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Dear Sponsors, Designated Advisers and Company Secretaries

GUIDANCE LETTER: CAUTIONARY ANNOUNCEMENTS

This letter supersedes the previous guidance letter dated 18 May 2012.

The JSE is aware that certain issuers are releasing bland cautionary announcements which in many instances may not be required and as a result causes unnecessary speculation in the market. It is further important to note that a bland cautionary announcement is merely an early warning announcement to the market and does not provide sufficient information to assist shareholders or the market in understanding the purpose of the cautionary announcement.

The JSE has therefore decided to issue guidance on the requirement to release cautionary announcements pursuant to the provisions of paragraph 3.9 of the JSE Listings Requirements (the “**Requirements**”).

In this guidance letter three aspects of the Requirements will be addressed in the aim to provide clarity on the (i) necessity and (ii) timing of a cautionary announcement pursuant to the provisions of the Requirements.

General: Obligation of disclosure

Issuers must publish an announcement in respect of the following:

- Without delay, details relating, directly or indirectly, to the issuer that constitutes price sensitive information pursuant to paragraph 3.4(a) of the Requirements; and/or
- Immediately, after terms have been agreed, verbally or in writing, in respect of any transaction or corporate action pursuant to the provisions of the Requirements (“**agreement of terms**”).

Price Sensitive Information

Paragraph 3.4(a) of the Requirements refers to the obligation of an announcement in respect of price sensitive information unless the information is kept confidential for a limited period of time.

The reference to a “limited period of time” refers to a period where the information of an issuer does constitute price sensitive information, however the issuer does not have certainty in respect of the information and a period of time is then afforded to the issuer to obtain that certainty provided the information is kept confidential during that period (the “**PSI window period**”). Once certainty is achieved, Issuers must publish an announcement pursuant to paragraph 3.4(a) of the Requirements.

Caveat: The JSE strongly recommends that the “limited period of time” provision in paragraph 3.4(a) of the Requirements must only be utilised in exceptional circumstances and emphasis is placed on announcing information without delay when it constitutes price sensitive information.

Cautionary Announcements

A cautionary announcement is required in the following circumstances pursuant to paragraph 3.9 of the Requirements:

Immediately after an issuer knows of any price sensitive information and the necessary degree of confidentiality of such information cannot be maintained or if the issuer suspects that confidentiality has or may have been breached, an issuer must publish a cautionary announcement. An issuer that has published a cautionary announcement must provide updates thereon in the required manner and within the time limits as prescribed in the Requirements. *See paragraph 3.9 of the Requirements for the full text.*

A cautionary announcement pursuant to the provisions of paragraph 3.9 will only be necessary during two periods, being –

- during the PSI window period pursuant to the provisions of paragraph 3.4(a) of the Requirements; and
- during a period of negotiations prior to the agreement of terms in respect of transactions or corporate actions where the information constitutes price sensitive information,

and only to the extent that the necessary degree of confidentiality of such information cannot be maintained or if the issuer suspects that confidentiality has or may have been breached.

Cautionary announcements have a limited lifespan and must be followed up with an announcement without delay pursuant to paragraph 3.4(a) of the Requirements once the issuer has obtained certainty or immediately after the agreement of terms.

Recommendations on Cautionary Announcements

We recommend that the following be taken into account in relation to the release of cautionary announcements:

1. Issuers must ensure that they have sufficient internal controls and policies in place to ensure that all price sensitive information is kept confidential.
2. The timing involved when issuing an announcement, being “without delay” and “immediately” is of vital importance to the JSE and the market. Issuers must therefore also ensure that they have policies in place to deal with the required internal approvals within the Issuer to approve an announcement, in prescribed timely manner, before release on SENS. Should there for any reason whatsoever be a delay (i) in obtaining the necessary approvals or (ii) releasing the announcement on SENS, the JSE must be notified immediately.
3. Issuers should refrain from releasing bland cautionary announcements to avoid unnecessary speculation in the market. Additional details that can be made available should rather be included to give investors and market participants an indication of the nature of the price sensitive information.
4. In deciding whether to release a cautionary announcement, issuers must carefully consider section 81 of the Financial Markets Act dealing with “False, misleading or deceptive statements, promises and forecasts”.

Please contact Alwyn Fouchee on (011) 520 7678 if you have any questions regarding the above.

Yours faithfully



**A F VISSER: GENERAL MANAGER
ISSUER REGULATION**