



30 May 2014

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Dear Accredited Auditors and Reporting Accountant Specialists

### **RECOGNISED TRAINING COURSES FOR AUDITORS AND REPORTING ACCOUNTANT SPECIALISTS**

Pursuant to the provisions of the JSE Listings Requirements (the “**Requirements**”) auditors and reporting accountants must attend JSE recognised training courses in order to be accredited as an auditor and/or reporting accountant specialist.

The JSE wishes to bring certain matters to the attention of auditors and/or reporting accountant specialists relating to JSE recognised training courses. As a note, the information set out in this letter was previously published in a document in 2009 which was available on the JSE website. For the sake of completeness that information is now captured in this guidance letter so that it can be incorporated into the printed bound version of the Requirements. The document on the JSE website has therefore been removed and is replaced with this letter.

There are two different courses which auditors need to be aware of:

- The Auditors Reporting Accountant Specialist Course; and
- The Auditors General Listings Requirements Course.

We wish to draw your attention to the fact that both the content and target audience for the two courses are different.

### The Auditors Reporting Accountant Specialist Course (“RA Specialist Course”)

Auditors must attend the RA Specialist Course if they wish to register as a reporting accountant specialist and do not have the necessary experience and knowledge as specified in Schedule 15.6 (e)(ii) of the Requirements. The JSE has, at this stage, only approved one vendor, KAR Presentations, who is authorised to present this course.

### The Auditors General Listings Requirements Course (“GLR Course”)

The GLR Course is compulsory for all listed company auditors. The obligation to attend this course can be fulfilled in the following manner:

1. Audit firms may hold in-house courses, provided the JSE has approved both the content of the training and the specific presenters who will be presenting the course; or
2. Auditors may attend courses presented by certain external parties who have had both their content and specific presenters approved by the JSE. Currently, KAR Presentations is the only external party approved by the JSE to present this entire course, whilst W Consulting is approved to present a part of the course, being the SAICA Headline Earnings Circular (the “**Headline Earnings Circular**”).

**Annexure 1** to this letter provides broad guidelines as to the areas that the GLR Course must cover. In order for the training to be recognised by the JSE, the parties presenting must:

- (i) ensure their course material covers the minimum content detailed herein;
- (ii) submit the presentation to the JSE for recognition; and
- (iii) provide details of the credentials of the presenters.

The JSE will recognise the training even if it is given in different parts e.g. training on Part A aspects may be given separately from the Part B aspects (see **Annexure 1**).

### Updated GLR Courses

At this stage, the JSE will recognise training on Part A attended at any time since the inception of these provisions in the Requirements in 2009. The JSE has however made various amendments to the Requirements since 2009 and is currently busy proposing several more changes to the Requirements. All parties who currently present the GLR Course are therefore advised that they will need to make a fresh application to have their training material recognised once the 2014 amendments to the Requirements are completed. That process is expected to be completed by the end of the year and once it is completed,

**Annexure 1** to this letter will be updated. This will have implications for both existing and potential new accreditations and parties will be advised in due course.

As it relates to Part B, given that the Headline Earnings Circular of 2009 was updated in 2012 and August 2013, for all new applications for auditor accreditation the JSE will only recognise training done before August 2013 provided the auditor also provides details of an update course that was attended. During the 2015 annual accreditation process all existing accredited auditors will also be required to provide details to the JSE of updated headline earnings training that they have attended.

The Financial Markets Act No 19 of 2012 (“**FMA**”) replaced the Securities Services Act No 36 of 2004 and therefore as it relates to new auditor accreditation training will only be accepted provided the auditor has attended training on the market abuse provisions of the FMA.

Even though the JSE is not mandating attendance of updated training for the 2014 annual renewal process, auditors are reminded that in their annual declaration they confirm that they:

- are familiar with the specific auditing and financial reporting provisions in the Requirements; and
- have kept up to date in technical matters.

Concern has been raised amongst sponsors that certain auditors are not always as familiar with the Requirements as they should be. Auditors are urged to ensure that they are in fact up to date with these various changes before signing their annual declaration form.

