

## Amendment Schedule – JSE Listings Requirements

### Considerations for strengthening the regulation of primary listings

July 2019

#### Item 1: Subscribed Capital

##### Main Board listing criteria

4.28 An applicant seeking a listing on the Main Board must satisfy the following criteria:

- (a) it must have an existing subscribed capital, including reserves but excluding minority interests and revaluations of assets; and excluding intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, of at least R50 million;
- (b) it must have not less than 25 million equity shares in issue;
- (c) (i) it must have audited financial statements for the preceding three financial years and:
  - (a) the last of which reported an audited profit of at least R15 million before taxation and after taking account of the headline earnings adjustment on a pre-tax basis; or
  - (b) it must have an existing subscribed capital, including reserves but excluding minority interests and revaluations of assets; and excluding intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, of at least R500 million; or
- (ii) the JSE may, in its absolute discretion, list a company which is in its development stage (other than a mineral company) and which does not have the required profit history. In such instances, the applicant must have, prior to listing, existing subscribed capital as determined in terms of paragraph 4.28(a) above of at least R500 million and must have been in existence for at least twelve months;

## Item 2: Public Shareholders

### Part A

#### Definitions

<u>extended family</u>	<u>an individual's extended family determined by applying the family cross holdings test to the director and spouse (if applicable);</u>
<u>family cross holdings test</u>	<u>the parents, siblings (including step and half siblings) and major children of the individual together with each such party's spouse (if applicable). Major child means a child of at least 18 years old;</u>
<u>prescribed officer</u>	<u>as defined in the Companies Act or a person with a similar designation as a prescribed officer if the applicant issuer is not incorporated in South Africa;</u>

#### Public shareholders

4.25 For the purposes of paragraph 4.28(e), securities will not be regarded as being held by the public if they are beneficially held, whether directly or indirectly, by:

- (a) the directors of the applicant issuer or of any of its major subsidiaries;
- (b) an associate of a director of the applicant issuer or of any of its major subsidiaries;
- (c) the extended family of a director of the applicant issuer;
- (de) the trustees of any employees' share scheme or pension fund established for the benefit of any directors or employees of the applicant or any of its subsidiaries;
- (ed) ~~[Repealed]~~ a prescribed officer of the applicant issuer;
- (fe) any person that is interested in 10% or more of the securities of the relevant class, unless the JSE determines that, after taking account of relevant circumstances, such person can be included as a member of the public for the purposes of paragraph 4.28(e); or
- (gf) ~~employees of the issuer, any person~~ where restrictions on trading in the issuer's listed securities, in any manner or form, are imposed by the applicant issuer ~~on such employees. For purposes of this provision restrictions on trading in the applicant issuer's listed securities must be for a period exceeding six months from the listing date.~~

## Item 2: Public Shareholders

### Part B

#### **Statement on Public Shareholders**

7.A.28 In the case of a listing through means of an introduction, a positive statement by the board of directors of the applicant issuer confirming that the level of public shareholders pursuant to paragraphs 4.25 and 4.26 have been achieved.

#### **Introductions**

11.3 ...

11.4 The announcement referred to in paragraph 11.3 must either contain the full pre-listing statement, as set out in paragraph 11.5, or an abridged pre-listing statement containing the following information:

- (a) the number and description of the securities concerned;
- (b) the name, date of registration and registration number of the applicant;
- (c) the general nature of the main business or proposed main business actually carried on or to be carried on by the applicant and its subsidiaries;
- (d) the names and addresses of the directors of the applicant;
- (e) the places at and times during which copies of the pre-listing statement may be obtained and, if the press announcement is not a full pre-listing statement, a statement of such fact
- (f) a positive statement by the board of directors of the applicant issuer confirming that the level of public shareholders pursuant to paragraphs 4.25 and 4.26 have been achieved; and
- (fg) the address at which the pre-listing statement is available.

#### **Offers for sale or subscription**

11.7 Applicants seeking a listing by way of an offer for sale or subscription are required to publish an announcement complying with paragraph 11.8 and a pre-listing statement/prospectus complying with paragraph 11.9 in accordance with the relevant corporate action timetable.

