

Key Amendments to Sections

- **Section 4: Conditions of Listing;**
- **Section 14: Pyramids;**
- **Section 18: Secondary Listings;**
- **Section 20: Hybrid Securities; and**
- **Section 21: AltX**

Par	Text	Rationale
	<i>Note: Paragraph references refer to the current Requirements, unless otherwise stated</i>	
1	Creation of a New Section 2: New Listings	
1.1	<p>This key amendment schedule deals with the JSE's listing offerings as well as a few ancillary matters.</p> <p>The intention is to create a new section to showcase the JSE's listing offerings in one compact section: "New Listings". This new Section 2 will deal with the listing criteria for all the offerings below, as well as general provisions that need to be complied with.</p> <p>This approach will allow applicants, sponsors and advisers to only visit one section in the Requirements to view the listing criteria for all the JSE's listing offerings, being:</p> <ol style="list-style-type: none"> 1 Main Board; 2 the ALT^x; 3 Development Stage Company; 4 Property Entities; 5 REIT Status; 6 Mining/Oil and Gas Companies; 7 Investment Entities; 8 SPAC; 9 Weighted Voting Share Structure; 10 Preference Shares; 11 Secondary Listings; 12 Fast-Track Secondary Listings 13 Dual Listed Company Structure; 14 BEE Segment; and 	<p>The intention is to create a new section to showcase the JSE's listing offerings in one compact section: "New Listings".</p>

	<p>15 Depositary Receipts;</p> <p>16 Market Segmentation;</p> <p>17 General: ALT^x; and</p> <p>18 General: Weighted Voting Shares and Preference Shares.</p> <p>Applicants will continue to comply with the industry specific sections such a mining and property, as examples.</p> <p>The new section will also include all the general provisions applicants need to comply with, such as financial information, corporate governance, MOI approval and the like.</p>	
2	Section 4: Conditions of Listing	
2.1	<p>Discretion of the JSE</p> <p>Paragraphs 4.3 – 4.5</p> <p>The provisions relating to a JSE discretion on listing criteria has been removed.</p>	JSE discretion will be removed as far as possible.
2.2	<p>Public shareholders</p> <p>Paragraph 4.25</p> <p>Introduced as a new definition and moved to the definitions section.</p>	General simplification
2.3	<p>Financial Information</p> <p>Paragraph 4.13(a)</p> <p>Proposing to remove an emphasis of matter as a listing exclusion.</p>	<p>The nature of matters dealt with under an emphasis of matter are not considered to be severe enough to exclude a listing. The JSE is of the view that this is rather a matter of disclosure and must rather be disclosed in the PLS. As such this obligation will be carried across to Section 10: PLS and Circulars.</p> <p>See Part B, Section 10.</p>
2.4	<p>Financial Information</p> <p>The JSE proposes that where there is no profit requirement in the listing criteria, the JSE be provided with an audited statement of financial position.</p>	<p>On the basis that there is no profit history it would be prudent to present an audited statement of financial position.</p> <p>As such this obligation will be carried across to Part B Section 10: PLS and Circulars.</p>

