

## Amendments to the JSE Debt Listings Requirements

14 October 2015

*Please read the explanatory memorandum with the consolidated Debt Listings Requirements, which includes Bulletin 1 of 2015.*

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Item	Section	Proposed Amendment	Nature of amendment and rationale
1	<b>Section 1: Authority of the JSE</b>	<p><b>Annual Revision of the List</b></p> <p><b>New paragraph 1.18</b></p> <p>An amendment will be introduced to mirror the provisions relating to equity issuers in the JSE Listings Requirements whereby applicant issuers will be required to submit annual compliance certificates.</p>	<p>The amendment will align the approach with the JSE Listings Requirements and will add regulatory value for the JSE as it will require applicant issuers to apply their minds to their compliance with the Debt Listings Requirements (the “<b>Debt Requirements</b>”) on an annual basis.</p> <p>The applicant issuer annual compliance certificate will be added as a form to the new <b>Schedule 4</b> of the Debt Requirements due to its administrative nature and will be available on the JSE’s website for download and completion.</p>
2	<b>Section 2: Sponsors</b>	<p><b>Schedule 3: Eligibility Criteria</b></p> <p><b>Paragraph 3.5(a)(iii)(4)</b></p> <p>The current sponsor eligibility criteria will be expanded to include an offence under legislation relating to the Financial Markets Act No. 19 of 2012 (the “<b>FMA</b>”).</p>	<p>The current debt sponsor eligibility criteria is only limited to offences under the Companies Act No. 71 of 2008 and it would be prudent for the JSE to be made aware of any offences under the provisions of the FMA as well.</p>

3	Section 2: Sponsors	<p><b>Schedule 3: Sponsor Application Form</b></p> <p><b>The Appendix to Schedule 3 will be deleted in its entirety and moved to the new Schedule 4</b></p> <p>The debt sponsor application form is regarded as administrative in nature and will be moved as an Appendix to <b>Schedule 3</b> to <b>Schedule 2</b> of the Debt Requirements as Form A1.</p>	<p>The approach is in line with the JSE Listings Requirements where administrative forms have been moved to <b>Schedule 2</b> in Service Issue 19, which are available on the JSE's website for download and completion.</p>
4	Section 4: Listing Particulars	<p><b>Voting threshold for extra-ordinary general meeting of holders of debt securities</b></p> <p>An inconsistency will be remedied between the provisions of paragraph 7.14 and 4.17(a) as relates to the threshold voting required from the holders of debt securities.</p>	<p>The provisions of paragraph 7.14 will be applied to paragraph 4.17(a) in order to ensure consistency.</p>
5	Section 6: Specialist Products/Entities	<p><b>Special purpose vehicles/asset-backed debt securities and applicable pricing supplements</b></p> <p><b>New paragraph 6.2(d)</b></p> <p>Placing document or pricing supplement: To make provision for financial information of the guarantor to the underlying obligations to be available instead of the actual obligor's financial information.</p> <p>Reference to paragraph 6.2 is also included under paragraph 4.21 to make provision for financial information on the reference entity/guarantor in an applicable pricing supplement for a credit link note.</p>	<p>The JSE is amending the requirement at the request of issuers and the agreement by the Debt Advisory Committee to make the financial information of the guarantor available instead of the obligor, but only under certain circumstances.</p>

6	<b>Section 7: Continuing Obligations</b>	<b>Continuing Obligations</b>  <b>New paragraphs 7.10(f) and (g)</b>  Amendments are proposed whereby applicant issuers must forthwith advise the JSE when changing their (i) financial year-end and (ii) the debt sponsor.  New paragraphs 7.10(f) and (g) will be introduced to add these notification items.	It is important for the JSE to be aware of changes to financial year-end of an applicant issuer and changes to the debt sponsor, as both these events have consequences for applicant issuers under the provisions of the Debt Requirements.
7	<b>Section 7: Continuing Obligations</b>	<b>Continuing Obligations</b>  <b>New paragraphs 7.34 – 7.38</b>  An amendment is proposed whereby applicant issuers must forthwith advise the JSE when there is a change of auditor.  New paragraphs 7.35 – 7.39 will be added set out the notification process.	On the basis that the Debt Requirements also requires the accreditation of auditors pursuant to the provisions of the JSE Listings Requirements it will be prudent that the JSE (as in the case with the JSE Listings Requirements) receives notification of any change of auditor.
8	<b>Section 7: Continuing Obligations</b>	<b>Timetable applicable to corporate actions</b>  <b>New paragraph 7.39</b>  Debt instruments listed on main board of the JSE must comply with the corporate actions timetable dealing with – <ul style="list-style-type: none"> <li>• Redemption of debt securities</li> <li>• Cash dividends and interest payments.</li> </ul>	Corporate action timetables will be added at the end of Section 7 which will require debt securities listed on the main board of the JSE to adhere to the timetables to ensure that the settlement periods are aligned.