11.8 The announcement referred to in paragraph 11.7 must either contain the full pre-listing statement/prospectus, as set out in paragraph 11.9, or an abridged pre-listing statement/prospectus containing the following information:

- (a) the number and description of the securities concerned;
- (b) the name and date of registration of the applicant;
- (c) the general nature of the main business or proposed main business actually carried on or to be carried on by the applicant and its subsidiaries;
- (d) the names and addresses of the directors of the applicant;
- (e) the places at, and times during which, copies of the prospectus may be obtained;
- (f) where all the securities that are the subject of an offer are intended to be offered only to the members of a company or to debenture holders, as the case may be, with or

without the right to renounce in favour of other persons:

- (i) the issue price of such securities;
- (ii) the ratio in which such securities will be offered to the members or debenture holders entitled to accept the offer; and
- (iii) the last day to trade to ensure registration on the record date; and
- (g) the last day for subscribing.

11.9 The announcement dealing with the outcome of the offer or subscription before the date of listing must include a positive statement by the board of directors of the applicant issuer that the level of public shareholders pursuant to paragraph 4.25 and 4.26 have been achieved.

11.10 An offer for sale or subscription must take the form of a pre-listing statement/prospectus and, apart from complying with the Act, must also comply with Section 6.

## Part II documents

16.12 The following documents are classified as Part II documents and must be received by the JSE no later than 48 hours before the date of listing, unless the listing timetable, which has been approved by the JSE, precludes such submission, in which case the relevant Part II documents must be submitted to the JSE at such time that is acceptable to the JSE:

- (a) ...
- (b) ...
- (c) ~~where an offer is being made in conjunction with the application for listing,~~ the following information must be submitted in respect of public shareholders, irrespective of whether the listing has been sought through a placing, introduction, offer for sale or subscription:

- (i) a list of shareholders, clearly distinguishing between public shareholders and non-public shareholders;

- (ii) the number and issue/listing price per share; and

- (iii) a positive confirmation from the sponsor and the board of directors of the applicant issuer confirming that the required spread of public shareholders (refer to paragraph 4.28(e)) has been achieved. The positive confirmation must be supported by an analysis of shareholders, distinguishing between public shareholders and non-public shareholders pursuant to paragraphs 4.25 and 4.26, with a detailed explanation on how the public shareholders provisions were applied;

- ~~(ii) an analysis of shareholders, distinguishing between public shareholders and those detailed in paragraph 4.25, as supported in writing by the sponsor;~~

- ~~(iii) the number of securities allotted and the basis of allotment; and~~

- ~~(iv) confirmation from the sponsor and applicant issuer that the required spread of shareholders (refer to paragraph 4.28(e)) has been achieved;~~

- (d) ...

### Item 3: Publication of Announcement – New Listing

#### Form H1

#### Corporate action timetables

This schedule contains the principles and timetables applicable to all corporate actions.

#### (aa) New listing – placing

Day	Event
<b>D – 105</b>	JSE grants formal approval for listing (the issuer must be in receipt of the formal approval letter issued by the JSE) Publication of announcement and distribution of Prospectus or pre-listing statement in accordance with paragraph 11.6 Prospectus or Pre-listing statement must be made available in an electronic form on the website of the applicant and/or the sponsor/designated adviser
<b>D – 4</b>	Offer opens
<b>D – 3</b> <b>D – 2</b> Commencement of business <b>D</b>	Latest closing of offer at 12:00 Submission of final Part II documents (by 9:00) (if all documents are not submitted, the JSE may instruct the company to postpone the listing date) Day of Listing

#### (bb) New listing – introduction

Day	Event
<b>D – 105</b>	JSE grants formal approval for listing (the issuer must be in receipt of the formal approval letter issued by the JSE) Publication of announcement and distribution of Prospectus or pre-listing statement in accordance with paragraph 11.3 Prospectus or Pre-listing statement must be made available in an electronic form on the website of the applicant and/or the sponsor/designated adviser
<b>D – 2</b> Commencement of business <b>D</b>	Submission of final Part II documents (by 9:00) (if all documents are not submitted, the JSE may instruct the company to postpone the listing date) Day of Listing

#### Material Objections

11.10 The sponsor and the applicant issuer must immediately inform the JSE in writing of any material objections which have been reported/notified to the sponsor or applicant issuer, regarding the listing of the applicant issuer during the period from the release date of the announcement pursuant to paragraphs 11.3, 11.6 or 11.7 above and up to the submission of the Part II documents pursuant to paragraph 16.12.

