

**Key Amendments to:**

- **Section 5: Methods and Procedures of Bringing Securities to Listing;**
- **Section 11: Circulars, PLS/Prospectuses and Announcements; and**
- **Section 16: Documents to be submitted to the JSE.**

	<b>Text</b>  <i>Note: Paragraph references refer to the current Requirements, unless otherwise stated</i>	<b>Rationale</b>
<b>1</b>	<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.
<b>2</b>	<b>Consolidation of Corporate Actions</b>  Various corporate actions in the following Sections have been consolidated into a new Corporate Actions Section (New Section 7). <ul style="list-style-type: none"> <li>• Section 5: Methods and Procedures of Bringing Securities to Listing;</li> <li>• Section 11: Circulars, PLS/Prospectuses and Announcements;</li> <li>• Section 16: Documents to be submitted to the JSE.</li> </ul> Limited provisions in the current Section 7 (Listings Particulars) have also been included in the consolidation: <ul style="list-style-type: none"> <li>• Paragraphs 7.C.15 and 7.C 16: Rights offers, capitalisation issues and scrip dividends.</li> </ul>	The following corporate actions have been identified, see <b>Annexure A</b> .  Each corporate action will be structured in alphabetical order, under the following key indicators: <ul style="list-style-type: none"> <li>• Specific requirements;</li> <li>• Announcements;</li> <li>• Contents of circular; and</li> <li>• Submission to the JSE.</li> </ul> Corporate actions, in some cases, are spread across three to four sections. The aim is to consolidate all the provisions dealing with a particular corporate action in one place, rather than being spread across various sections.  This approach will support the ease of applying the listings requirements to a particular corporate action.
<b>3</b>	<b>Definition “beneficial” and “beneficial owner”</b>  <b>Issues for cash and repurchases, and underwriter</b>  The use of both definitions interchangeably	Supports consistency in application and will lead to a uniform approach as regards beneficial interest in the Companies Act.

	<p>throughout the Requirements causes confusion on the basis that the definitions are very similar.</p> <p>The definition of “<i>beneficial owner</i>” will be removed and incorporated in the new definition proposed below.</p> <p>In line with the simplification ground rules, duplication will be avoided. As such, the JSE proposes to align the concept of “<i>beneficial</i>” to the definition of “<i>beneficial interest</i>” as found in the Companies Act, No. 71 of 2008.</p> <p><i>“beneficial interest”, when used in relation to a company’s securities, means the right or entitlement of a person, through ownership, agreement, relationship or otherwise, alone or together with another person to—</i></p> <p><i>(a) receive or participate in any distribution in respect of the company’s securities;</i></p> <p><i>(b) exercise or cause to be exercised, in the ordinary course, any or all of the rights attaching to the company’s securities; or</i></p> <p><i>(c) dispose or direct the disposition of the company’s securities, or any part of a distribution in respect of the securities, but does not include any interest held by a person in a unit trust or collective investment scheme in terms of the Collective Investment Schemes Act, 2002 (Act No. 45 of 2002);</i></p> <p>The new JSE definition will be proposed as follows:</p> <p><i>“beneficial” has the meaning of the definition of beneficial interest in the Act, and the terms ‘beneficially interested’, ‘held beneficially’, ‘beneficial interest holder’, ‘beneficial shareholders’ and ‘beneficial owner’ must be interpreted in this context</i></p>	
<b>4</b>	<p><b>Issue of shares for cash</b></p> <p>There are four reforms being proposed to the issue of shares for cash regime:</p> <ul style="list-style-type: none"> <li>• Reduction in level of shareholders’ approval;</li> <li>• Removal of fairness opinion for</li> </ul>	<p><u>Vote</u></p> <p>The JSE imposes a 75% ordinary resolution for the approval of both a specific and general authority to issue shares for cash. The JSE has benchmarked this authority against the London Stock Exchange, the Singapore Stock Exchange and the Hong Kong Stock Exchange, and all these markets impose an ordinary resolution by majority vote to approve an issue of</p>