2.5	<p>Main Board Listing Criteria</p> <p>Paragraph 4.28</p> <p>The provisions of paragraph 4.28 of the Requirements have been simplified to identify the key listing criteria applicable to an applicant and to enable an applicant to easily identify whether it would be eligible for a listing or not. Other than simplifying the wording of the requirements, the following key changes to the listing criteria have been proposed:</p> <ul style="list-style-type: none"> • The existing subscribed capital calculation is prohibitive in nature excluding items recorded in the financial statements which are recorded in terms of IFRS, substantiated by the business of the issuer and independently assured by the registered auditor of the applicant. Introduction of net asset value calculated based on the audited financial statements of the applicant is therefore introduced as a simpler and more meaningful measure for determination of eligibility for listing. • Similarly, the existing three-year period of control over the majority of its assets is unnecessarily prohibitive. The period of control has been revised to a twelve-month period as this, together with the retained requirements for three years of financial history and the meeting of the profit test, is considered sufficient to ensure that the group is properly established. The exception to three years of financial history is maintained for development stage companies and an applicant that is put together for purposes of a listing, with the twelve-month period of control preserved in these instances. <p>Introduced a new definition of “<i>net asset value</i>”, being total assets minus total</p>	<p>All other listing entry criteria dealing with the concept of “subscribed capital” has been amended accordingly. See AltX, SPAC and Investment Entities.</p> <p>Other than this revised approach, the listing criteria of the respective listing offerings have been maintained.</p>
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	<p>liabilities.</p> <p>The following narrative has been added after listing criteria for main board and AltX:</p> <p><i>"Where the net asset value comprises material revaluation of assets, disclosure must be provided of the valuation amounts, valuation methodology/ies, details of the assumptions, sensitivity analysis, effective date of valuation and name of valuer. This revaluation disclosure may be incorporated by reference if already reported by the applicant."</i></p>	
3	Section 4: SPAC	
3.1	<p>Paragraphs 4.33 - 4.42</p> <p>The general provisions dealing with SPACs have been simplified and moved to Investment Entities and SPACs: Section 15.</p> <p>The definitions relating to SPACs have been moved out of the main body of the Requirements to the definitions section.</p>	<p>SPACs and Investment entities will be housed together in one section (Section 15), on the basis that they are investment vehicles.</p> <p>See Definitions</p>
3.2	<p>Call Option Agreement</p> <p>Currently, an applicant may consider an acquisition of viable assets provided that the applicant has not entered into any formal and binding acquisition agreement/s.</p> <p>The JSE has been approached to allow call options agreement, where the issuer may, but is not obliged to, pursue the acquisition of viable assets post listing. It was motivated that the investment community was averse to providing cash to a listed SPAC and then having to <i>"sit back and hope"</i> that the SPAC can acquire viable assets.</p> <p>This approach may afford potential investors with some insights on a potential acquisition of viable assets before listing, however the acquisition may only proceed after listing at the election of the issuer and with shareholders' approval.</p>	<p>Supporting the attractiveness of the SPAC offering whilst maintaining investor protection through disclosure and shareholders' approval.</p>

4	Section 14: Pyramid Companies	
4.1	<p>Section 14: Pyramid Companies</p> <p>International Landscape</p> <p>The JSE conducted research on how other international markets deal with pyramids and have also reached out to some of its counterparts at international exchanges like Frankfurt, Amsterdam, Luxembourg and Hong Kong. The key finding where:</p> <ul style="list-style-type: none"> • The JSE could not find a market that has a definition of or requirements for pyramid companies; • There are markets where pyramids are listed with examples of Heineken and Porsche/Volkswagen being provided as examples; • Many markets adopt a <i>caveat emptor</i> approach and regulate by disclosure leaving it up to investors to determine whether they wish to invest or not; • There may be some markets where pyramid companies are ineligible for index inclusion; and • The Hong Kong Stock Exchange does not prohibit pyramid companies, but they have very clear requirements that stipulate that with a partial unbundling by an existing listed company resulting in another separate listing, the existing listed company must ensure that its assets, excluding its holding in the unbundled company, must in its own right qualify for listing. 	<p>Considering the international benchmarking exercise, the JSE is proposing the following:</p> <ul style="list-style-type: none"> • Section 14 will be deleted in its entirety; • The construct of pyramid companies will be dealt with under the new Section 2: New Listings and the new Section 6: Continuing Obligations; • The existing test for a pyramid will be substantially retained, with the additional provision to assess whether the holding company is reliant on the listed controlled company. [See new definition of “pyramid company”]; • When looking at the new definition, what is a business of substance? The intention is that the holding company must be able to demonstrate that it stands on its “own feet”, and not just serve as a flow through from the listed controlled company level; • More time will be afforded to cure the classification as a pyramid (being a period suggested as two years), subject to conditions; • The JSE will not grant a listing to a pyramid company, whether primary or secondary; and • The listing of existing pyramid companies, as at the date of approval of the pyramid provisions, remain unaffected.
5	Secondary Listings	
5.1	<p>Fast-Track Listing Route</p> <p>The JSE proposes to collapse its list of (i) approved exchanges and (ii) accredited exchanges into one list, that will going forward be known as approved exchanges (being one harmonised list).</p>	<p>The JSE introduced the concept of approved and accredited exchanges in 2018. The JSE has been made aware that the naming convention (approved <i>versus</i> accredited) causes confusion as they both speak to eligibility for a secondary listing on the JSE. The only difference being, either the (i) normal listing route or (ii) the fast-track listing route.</p>