## Part II documents

16.12 The following documents are classified as Part II documents and must be received by the JSE no later than 48 hours before the date of listing, unless the listing timetable, which has been approved by the JSE, precludes such submission, in which case the relevant Part II documents must be submitted to the JSE at such time that is acceptable to the JSE:

- (a) a certificate by the company's sponsor certifying that the information published in the pre-listing statement/prospectus (in full or abridged form) was materially the same as that contained in the signed pre-listing statement/prospectus approved by the JSE or, if not, then in what material respects it differed;
- (b) a certified copy of any prospectus or pre-listing statement to be published in connection with the issue, dated and signed by the directors of the company or, in their absence, by their respective alternates or by person(s) making the offer;
- (c) where an offer is being made in conjunction with the application for listing, the following information must be submitted:
  - (i) a list of shareholders;
  - (ii) an analysis of shareholders, distinguishing between public shareholders and those detailed in paragraph 4.25, as supported in writing by the sponsor;
  - (iii) the number of securities allotted and the basis of allotment; and
  - (iv) confirmation from the sponsor and applicant issuer that the required spread of shareholders (refer to paragraph 4.28(e)) has been achieved;
- (d) the published pre-listing statement/prospectus or circular, which is required for circulation to members, must be submitted electronically and directly to the information database maintained by Issuer Regulation Division for publication on the JSE website, together with one hard copy, signed by the directors;
- (e) the statutory declaration complying with Schedule 4;
- (f) written confirmation by the sponsor and the board of directors of the applicant issuer that no material objections were reported/notified to the sponsor or applicant issuer in respect of the listing of the applicant issuer from the release date of the announcement pursuant to the provisions of paragraph 11.3, 11.6 or 11.7; and
- (f) notwithstanding the provisions of paragraph 16.12 above, a letter provided by the sponsor to the JSE by 15h30, on the business day before the date of listing confirming that –
  - the funds raised pursuant to the granting of allocations of shares in respect of the listing have been earmarked for settlement on the listing date and have been matched, in favour of the applicant; and
  - that the required spread of shareholders (refer to paragraph 4.28(e)) has been achieved.

16.13 Where any of the documents listed in Part II are available at the date of submission of the Part I documents, they should be submitted to the JSE together with the Part I documents.

## Item 4: Compliance with Applicable Laws

### 7.F General information

#### Material contracts

The following paragraphs detail the disclosure requirements relating to general information:

- 7.F.1 Subject to paragraph 6.17, the dates, nature of and the parties to every material contract entered into either verbally or in writing by the applicant, any of its major subsidiaries or by any subsidiary where it is material to the applicant, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on, or proposed to be carried on, by the applicant or any of its subsidiaries, and:
- (a) entered into within the two years prior to the date of the pre-listing statement or circular; or
  - (b) entered into at any time and containing an obligation or settlement that is material to the issuer or its subsidiaries at the date of the pre-listing statement or circular.
- 7.F.2 If any contract referred to in paragraph 7.F.1 relates to the acquisition of securities in an unlisted subsidiary, or associated company, where all securities in the company have not been acquired, state the reason why 100% of the holding was not acquired and whether anyone associated with the controlling shareholder(s) of the applicant, or associated companies, or its subsidiaries is interested and to what extent.
- 7.F.3 A brief summary of existing contracts or proposed contracts, either written or oral, relating to the directors' and managerial remuneration, secretarial and technical fees and restraint payments payable by the applicant and any of its major subsidiaries, provided that details of the directors and managerial remuneration need only be disclosed in accordance with paragraph 7.B.7.
- 7.F.4 Particulars of royalties payable or items of a similar nature in respect of the applicant and any of its major subsidiaries.

