

## Key Amendments to Section 2: Sponsors and Schedule 16

	Text	Rationale
	<i>Note: Paragraph references refer to the current Requirements, unless otherwise stated</i>	
1	<b>Scope of Section</b>	Reduced significantly to deal with core listings requirements, being Sections, Schedules and Practice Notes. In terms of the existing and new definition of “ <i>Listings Requirements</i> ”, the Scope of Section does not form part of the Requirements.
2	<b>Schedules</b>  The following amendments have been made to schedules: <ul style="list-style-type: none"> <li>• <b>Schedule 16</b> dealing with sponsors will become the new Schedule 4.</li> <li>• <b>Schedule 17</b> (Sponsor Declaration) will be moved to the JSE Forms Portal as an administrative form.</li> <li>• Approved Executive Declaration has been created to cover the items in Schedule 16 paragraph 16.5(v), so these provisions have been removed from Schedule 16.</li> </ul>	General simplification.
3	<b>Designated Advisers</b>  Introduction of a new definition of “DA”.  Brought in the provisions relating to DAs from Section 21 to Section 4.  Consolidated appointment and responsibilities with that of sponsors, save as otherwise stated.  Removed the reference to IFRS and the Takeover Regulations in paragraph 21.20(f) and limited the reference to Companies Act.	The application process and responsibilities of sponsors and DAs are almost identical and should therefore be addressed in one section.          The DA is not deemed the appropriate party to advise the board on the application of IFRS. Further, the Takeover Regulations are covered in the Act and does not require separate mention.
4	<b>Sponsor Independence</b>  <b>Paragraph 2.4</b>	A new listing must be brought to market by an independent sponsor.

	The JSE is proposing that a new listing requires the appointment of an independent sponsor.	
<b>5</b>	<p><b>Sponsor Independence</b></p> <p>Provisions of Schedule 16 dealing with sponsor independence brought into Section 4.</p> <p>Paragraph 16.5(d)(iii)(3):</p> <p>Amended that a sponsor having an interest in the success of a listing/corporate action, would not necessarily mean that the sponsor is not independent, only to the extent that it deemed substantial to the sponsor.</p> <p>Removed paragraph 16.5(d)(iii)(2):</p> <p><i>“the above will not apply to investment entities where the sponsor’s interest arises by virtue of the holdings of its non-managed discretionary clients;”</i></p> <p>Amended paragraph moved to Schedule 4, see new paragraph 1.12:</p> <p><i>“any director or employee of the sponsor that has a significant [less than 10%] interest in an issuer, being 10% or more for purposes of this requirement, or is material to the director or employee, must not be involved in advisory activities of the sponsor in relation to such applicant issuer;”</i></p>	<p>Independence provisions have been consolidated in one place in Section 4.</p> <p>Success based interest are normal practice in corporate finance and as such independence will only be impacted if such success-based interest is material to the issuer.</p> <p>This can be evidenced to the JSE, no need for a specific requirement to that effect. The times this provision has seldomly been applied, so removed based on limited to no regulatory relevance.</p> <p>Confusing and now clarified, interest linked to materiality being 10% or more.</p>
<b>6</b>	<p><b>Termination</b></p> <p><b>Paragraph 2.7A(b)</b></p> <p>The requirement for a SENS announcement has been removed when the services of a sponsor are terminated.</p>	There is no announcement obligation with the resignation of a sponsor. Amendments are aimed to ensure consistency.
<b>7</b>	<p><b>Responsibilities of sponsor</b></p> <p><b>Paragraph 2.9:</b></p> <p>Responsibility introduced to advise applicant</p>	This responsibility is fitting with the general responsibilities of a sponsor, to advise the applicant