Auditors are therefore reminded that they need to ensure that they are familiar with the amendments to the Headline Earnings Circular, irrespective of whether they have attended a specific course. Similarly there have been various changes to the Requirements since 2009, which was the year in which many auditors would have attended their GLR Course. Of specific importance are changes introduced during 2013 as contained in:

- Bulletin 12 of 2013, which introduced new paragraph 8.63(o) (Restrictive Funding Arrangements);
- Bulletin 3 of 2013, which created requirements for REIT’s; and
- Bulletin 4 of 2013, which deals with periodic reporting practices.

Please contact Bernardine Joubert if you have any further questions regarding the above.

Yours faithfully

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by 'F' and 'V'.

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

## ANNEXURE 1

### Auditors obligations

Auditors have the following obligation in terms Schedule 15.3(c) (iii) of the Requirements:

*“The individual auditor must confirm to the JSE that it is familiar with the specific auditing and financial reporting requirements applicable to applicant issuers as detailed in Sections 3, 8, 13, 15 and 21. In support of this the individual auditor must demonstrate that it has successfully completed JSE recognised training on the Listings Requirements, or must undertake to successfully complete such training within 6 months from the date of its application. In addition the individual auditor must undertake to successfully complete specific JSE recognised update courses as and when required and directed by the JSE.”*

In their declaration the auditors confirm that they:

- “3. are familiar with the specific audit and financial reporting requirements applicable to applicant issuers, as set out in Sections 3, 8, 13, 15 and 21;
4. have kept up to date in all relevant areas of technical training in order to enable them to maintain the highest level of competence in performing the assurance work of an applicant issuer;
5. have successfully completed JSE recognised training on the JSE Listings Requirements with [please insert date of training and person providing the training] or they undertake to successfully complete JSE recognised training on the JSE Listings Requirements within 6 months from the date of this application and on completion they will forward prove thereof to the JSE;
- ...
11. are aware of the IFRS matters identified by the FRIP, as set out on the JSE and SAICA websites;
12. are aware of SAICA and/or IRBA guidance applicable to reporting accountants and auditors of applicant issuers;
13. have monitored compliance with the disclosure requirements of the JSE relating to interim, preliminary, provisional, abridged and annual reports, as set out in the Listings Requirements, and have, where applicable, reported any matters of non-compliance directly to the JSE;
14. have advised the JSE of any instances where the applicant issuer misrepresented the content of the auditors report as it relates to that applicant issuer (for example by indicating that the auditors opinion is unqualified when there was a modification of the auditors opinion);
15. agree to discharge their responsibilities in terms of the Listings Requirements and agree to uphold the integrity of the markets operated by the JSE; ”...



Point 4 covers normal accounting and auditing standards training, given by audit firms. For point 11, the specific matters should be picked up by auditors on an ongoing basis and the detail need not be covered in the recognized GLR training which is mainly aimed at equipping auditors to deal with points 3, 5, 12 to 15 above.

## Part A: Listings Requirements

### General Principles

- Principles (i) to (vii) of the Requirements

### Definitions

- Identification of any relevant definitions e.g. beneficial shareholding

### Section 1

- Implications for the auditor of non-compliance

### Section 3

- Obligations of disclosure, par 3.4(a) price sensitive information & par 3.4(b) trading statements, confidentiality par 3.5-3.8
- Periodic information, par 3.11 to par 3.25 read together with practice note 1/2003
- Cash companies par 3.26
- Auditors par 3.75-3.79 and par 3.86-3.90

### Section 8

- Pro formas in results that also require sign off, par 8.15 including the guidance letters issued in March 2010 and August 2012 (the detail is not necessary in the GLR course as this is an area for the reporting accountant specialist). Forecasts & estimates, par 8.35-8.44, par 8.48(c)(d), par 8.51
- Content of periodic reports par 8.57-8.61
- Content of annual financial statements (“**AFS**”), par 8.62-8.64 (together with par 4.25 & par 4.26)
- The Financial Reporting Investigation Panel par 8.65-8.66

### Section 11

- Appendix 1, publication of information

### Section 13

- Continuing obligations, par 13.36-13.39
- Property information, par 13.18-13.19
- Continuing obligations for REIT's, par 13.49-13.58

### Section 15

- Content for AFS, par 15.5-15.6

### Section 21

- Public shareholding, par 21.6

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Section 22 & Schedule 15

- In their entirety

Part B: Other related aspects

- The SAICA Circular 2/2013- Headline Earnings
- The market abuse provisions of the FMA