#### **Social Mandate, Laws of Incorporation and MOI**

- 7.F.5 A statement must be made by the social and ethics committee of the applicant issuer that it has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and that there are no instances of material non-compliance to disclose. If instances of material non-compliance exist, these items must be disclosed. A foreign applicant issuer is required to make a similar statement in respect of compliance with its corporation laws (to the extent that similar obligations apply to the board of directors or board committee).
- 7.F.6 A positive statement must be made by the directors of the applicant issuer that the applicant issuer is –
- (a) in compliance with the provisions of the Companies Act or relevant laws of establishment, specifically relating to its incorporation. For a foreign applicant issuer, the positive statement must be made in respect of its relevant laws of establishment; and
  - (b) operating in conformity with its MOI and/or relevant constitutional documents.

#### **Material Risks**

- 7.F.7 A description of all material risks which are specific to the issuer, its industry and/or its securities. Proper consideration must be given to the material risks that face the applicant issuer and generic disclosures must be avoided. Material risks should be grouped together

in a coherent manner and material risks considered to be of the most immediate significance should be prominent at the beginning within the material risks disclosure.

### Minimum contents of annual financial statements

8.62 ...

8.63 In addition to complying with IFRS, Section 30 of the Act and paragraph 3.84 of the Listings Requirements, issuers are required to disclose the following information in the annual report (in the case of paragraph 8.63(a), (l), ~~and (q)~~ and (r)), and in the annual financial statements (in the case of paragraph 8.63(b)–(k), (m)–(o)):

(a) ....

(q) The disclosure referred to in paragraph 3.84, 13.39 and 13.46: and

(r) a narrative on compliance with paragraph 7.F.6. dealing with compliance with the laws of establishment and the MOI of the applicant issuer;

(s) The disclosure of material risks, which may be incorporated via a weblink to the website of the issuer;

8.64 The issuer's auditor shall modify the audit report as considered appropriate in cases of non-compliance with any of the requirements set out in paragraph 8.63(b) to (k), (m)–(p).

### Practice Note 2/2015

...

#### (ii) Material Effect

After confirming that the information may be specific or precise, issuers must assess whether such information may have a material effect on the price of the issuer's securities. Materiality must be assessed both quantitatively and qualitatively. Issuers should be mindful that there is no firm figure (percentage change or otherwise) that can be set for any issuer as this will surely vary from issuer to issuer taking into account the variety of factors.

The JSE suggest that issuers also consider the following in making the assessment whether the information would have a material effect on the price of the issuer's securities.

*"Under the securities laws of the United States, information is material if a reasonable investor is likely to consider it significant in making an investment decision..."*

From a Listings Requirements perspective consideration must be given whether the information could influence the economic decisions of investors in respect of the issuer's securities. This assessment should take into consideration the anticipated impact of the information in light of (i) the whole of the issuer's activities, (ii) the reliability of the source of the information and (iii) other market variables likely to affect the relevant listed securities in the circumstances. Information which is considered to be relevant to a reasonable investor's decision includes information which affects:

- The assets and liabilities of the issuer;
- The performance, or the expectation of the performance of the issuer's business;



- The financial condition of the issuer;
- The course of the issuer's business, including the consideration of material risks;
- Major new developments in the business of the issuer; and
- Information previously disclosed to the market.