	<p>related party issuances;</p> <ul style="list-style-type: none"> <li>• Removal of pro forma financial information; and</li> <li>• Repositioning in respect of the issue of options/convertible securities under a general authority.</li> </ul> <p>The JSE further proposes to require the details of the beneficial owner of the subscriber under the specific authority, however only to the extent known to the issuer and with consent from the subscribing party.</p>	<p>shares for cash.</p> <p>Although the JSE voting level has been in place for many years, the JSE appears not to be aligned with peer international exchanges.</p> <p><u>Fairness Opinion</u></p> <p>On the basis that shareholders' approval is imposed on an issue for cash authority, it must be questioned whether a fairness opinion adds value considering that the JSE offers active price formation for listed securities.</p> <p>The independent members of the board will however be required to express an opinion whether the issue price is fair to shareholders.</p> <p>Furthermore, participants and their associates will be excluded from voting.</p> <p><u>Pro forma financial information</u></p> <p>The JSE requires an explanation on the use of funds and questions whether pro forma financial information adds value considering the time, costs and resources allocation required in the preparation of pro forma financial information.</p> <p>The JSE will require a detailed narrative on the impact of the issue for cash on the financial statements.</p> <p>Furthermore, the number of shares issued, the issue price and the subscriber will be disclosed.</p> <p>Once again, the peer markets above do not require this detailed level of financial information.</p> <p><u>Options/convertible securities</u></p> <p>The aim was to simply the pricing model linked to the date of issue.</p>
5	<p><b>Repurchases</b></p> <p>There are four reforms being proposed to the repurchase regime:</p> <ul style="list-style-type: none"> <li>• Reduction in level of shareholders'</li> </ul>	<p><u>Vote</u></p> <p>The JSE imposes a 75% ordinary resolution for the approval of both a specific and general authority to repurchase securities.</p>

	<p>approval;</p> <ul style="list-style-type: none"> <li>• Removal of fairness opinion for related party issuances;</li> <li>• Removal of pro forma financial information; and</li> <li>• Removal of prohibition to repurchase shares in a closed period, under a specific authority.</li> </ul>	<p>The JSE imposes a 75% ordinary resolution for the approval of both a specific and general authority to issue shares for cash. The JSE has benchmarked this authority against the London Stock Exchange, the Singapore Stock Exchange and the Hong Kong Stock Exchange. London and Singapore impose an ordinary resolution by majority, whilst Hong Kong imposes a 75% on a specific authority.</p> <p>Although the JSE voting level has been in place for many years, the JSE is not completely aligned with the peer international exchanges.</p> <p><u>Fairness Opinion</u></p> <p>On the basis that shareholders' approval is imposed for related party repurchases, it must be tested whether a fairness opinion adds value considering that the JSE offers active price formation for listed securities.</p> <p>The independent members of the board will however be required to express an opinion whether the repurchase price is fair to shareholders.</p> <p>Furthermore, participants and their associates will be excluded from voting.</p> <p><u>Pro forma financial information</u></p> <p>The JSE requires an explanation on the source of fund used and questions whether pro forma financial information adds value considering the time, costs and resources allocation.</p> <p>The JSE will require a detailed narrative on the impact of the repurchase on the financial statements.</p> <p>Furthermore, the number of shares to be repurchased, the repurchase price and the selling shareholder will be disclosed.</p> <p>Once again, the peer markets above do not require this detailed level of financial information.</p> <p><u>Closed period repurchases</u></p> <p>The above markets have no prohibition for closed period repurchases. Based on the premise that shareholders' approval is imposed, and participants (and their associates) are excluded from voting, the JSE is proposing to remove the prohibition on closed period repurchases under a specific authority.</p>
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<b>6</b>	<b>Redemption of listed redeemable securities</b>  <b>Contents of circular</b>  <b>Paragraph 11.38(b)(iv) and new paragraph 6.66(d)</b>  Removed the provision to prepare pro forma financial information	Detailed pro forma information will be replaced with a detailed narrative on the impact of the redemption on the financial statements.
<b>7</b>	<b>General issue announcement</b>  <b>Paragraph 11.22(c)</b>  Removed the provision to prepare pro forma financial information in respect off the issue of options and convertible securities	Detailed pro forma information will be replaced with a detailed narrative on the impact of the issue on the financial statements.
<b>8</b>	<b>Rights offers and underwriter</b>  The JSE further proposes to require the details of the beneficial owner of the underwriter only to the extent known to the issuer and with concern from the subscribing party.	Transparency
<b>9</b>	<b>Liquidation</b>  <b>Contents of circular</b>  Removed the provision to prepare pro forma financial information	Highly unlikely that an issuer in liquidation will be able to prepare pro forma financial information and may cause unnecessary delays.

## **Annexure A**

- 1 Acquisition issues and vendor consideration placings;
- 2 Alteration of share capital;
- 3 Change of name;
- 4 Dividends, capitalisation issues and scrip dividends;
- 5 Issues for cash;
- 6 Listed options;
- 7 Odd lot offers;
- 8 Payments to securities holders;
- 9 Redemption of listed redeemable securities;
- 10 Repurchase of equity securities;
- 11 Rights and claw back offers;
- 12 Transfer of sector; and
- 13 Voluntary liquidation.

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