	<p>This one list will be regarded as approved exchanges for purposes of secondary listings, which will also include fast-track eligibility.</p> <p>It is also being proposed that the period to qualify for the fast-track route will be reduced from 18 months to 12 months (the period to be listed on an approved exchange).</p> <p>The approved list of exchanges will now comprise the following:</p> <ol style="list-style-type: none"> 1 Australian Stock Exchange; 2 London Stock Exchange; 3 New York Stock Exchange; 4 Toronto Stock Exchange; 5 Singapore Stock Exchange; 6 Hong Kong Exchanges and Clearing Ltd; 7 The Nasdaq Stock Market; 8 Euronext Amsterdam; 9 Euronext Brussels; 10 Frankfurt Stock Exchange; 11 Luxembourg Stock Exchange; 12 SIX Swiss Exchange; 13 Hong Kong Exchanges and Clearing Ltd; 14 Tadawul Exchange; 15 Euronext Paris; 16 Euronext Dublin; 17 Euronext Milan; 18 Euronext Lisbon; and 19 Euronext Oslo. 	<p>The approved list of exchanges is well established in the market and as such it would make sense to grant applicants from all the current approved exchanges, access to the fast-track listing route.</p> <p>Furthermore, the JSE is of the view that a listing of 12 months on an approved exchange will afford sufficient time for information to be disseminated in the approved exchange market, to make an informed investment decision on the issuer.</p>
5.2	<p>Schedule 18: Application for Listing by Accredited Applicants</p> <p>This schedule will be moved to the JSE Forms</p>	

	<p>Portal, due to its administrative nature.</p> <p>The application form will also be amended to remove the reference to “accredited”, but rather “approved”.</p>	
5.3	<p>External Companies</p> <p>These provisions will be moved to Section 2: New Listings, as they apply to all new listings not only secondary listings.</p> <p><i>“18.1(b) Where appropriate, an applicant must be registered as an external company in terms of Section 23 of the Act before making application for a listing on the JSE. An applicant issuer must obtain a legal opinion as to whether it is required to register as an external company. A copy of this legal opinion must be furnished to the JSE on application for listing.</i></p> <p>External companies</p> <p>18.28 <i>An external company with a listing on the JSE must appoint and maintain, whilst it remains listed on the JSE, a person authorised to accept service of due process and notices on its behalf in the Republic of South Africa and must notify the JSE of such appointment (or termination, providing that, in the event of termination, another person must immediately be appointed and their details provided in accordance with this paragraph), including:</i></p> <ul style="list-style-type: none"> <i>(a) the name of the person appointed (“person”) and the person’s address for services of due process and notices;</i> <i>(b) if different, the person’s business and residential address;</i> <i>(c) the person’s business and residential telephone number;</i> <i>(d) the person’s e-mail address; and</i> <i>(e) any change in the above particulars.”</i> 	Moved to appropriate section.

5.4	<p>Dual Listed Companies Structure</p> <p>Paragraph 18.29</p> <p>The DLCS structure has been simplified, whereby such company:</p> <ul style="list-style-type: none"> • can either be listed primary or secondary on the JSE (no longer just primary); and • can follow its primary exchange rules and no longer the most onerous of the two. 	<p>These provisions were brought into the Requirements well before the establishment of a robust secondary listings framework, and the proposed simplification gives recognition to such developments.</p>
6	<p>Section 20: Hybrid Financial Instruments</p>	
6.1	<p>Section 20: Hybrid Financial Instruments</p> <p>The section will be removed in its entirety and replaced with the construct of “Preference Shares”.</p>	<p>In line with the simplification ground rules, Section 20 (Hybrid Financial Instruments or HFI) was reviewed to identify ways in which to make this section simpler for issuers and sponsors to understand and implement. In addition to this review, we examined submissions made by current HFI issuers when applying to list as well as continuing obligation submissions by these issuers. We noted the following:</p> <ul style="list-style-type: none"> • There was often confusion as to what constituted an HFI, given the broad definitions referred to in the section. This required issuers / sponsors always needing to apply to the JSE for clarity on whether an instrument would be considered an HFI or not. • There was significant uncertainty as to whether all or only some of the Requirements applied to HFI issuers, as it was under a separate section of the Requirements. • There were significant cross-referrals to other sections of the Requirements, with only limited exclusions being applied to HFI issuers. This resulted in significant confusions for issuers /sponsors when listing a HFI. In addition, due to the reference to “<i>shares</i>” in certain sections that were cross-referenced, there was uncertainty regarding which continuing obligations would apply to HFI issuers. • All of the instruments currently listed under the HFI requirements are preference shares. • Many of the HFI issuers were existing equity