## Item 7: Dealings in Securities

### Dealing in Securities

3.63 An issuer, via its sponsor, must announce the following information:

- (a) details of all transactions (including off market transactions) in securities relating to the issuer by or on behalf of:
  - (i) a director, ~~and~~ company secretary and a prescribed officer (held beneficially, whether directly or indirectly) of the issuer;
  - (ii) a director and company secretary (held beneficially whether directly or indirectly) of a major subsidiary company of the issuer; or
  - (iii) any associate of 3.63(a)(i) or (ii) above (collectively referred to for purposes of paragraphs 3.63 to 3.70 as "directors").
- (b) such announcement shall contain the following information:
  - (i) the name of the director;
  - (ii) the name of the company of which he is a director;
  - (iii) the date on which the transaction was effected;
  - (iv) the price, number, total value and class of securities concerned. A deemed value based on the prevailing market price must be included in situations where there is no price attributable to the transaction (e.g. donations). Aggregation and averaging of prices is not allowed and therefore, in instances where there have been various trades at various prices during the course of a day, the volume weighted average price must be shown together with the highest and lowest trading prices for the day;
  - (v) in the case of options or any other similar right or obligation, the option strike price, strike dates and periods of exercise and/or vesting;
  - (vi) the nature of the transaction;
  - (vii) the nature and the extent of the director's interest in the transaction. In the case of dealings by associates, the announcement must disclose the name of the associate and the relationship with the director;
  - (viii) confirmation as to whether the trades were done on-market or off-market;
  - (ix) in respect of a transaction pursuant to paragraph 3.64(h), the announcement must disclose the nature, term and amount of the financial obligation as well the number, value and class of securities offered as security, guarantee, collateral or otherwise; and
  - (ix) whether clearance has been given in terms of paragraph 3.66. In the case of dealings by associates, this requirement does not apply.

3.64 Transaction includes:

- (a) any sale, purchase or subscription (including in terms of a rights offer, capitalisation award or scrip dividend) of securities relating to the issuer;

- (b) any agreement to sell, purchase or subscribe for securities relating to the issuer (irrespective of whether shares or cash flows);
- (c) any donations of securities relating to the issuer;
- (d) any dealing in warrants, single stock futures, contracts for difference or any other derivatives issued in respect of the issuer's securities. It should be noted that, if shares are sold and the equivalent exposure is purchased through a single stock future or any other derivative, both legs will be deemed to be transactions. The closing out of a single stock future or other derivative is also a transaction. The rolling-over of a single stock future that is merely an extension of an existing position is not a transaction;
- (e) the acceptance, acquisition, disposal, or exercise of any option (including but not limited to options in terms of a share incentive/option scheme) to acquire or dispose of securities;
- (f) any purchase or sale of nil or fully paid letters;
- (g) the acceptance, acquisition or disposal of any right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities;
- (h) using securities of the issuer as security, guarantee, collateral or otherwise granting a charge, lien or other encumbrance over the securities of the issuer. A transaction will be deemed to be present at each of the following trigger events –
  - (i) at the time of agreement of such arrangement;
  - (ii) at the time when a right or discretion afforded to a lender is being exercised; and
  - (iii) at the time an existing arrangement is being amended or terminated; or
- (ih) any other transaction that will provide direct or indirect exposure to the share price of the issuer. It must be noted that this does not include cash settled share appreciation rights granted to directors by the issuer in the ordinary course of business.

8.63 In addition to complying with IFRS, Section 30 of the Act and paragraph 3.84 of the Listings Requirements, issuers are required to disclose the following information in the annual report (in the case of paragraph 8.63(a), (l) and (q)), and in the annual financial statements (in the case of paragraph 8.63(b)–(k), (m)–(o)):

- (a) ...
- (c) disclosure of directors' interests, including a director who has resigned during the reporting period:
  - (i) the aggregate of the direct and indirect beneficial interests of the directors (and his associates) in, and the direct and indirect interest of each director's holding in the share capital of the listed company, including the director's holdings which are subject to security, guarantee, collateral or otherwise pursuant to paragraph 3.63(b)(ix). The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of approval of the annual financial statements or, if there has been no such change, disclosure of that fact; and
  - (ii) comparative figures for the previous year must be presented;

## Item 8: Board Diversity

### Corporate Governance

- 3.84 In addition to complying with paragraph 8.63(a), issuers must implement the following specific corporate governance practices and must disclose compliance therewith in their annual reports. (The effect of incorporating certain practices from the King Code in the Listings Requirements is to make their implementation mandatory, this is notwithstanding the fact that application of the corporate governance practices in the King Code is generally voluntary):

...

