

## FSCA Press Release

4 March 2019

### Report by the FSCA on status of various investigations

The Financial Sector Conduct Authority (FSCA) has given an update on various market abuse investigations.

The FSCA is mandated to investigate, and in appropriate instances, take enforcement action in cases of market abuse on the financial markets. Three kinds of market abuses are prohibited in South Africa, namely insider trading, market manipulation (prohibited trading practices) and false reporting relating to the affairs of a public company. Our investigation procedures include interviews under oath, acquiring documentary evidence and obtaining assistance from foreign Regulators.

In matters of insider trading the FSCA may order that the alleged offender pay an amount equal to the profit made or the losses avoided because of the offending transactions, and a penalty of up to three times such amount. These funds are distributed, after recovery of costs, to persons who may have been prejudiced by the offending transactions. In addition, the FSCA may impose a range of administrative sanctions on the alleged offenders.

Market abuse transgressions are criminal offences in terms of the FMA (Financial Markets Act, No. 19 of 2012). The Director of Public Prosecutions may institute criminal action against any person. It is not the function of the FSCA to institute criminal prosecutions but would provide all information necessary to assist the Director of Public Prosecutions.

Since 1999, the FSCA; its predecessors; the Directorate of Market Abuse and the Insider Trading Directorate investigated a total of 421 cases. A total of 307 cases were closed because there was either no evidence, or insufficient evidence existed to indicate that the FMA (or the now repealed Insider Trading Act and Securities Services Act) was contravened. In 91 cases the FSCA/DMA decided to proceed with enforcement action. The penalties imposed on offenders to date amounts to approximately R138 million.

**The FSCA's investigations into share trading patterns and complaints should not be construed as an indication that any violation of a law has occurred, or as a reflection upon any person, entity or security. The FSCA has the responsibility to investigate these matters in an impartial and objective manner. If no evidence of wrongdoing is uncovered, the investigations are closed.**

Below is a list detailing the status of insider trading and prohibited trading practices investigations. It should be noted that these investigations are not into the affairs of the companies listed but into trading in shares on the stock exchange.

## Possible insider trading cases

Security	JSE Code	Period investigated	Case status
1. Capitec Bank Holdings Limited	CPI	2018-01 – 2018-02	Ongoing
2. Dis-Chem Pharmacies Limited	DCP	2017-12	Ongoing
3. EOH Holdings Limited	EOH	2017-11 – 2017-12	Ongoing
4. Esor Limited	ESR	2018-07 - 2018-08	Ongoing
5. Fortress Income Fund Limited	FORT	2017-2018	Closed
6. Greenbay Properties Limited	GRP	2017-2018	Ongoing
7. Murray & Roberts Holdings Limited	MUR	2018-03	Ongoing
8. Nepi Rockcastle PLC	NRT	2017-2018	Closed
9. Resilient REIT Limited	RES	2017 - 2018	Closed
10. Steinhoff International Holdings N.V.	SNH	2017-11 – 2017-12	Ongoing
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12. Times Media Group Limited	TMG	2014-02 – 2014-03	Ongoing
13. WG Wearne Limited	WEA	2017-09	Ongoing
14. Wheat Futures Contracts	WEAT	2017-04 – 2017-05	Ongoing
15. Steinhoff International Holdings N.V.	SNH	2017-12	Ongoing

## Possible prohibited trading practices (market manipulation) cases

Security	JSE Code	Period investigated	Case status
1. 15 June 2016 ALSI Futures Contract	15June16 ALSI	2016-04	Ongoing
2. African Equity Empowerment Investments Limited	AEE	2018	Ongoing
3. Atlatsa Resources Corporation	ATL	2018-10	Ongoing
4. AYO Technology Solutions Limited	AYO	2018-05 – 2018-06	Ongoing

### Transitional Management Committee:

AM Sithole (Commissioner) DP Tshidi CD da Silva JA Boyd MM du Toit LP Kekana K Gibson OB Makhubela P Mogase

<b>Security</b>	<b>JSE Code</b>	<b>Period investigated</b>	<b>Case status</b>
5. Capitec Bank Holdings	CPI	2018-01 – 2018-02	Ongoing
6. Fortress Income Fund Limited	FORT	2017-2018	Ongoing
7. Greenbay Properties Limited	GRP	2017-2018	Ongoing
8. Nepi Rockcastle PLC	NRT	2017-2018	Ongoing
9. Oakbay Resources and Energy Limited	ORL	2014-11 – 2015-04	Ongoing
10. Premier Fishing Brands Limited	PFB	2018	Ongoing
11. Resilient REIT Limited	RES	2018-01	Ongoing
12. Resilient REIT Limited	RES	2017 - 2018	Ongoing
13. Trustco Group Limited	TTO	2017-12 – 2018-02	Ongoing
14. Trustco Group Limited	TTO	2018-06	Ongoing

### **Possible false or misleading reporting cases**

Below is a list detailing the status of possible false or misleading reporting investigations.

<b>Security</b>	<b>JSE Code</b>	<b>Publication</b>	<b>Case status</b>
1. Capitec Bank Holdings	CPI	2018-01 – 2018-02	Ongoing
2. Lewis Group Limited	LEW	2015-01 – 2016-10	Ongoing
3. Nepi Rockcastle PLC	NRT	2017-2018	Ongoing
4. Resilient REIT Limited	RES	2018-01	Ongoing
5. Resilient REIT Limited	RES	2017 - 2018	Ongoing
6. Steinhoff International Holdings N.V.	SNH	2015, 2016 & 2017	Ongoing
7. Steinhoff International Holdings N.V.	SNH	2017-12	Ongoing

Investigations are "Closed" once it becomes evident that no, or insufficient evidence has been obtained to warrant administrative action. In the event of further evidence arising at any stage after a decision has been taken the investigation will be re-opened.

### **NOTES:**

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The FSCA has decided to provide more detail on the cases mentioned below due to the extent of public interest and impact on the market.

**Resilient REIT Limited, Fortress Income Fund Limited, NEPI Rockcastle PLC, Greenbay Properties Limited (now known as Lighthouse Capital Limited)**

The FSCA has decided to close three insider trading (Section 78 of the FMA) cases being, Resilient (Resilient REIT Limited), Nepi Rockcastle (Nepi Rockcastle Limited) and Fortress (Fortress REIT Limited). These investigations focused on the following announcements:

- Resilient and Fortress - SENS announcement dated 7 March 2018 which relates to inter alia the unwinding of the cross shareholding between Resilient REIT Limited and Fortress.
- Resilient - SENS announcement dated 22 August 2017 which relates to a book build by Resilient.
- Nepi Rockcastle – SENS announcements dated 3 October 2017 which relates to a book build by Nepi Rockcastle.

The FSCA has closed one of the allegations of possible price manipulation (Section 80 of the FMA) relating to Greenbay Properties Limited share price. The investigations into the other allegations of price manipulation remain ongoing.

**-Ends-**

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