9	<b>Section 7: Continuing Obligations</b>	<b>Standardisation of disclosure of underlying assets in the asset backed securities.</b>  <b>Paragraph 7.6</b>  In line with IOSCO principles the JSE is aligning itself with the standardisation of reports to holders of asset-backed securities.	This approach of disclosure is in line with international best practice. The JSE has considered current information provided by applicant issuers and used that as the basis for the disclosure of standardisation of information.  The standardised disclosure will be added as a form to <b>Schedule 4</b> , which will be available on the JSE's website for download and completion
10	<b>Section 7: Continuing Obligations</b>	<b>7: Submission of Financial Results</b>  <b>Paragraph 7.2</b>  The Debt Requirements requires the following financial information of debt issuers, and any guarantor where required, to be submitted to the JSE: <ul style="list-style-type: none"> <li>• annual financial statements (“<b>AFS</b>”) within 6 months of year end.</li> <li>• six month interim reports (“<b>Interims</b>”) within 3 months of the financial period end;</li> </ul> The publication/distribution period for these financial results exceed the periods afforded by major comparable stock exchange. It is the intention of the JSE to propose and amendments to bring the publication/distribution period for financial results closer to international practice.  It is proposed to amend the timing for the submission of Interim to two months and for AFS to three months.	The Financial Sector Assessment Program dated March 2015 contains a detailed assessment on South Africa of the implementation on the IOSCO objectives and principles of securities regulation.  <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>  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.  These amendments will bring the continuing reporting obligations of entities listed on the main board in line with other international stock exchanges.  Further, applicant issuers will now be obliged to prepare interim results.  These changes will bring the continuing reporting obligations of debt applicant issuers on the JSE in line with other international stock exchanges.  The same approach will be followed for equity issuers under the JSE Listings Requirements.

		<p><b>Mandatory submission of Interim Results</b></p> <p>In line with international standards, applicant issuers will be required to prepare interim results.</p> <p>Debt issuers listed on EU regulated markets (which includes the Main Market of the LSE and the Main Securities Market of the ISE), in Hong Kong and the NYSE are required to produce Interims and publish these within the timeframes stipulated above. Only the Singapore Stock Exchange, Australian Stock Exchange and Professional Securities Market of the LSE do not require the publication of Interims.</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 Debt 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>
11	Section 7: Continuing Obligations	<p><b>STC Credits</b></p> <p><b>Various paragraphs: Paragraphs 7.24 and 7.25</b></p> <p>The reference to Secondary Tax on Companies (“STC”) 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>
12	Section 7: Continuing Obligations	<p><b>Timing of announcement</b></p> <p><b>Paragraph 7.16 stipulates the following:</b></p> <p><i>“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. In the event of a change to an issue of the nature as set out in paragraph 7.17, the details of the change shall be submitted to the JSE for approval and published on SENS.”</i></p> <p>A period of within two business days will be added to the second part of the paragraph in order to provide sufficient notice of the changes the market.</p>	<p>The will assist holders of debt securities to take notice of any such change.</p>

13	Section 7: Continuing Obligations	<p><b>Timing of announcement</b></p> <p><b>Paragraph 7.22 stipulates the following:</b></p> <p><i>“In the event of a proposed permanent reduction in the authorised amount, listed and issued amount of a debt security (e.g. invitation to redeem, convert or split), an issuer shall notify the JSE and publish on SENS its intention to implement such permanent reduction, providing details of...”</i></p> <p>A period of within two business days will be added in order to provide sufficient notice of the changes the market.</p>	The will assist holders of debt securities to take notice of any such reduction.