- ~~(i) —the board of directors or the nomination committee, as the case may be, must have a policy on the promotion of gender diversity at board level. The issuer must confirm this by reporting to shareholders in its annual report on how the board of directors or the nomination committee, as the case may be, have considered and applied the policy of gender diversity in the nomination and appointment of directors. If applicable, the board of directors or the nomination committee must further report progress in respect thereof on agreed voluntary targets;~~
- (ij) the board of directors or the nomination committee, as the case may be, must have a policy on the promotion of ~~race~~ broader diversity at board level, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. The issuer must confirm this by reporting to shareholders in its annual report on how the board of directors or the nomination committee, as the case may be, have considered and applied the policy of ~~race-broad~~ diversity in the nomination and appointment of directors. If applicable, the board of directors or the nomination committee must further report progress in respect thereof on agreed voluntary targets; and

## Item 9: Sponsors

### Appointment

- 2.2 An applicant issuer is required to have an appointed **independent** sponsor at all times. A non-independent sponsor may only attend to the routine administrative items pursuant to Practice Note 1/2003.
- 2.3 A joint independent sponsor must be appointed where:
- (a) ~~the sponsor is also the applicant issuer~~the JSE believes, in its sole discretion, that the sponsor's procedures to ensure and maintain independence and objectivity in professional dealings in relation to the applicant issuer and a corporate action, as disclosed by the sponsor in the Schedule 17 pursuant to Schedule 16, cannot be achieved and/or maintained; or
  - (b) ~~the sponsor is a subsidiary, associate or division of the applicant issuer~~the sponsor is also the applicant issuer or is a subsidiary, an associate or a division of the applicant issuer, however such sponsor may attend to the routine administrative issues pursuant to Practice Note 1/2003
  - (c) the JSE, in respect of any transaction or corporate action, deems it necessary to appoint a joint sponsor; or
  - (d) the sponsor is not independent pursuant to Schedule 16.
- 2.4 Where a joint independent sponsor is required to be appointed in terms of paragraph 2.3, such appointed joint independent sponsor shall be the lead sponsor of the applicant issuer. Where an applicant issuer has appointed more than one sponsor, the applicant issuer must appoint one of the sponsors as the lead sponsor. The lead sponsor must be identified as such in all communication with holders of securities and to the public.

### Schedule 16 - Sponsors

#### 16.5 (d) **Independence and objectivity in professional dealings**

- (i) a sponsor must provide an undertaking that it will not act as a sponsor to any issuer of which it is not independent. A non-independent sponsor may only attend to the routine administrative items pursuant to Practice Note 1/2003; may not act for an applicant issuer if:
  - (ii) a sponsor must provide confirmation of its independence for each corporate action in which it acts as sponsor by completing Schedule 17 and submitting same to the JSE. A sponsor must also ensure that it is independent of any issuer to whom it provides sponsor services/advice but which will not necessarily become the subject of a corporate action and will not require the completion of Schedule 17;
  - (iii) the question of a sponsor's independence must be determined in respect of each corporate action or other instance according to the following requirements:
-

- (1) a sponsor may not control, be controlled by, or be under the same control as an applicant issuer. For this purpose, control is as defined in the definitions section of the Listings Requirements;
- (2) 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;
- (3) a normal business relationship between an applicant issuer and any company which is part of the sponsor's group will not usually prohibit a potential sponsor from acting. However, relationships that would give the sponsor's group an interest in the success of a listing, or other corporate action may result in the sponsor not being independent, and, in such instances, the JSE must be consulted;
- (4) any director or employee of the sponsor that has a significant interest in an issuer, being 3% 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;
- (5) an investment in an issuer that is material to the sponsor will result in such sponsor not being regarded as independent of such issuer unless the JSE decides otherwise; and
- (6) in any case of doubt, the JSE must be consulted;

Notwithstanding the above requirements the JSE recognises that it is impossible to anticipate all circumstances under which a sponsor would be deemed not to be independent and accordingly reserves the right to determine the independence of a sponsor after having reviewed the declaration made by the sponsor in Schedule 17.

