act No. 19 of 2012.</p>	The current statement to be made is only limited to the Companies Act No. 71 of 2008 and it would only be prudent for JSE to be made aware of any offences under the provisions of the FMA as well.
<b>9</b>	<b>Schedule 16</b>	<p><b>Administrative Forms</b></p> <p><b>Sponsor Application Form</b></p> <p><b>Paragraph 16.22 of Schedule 16 will be deleted in its entirety.</b></p> <p>The sponsor application form is regarded as administrative in nature and</p>	The approach is in line with other administrative forms that have been moved to Schedule 2 in Service Issue 19, which are available on the JSE's website for download and completion.



		<p>will be moved to Schedule 2 of the Requirements as Form D4.</p> <p><b>Appendix to Section 16</b></p> <p>The checklist for first submissions pursuant to the Appendix to Section 16 is regarded as administrative in nature and will be moved to Schedule 2 of the Requirements as Form F1.</p>	
<b>10</b>	<b>Schedule 18: T+3</b>	<p><b>Schedule 18: Corporate Actions Timetable T+3</b></p> <p>A decision has been made by the JSE and the market to move from the current T+5 settlement cycle to T+3 settlement cycle. This has been supported by the FSB as it will align the settlement cycle to that of other markets.</p>	<p>The change to the T+3 settlement cycle will influence the corporate actions timetables and therefore it necessary to amend the following provisions in the Requirements:</p> <ul style="list-style-type: none"> <li>• Definition of “settlement period”</li> <li>• Definition of “record date or RD”</li> <li>• Schedule 18 of the Listings Requirements as it relates to the settlement period.</li> </ul>

## MINERAL COMPANIES

Item	Section	Proposed Amendment	Nature of amendment and rationale
M1	Section 12: Mineral Companies	<p><b>SAMREC Code and SAMVAL Code</b></p> <p>In Section 12, the JSE has adopted the SAMREC Code and the SAMVAL Code.</p> <p>The SAMREC and SAMVAL working group under the auspices of the South African Mining and Metallurgy Institution and the Geological Society of South Africa has finalised amendments to the SAMREC Code and the SAMVAL Code in July 2015.</p>	<p>On the basis that the JSE has adopted the SAMREC Code and the SAMVAL Code, the JSE wishes to adopt the amendments made to the SAMREC Code and the SAMVAL Code.</p> <p>The revised version of the SAMREC Code will lead to amendments in Section 12.11 which reference Table 1 of the SAMREC Code.</p> <p>See <b>Appendix 1</b>: Comparison amendments to the SAMREC Code.</p> <p>See <b>Appendix 2</b>: Amendments to the Tables to the SAMREC Code. Also see separate Section 12 attachment for consequential amendments.</p> <p>See <b>Appendix 3</b>: Wholesale amendments to the SAMVAL Code, which is considered to be a rewrite.</p>
M2	Section 12: Mineral Companies	<p><b>Solid Minerals Reader's Panel</b></p> <p><b>Paragraph 12.4</b></p> <p>The JSE will refer all Competent Person's Reports to the</p>	<p>The purpose of the amendment will enhance due process and transparency to the SSC and other investigating bodies when considering complaint resulting from a Competent Person's Reports.</p>

		<p>Readers Panel for approval.</p> <p>Pursuant to paragraph 12.4(b), any material unresolved complaints concerning a Competent Person or Competent Valuator in respect of a Competent Person's Report will be referred by the JSE to the SAMREC/SAMVAL Committee (the "SSC") who will, in turn, refer the complaint to the appropriate body under which the individual or individuals is/are registered as professionals.</p> <p>Typically the review of Competent Person's Reports could go through three to four submissions of review with the Readers Panel before the Competent Person's Reports is approved for purposes of the Requirements.</p> <p>The JSE wishes to propose an amendment to include that the JSE will, on request from the SSC, make all the documents submitted to the JSE during the approval process of the Competent Persons Report available to the SSC to assist with their assessment of the complaint.</p>	<p><b>See separate Section 12 attachment.</b></p>
<b>M3</b>	<b>Section 12: Mineral Companies</b>	<p><b>Competent Person's Reports</b></p> <p><b>Paragraph 12.9(h)</b></p> <p>The JSE proposes to amend the provisions of paragraph 12.9(h) to clarify the approach that the full CPR can be incorporated by reference pursuant to paragraph 11.61 of the Requirements.</p>	<p>Paragraph 11.60 of the Requirements allows for the incorporation by reference of the full CPR and as such the JSE wishes to draw specific attention to the flexibility the Requirements afford to CPRs.</p> <p><b>See separate Section 12 attachment.</b></p>
<b>M4</b>	<b>Section 12: Mineral Companies</b>	<p><b>Contents of pre-listing statements, listings particulars, prospectuses and circulars prepared by Mineral Companies, and non-Mineral Companies in respect of substantial mineral assets.</b></p> <p><b>Paragraph 12.8</b></p> <p>Paragraph 12.8 stipulates the following:</p>	<p>The proposed amendment will clarify the intention of the JSE as it would appear that the current wording has created some confusion.</p> <p><b>See separate Section 12 attachment.</b></p>

		<p>“In addition to the relevant Listings Requirements applicable to pre-listing statements/listings particulars/prospectuses (as per Section 6) or Category 1 circulars (as per Section 9), the following information must be included in such documents where they are required to be prepared by Mineral Companies, and by non-Mineral Companies in respect of substantial mineral assets:</p> <p>(a) a Competent Person’s Report, complying with:</p> <p>(i) the SAMREC and SAMVAL Codes, (which, for purposes of this requirement, includes the guidelines in italics and Table 1 of the SAMREC and SAMVAL Codes);”</p> <p>Interpretational issues have arisen in respect of the term “substantial mineral assets” on whether it must be benchmarked against the market capitalisation of the issuer or the value of the transaction contemplated by the Issuer.</p> <p>The JSE will propose amendments to make it clear that that the term “substantial mineral assets” must be benchmarked against the purchase consideration received or paid for the asset, being the subject of the transaction and not against the market capitalisation of the issuer as it relates to a transaction. In respect of a new listing, the “substantial mineral assets” must be benchmarked against the market capitalization of the applicant issuer.</p> <p>It should be noted that the term “substantial” is defined in the Requirements under the definitions section.</p>	
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