		<p>issuers.</p> <p>Given the above, the decision was made to rename this section “<i>Preference Shares</i>”, so as to give greater clarity regarding the instruments that will be listed. A definition was also included, so that issuers no longer need to apply to the JSE in order to determine if the instruments fall within this section. In addition, it was decided that Preference Shares should rather be included within the New Listing section of the Requirements. This provides:</p> <ul style="list-style-type: none"> • Certainty to issuers / sponsors that all of the Listings Requirements, other than those specifically excluded, will apply to Preference Share issuers; • Less confusion on listing and continuing obligation requirements, as there is now limited cross-referencing; and • Duplicate requirements being removed, making the requirements simpler and easier to understand. <p>We believe that the amendments to this section will make it easier for new and existing Preference Share issuers to comply with the Requirements.</p>
7	Other	
7.1	<p>Venture Capital Company</p> <p>Paragraphs 21.3. 21.13 – 21.37 and 21.42 – 21.43</p> <p>All the provisions relating to venture capital companies have been removed.</p>	<p>No longer has regulatory relevance.</p> <p>This tax incentive has expired and has been removed from the Requirements, and there were no applications or current listings.</p>
7.2	<p>DA: Lock Up Arrangements</p> <p>Paragraphs 21.9(g)</p> <p>The involvement of auditors, attorneys and CSDP in relation to lock-up of shares held by the directors and the DA have been removed, as these are not regulated parties in term of the Requirements.</p>	<p>In the event of a breach, the JSE has no reach to the auditors, attorneys and CSDP. As such the lock-up arrangements and responsibilities are placed solely on the directors and DA, that are subject to the regulation and enforcement in terms of the Requirements.</p>

7.3	<p>Summary Circular and PLS</p> <p>Paragraph 21.11 & Appendix 2 to Section 11</p> <p>The concept of a summary circular and PLS has been removed.</p>	<p>It has already been proposed to remove the concept of a summary PLS and circulars.</p> <p>We have not seen any uptake on this offering over the course of several years.</p>
7.4	<p>Application to transfer to AltX</p> <p>Paragraphs 21.38 and 21.39, and the Appendix to Section 21</p> <p>These provisions have been removed. Any transfer to AltX will be considered against the listing criteria for AltX.</p>	<p>No such applications have been forthcoming in the last several years, considering the removal of the VCM and the DCM regime (which has now been removed).</p> <p>It is further uncommon for main board issuers to transfer to AltX.</p>
7.5	<p>AltX Business Plan: Fast-Track Secondary Listings</p> <p>Paragraphs 21.41</p> <p>Amended the approach for fast-track secondary listings that a business plan need not be prepared but that a presentation can rather be made to the AltX Advisory Committee. As such, the committee still provides input but on a more expedited basis, to support the fast-track listing regime.</p>	<p>Affords more flexibility for new listings making use of the fast-track listing process.</p>
8	General	
8.1	<p>Exercise of options to subscribe for securities (including options in terms of executive and staff share schemes)</p> <p>Paragraphs 5.63 and – 5.65</p> <p>These provisions have been simplified and will be moved to the new Section 6: Continuing Obligations.</p>	
8.2	<p>Introductions, Placings and Offers for Sale and Subscription</p> <p>Paragraphs 5.4 and 5.13</p> <p>These provisions have been simplified and will be moved to the new Section 10: PLS and</p>	

	Circulars.	
8.3	Market Segmentation Fairness opinions & historical financial information The adjusted application of the items in paragraph 4.62(b) (fairness opinion) and (g) (period re historical financial information for transactions) will be removed as they will now apply to all issuers, not just the issuers in the General Segment.	Align with simplification reforms.
8.4	The general provisions relating to the below have been added to New Listings. <ul style="list-style-type: none"> • General: ALT^x; and • General: Weighted Voting Shares; and • General: Preference Shares. 	
9	New Schedules	
9	BEE Segment It should be noted that a new BEE Segment has been introduced as a new Section 22, as part of the amendments relating to the introduction of the Debt and Specialist Securities Listings Requirements. The BEE Segment will now be housed in a new Schedule 7.	These provisions have been updated to align with cross referencing of the new simplified version of the Requirements.
9	Depository Receipts It should be noted that depository receipts have been moved from Section 19 (Specialist Securities) to current Section 18 (Dual Listings), as part of the amendments relating to the introduction of the Debt and Specialist Securities Listings Requirements. Depository receipts will now be housed in a new Schedule 8.	These provisions have been updated to align with cross referencing of the new simplified version of the Requirements.

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