- ~~————— (a) the JSE believes, in its sole discretion, that the sponsor's procedures to ensure and maintain independence and objectivity in professional dealings in relation to the applicant issuer and a corporate action, as disclosed in the Schedule 17 by the sponsor pursuant to this Schedule 16, cannot be achieved and/or maintained; or~~
- ~~————— (b) the sponsor is also the applicant issuer or is a subsidiary, an associate or a division of the applicant issuer, save for the routine administrative issues pursuant to Practice Note 1/2003;~~
- ~~————— (ii) (a) a sponsor must provide details of any matters that might reasonably be expected to impair its independence and objectivity in its professional dealings in relation to the applicant issuer to the applicant issuer in respect of an ongoing appointment. A sponsor must also disclose details of any such conflicts pursuant to the provisions of paragraph IV (Conflicts of Interest) Appendix to Schedule 16.~~
- ~~————— (b) sponsor must provide details of any matters that might reasonably be expected to impair its independence and objectivity in its professional dealings in relation to the applicant issuer and a corporate action in which it acts as sponsor by completing Schedule 17 and submitting same to the JSE. A sponsor must also disclose details of any such conflicts pursuant to the provisions of paragraph IV (Conflicts of Interest) Appendix to Schedule 16.~~

## **Sponsor procedures manual**

16.23 A sponsor must have a formal and written procedures manual in dealing with the following:

- (a) ensuring that SENS announcements in respect of applicant issuers comply with the Listings Requirements;
- (b) ensuring that the annual reports of applicant issuers submitted to the JSE comply with the Listings Requirements;
- (c) how notification should be made to the sponsor by the applicant issuer when the applicant issuer is entering into negotiations in respect of a transaction/s;
- (d) ensuring that sponsor staff are equipped to give advice to applicant issuers in relation to the provisions of the Listings Requirements;
- (e) obtaining periodic confirmation from applicant issuers that financial announcements and documentation required by the Listings Requirements were prepared pursuant to the provisions of the Listings Requirements;
- (f) ensuring that applicant issuers are guided and advised as to the application of the Listings Requirements;
- (g) ensuring completeness and correctness of documentation pursuant to the provisions of the Requirements before it is submitted to the JSE;
- (h) satisfying itself on the credentials of the reporting accountant, auditor, competent person, valuer and expert of applicant issuers;
- (i) ensuring that sponsor staff comply with the Code of Ethics and Standards of Professional Conduct pursuant to the Appendix to Schedule 16 of the Listings Requirements;
- (j) ensuring that sponsor staff are trained on the treatment of price sensitive information in respect of applicant issuers pursuant to the provisions of the Listings Requirements;
- (k) ensuring that sponsor staff keep abreast of all developments in applicable laws, rules, regulation and codes of any government, licencing agency or professional association governing their professional activities;
- (l) trading by sponsor staff and price sensitive information pursuant to the provisions of the FMA; and
- (m) ensuring independence of the sponsor in respect of transactions and corporate actions, and identifying and managing conflicts of interest in relation to the sponsor and its approved executives which could be expected to impair their independence and objectivity ~~in their professional dealings with an in relation to an~~ applicant issuer ~~in relation to~~ for a transaction or a corporate action.

16.24 The JSE may request the sponsor, at any time, to make an electronic version of the procedures manual available for inspection by the JSE.

16.25 The JSE may request the sponsor, at any time, for a written explanation on how any or all of the procedures were implemented in relation to any matter.

### **Schedule 17** **Declaration by sponsor**

The following declaration format must be used by sponsors when submitting the declaration on their letterhead to the JSE:

"The Issuer Regulation Division  
JSE Limited  
One Exchange Square  
Gwen Lane

---

Sandown

.....20.....

Dear Sirs

(Full name of sponsor) – sponsor declaration

The attached application by (full name of applicant issuer) in respect of (brief description of the corporate action) is the subject of this sponsor declaration.