	<p>issuer of any amendments to the Requirements.</p> <p><b>Paragraph 2.9(f)</b></p> <p>As with competent persons for mineral companies, the sponsor must also satisfy itself on the credentials of qualified reserve evaluators for Oil and Gas Companies.</p> <p>The JSE has removed reference to the reporting accountant specialist and auditors. The concept of a reporting accountant specialist has been removed in the new Section 11 (Financial Information) and the audit committee has specific responsibilities regarding the appointment of the auditor.</p>	<p>issuer on the application of the Requirements.</p> <p>Amendment aimed at consistency in respect of mineral, and oil and gas companies.</p> <p>Alignment of responsibilities of the audit committee.</p>
<b>8</b>	<p><b>Working capital statement</b></p> <p><b>Paragraph 2.12</b></p> <p>Removed the working capital statement provisions applicable to sponsors.</p>	<p>A working capital statement is the responsibility of the board, as such a sponsor is not the appropriate party to make a working capital statement.</p>
<b>9</b>	<p><b>Conflicts of interest</b></p> <p><b>New paragraphs 2.16</b></p> <p>Moved the existing conflicts of interest provisions from Schedule 16 to the new Section 4.</p>	<p>The provision is important and is better addressed in the new Section 4.</p>
<b>10</b>	<p><b>VCC Regime</b></p> <p>This tax incentive has expired and has been removed from the Requirements, and there were no applications or current listings.</p>	<p>No regulatory relevance.</p>
<b>11</b>	<p><b>Schedule 16</b></p> <p>Complete new version as new Schedule 4.</p> <p>The code of ethics and standards of professional conduct has been renamed as the “<i>Sponsor Code of Conduct</i>” and has remained largely unchanged.</p>	<p>No material amendments, other as stated herein.</p>

<b>12</b>	<p><b>Schedule 16</b></p> <p><b>Paragraph 16.23: Sponsor procedures manual</b></p> <p>The sponsor procedures manual has been removed and replaced with certain sponsor controls for eligibility purposes in the new Schedule 4. See new paragraph 1.5 in the new Schedule 4.</p>	<p>The controls should be confirmed to the JSE and on an annual basis, no need for the JSE to require a sponsor procedures manual.</p>
<b>13</b>	<p><b>Schedule 16</b></p> <p><b>Paragraphs 16.26 – 16.38: VCC Adviser</b></p> <p>This tax incentive has expired and has been removed from the Requirements, and there were no applications or current listings.</p>	<p>No longer has regulatory relevance.</p>
<b>14</b>	<p><b>Schedule 16</b></p> <p><b>Paragraph 16.20</b></p> <p>Removed the following paragraph:</p> <p><i>"A sponsor shall continue to be subject to the jurisdiction of the JSE for a period of one year following the resignation, termination or withdrawal of status."</i></p>	<p>There should be no time limitation of one year on sponsor responsibilities.</p>
<b>15</b>	<p><b>Documents approved by sponsor</b></p> <p><b>New Paragraph 2.11</b></p> <p>Recoded the events which can be approved by sponsors without JSE involvement as currently recorded in paragraph 16.5(c).</p>	<p>Clarity on the documents for which sponsors take responsibility, without JSE involvement. More appropriate to be covered in the new Section 4 dealing with sponsors than the current Schedule 16.</p>
<b>16</b>	<p><b>Securities held by the sponsor on listing</b></p> <p><b>New Paragraphs 2.18 and 2.19</b></p> <p>Harmonised and consolidated the provisions dealing with shares held by sponsor and DAs, in relation to share issuances and lock-up periods.</p> <p>The sponsor provisions have been removed from paragraph 5.127 and are now dealt with in Section 4.</p>	<p>The provisions dealing with the issue of shares and lock-up periods should be the same for both sponsors and DAs, provided DAs are still required to announce dealing in their issuers.</p> <p>It should be noted that the provisions relating to sponsors in terms of paragraph 5.127 are less strict than provisions currently being proposed.</p>

17	<p><b>DA: Additional responsibilities</b></p> <p>Moved the following wording that has been extracted from paragraph 21.5 of Section 21 to the Corporate Governance Section 5.</p> <p><i>"Notwithstanding the above provisions, the DA must be allowed to attend any audit committee meeting of the applicant issuer should it wish to attend same. The DA is to be an observer at these meetings and not a member."</i></p>	<p>More appropriate with DA responsibilities as it relates to the audit committee to be moved to the Corporate Governance Section.</p>
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