I, (full name of approved executive), an approved executive of the above sponsor:

- (a) hereby confirm that I have satisfied myself to the best of my knowledge and belief, having made due and careful enquiry of the applicant issuer (and its advisers),\* that all the documents required by the Listings Requirements to be included in the application have been supplied to the JSE; that all other relevant requirements of the Listings Requirements have been complied with; and that there are no material matters other than those disclosed in writing to the JSE that should be taken into account by the JSE in considering the suitability of the application. Should any further information come to my notice before the approval of the application, I will immediately inform the JSE;

\* adjust where necessary

- (b) hereby confirm that I will review each submission for full compliance with the Listings Requirements before submitting it to the JSE; ~~and~~

- (c) confirm that, as sponsor, we are independent after due consideration of all the items referred to in paragraphs 16.5(d)(iii) above; and

- (d) [if applicable] notwithstanding the independence provisions referred to in paragraphs 15.6(d)(iii) above, the following specific information is brought to the attention of the JSE, which must be considered by the JSE as they may impact our independence as sponsor:

.....  
[.....]

~~with regard to our independence:-~~

~~(i) either:~~

- ~~..... (1) the following director(s), partner(s) or employee(s) ("employment capacity") of the sponsor (including any holding company, subsidiaries and associates of the sponsor) ("the sponsor") has an interest in a class of share, debt or loan capital of ..... (including the holding company, subsidiaries or associates) ("the issuer"):~~

<b>Name and employment capacity</b>	<b>Nature of holding or interest</b>	<b>%</b>	<b>Name of beneficial owner</b>

~~..... or~~

- ~~..... (2) hereby confirm that the sponsor has no interest in the issuer;~~

~~..... (delete paragraph whichever is not applicable)~~

~~..... and~~

~~Schedule 17(b) introduced with effect from 15 October 2007.~~



~~\_\_\_\_\_ (3) in relation to the above, the following has changed over the last 12 months~~

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

~~\_\_\_\_\_ (ii) either~~

~~\_\_\_\_\_ (1) the sponsor has the following representation on the board of directors of the issuer~~

<del>Name and employment capacity</del>	<del>Capacity (of directorship)</del>
<del>_____</del>	<del>_____</del>
<del>_____</del>	<del>_____</del>

~~or~~

~~\_\_\_\_\_ (2) the sponsor has no representation on the board of directors of the issuer~~

~~\_\_\_\_\_ and~~

~~\_\_\_\_\_ (3) in relation to the above the following has changed over the last 12 months~~

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

~~\_\_\_\_\_ (iii) either~~

~~\_\_\_\_\_ (1) the following matter may be considered to have an effect on our independence from the issuer:~~

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

~~\_\_\_\_\_ or~~

~~\_\_\_\_\_ (2) there is no matter which may have an effect on our independence from the issuer~~

~~\_\_\_\_\_ and~~

~~\_\_\_\_\_ (3) in relation to the above the following has changed over the last 12 months~~

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

~~\_\_\_\_\_ (iv) either:~~

(1) the interests of the sponsor in relation to any securities or other holdings in the issuer will change as a result of this transaction as follows:

---

or

~~(2) the interests of the sponsor in relation to any securities or other holdings in the issuer will not change as a result of this transaction~~

~~(v) the various functions and activities undertaken by the sponsor:~~

~~(1) in relation to this corporate action and to the issuer are as follows:~~

\_\_\_\_\_ and \_\_\_\_\_

~~(2) in relation to the above the following has changed over the last 12 months~~

\_\_\_\_\_ (3) where an interest or issue has been identified above, provide a list of the procedures that are in place in order to ensure that the sponsor exercises reasonable care and judgement to achieve independence and objectivity in professional dealings from the issuer:

This declaration is furnished to you in accordance with the Listings Requirements of the JSE and may not be relied upon for any other purpose or by any other person.

Yours faithfully

(signature of approved executive)

(initials and surname of approved executive)"

## Item 10: Repurchase of Securities

### Description

5.67 (A) ...

(B) A pro rata repurchase by the issuer of its securities from all its shareholders will not require shareholder approval, save to the extent required in terms of the Act. In all other instances an acquisition by an issuer of its own securities or a purchase by a subsidiary of securities in its holding company (in accordance with Section 48 of the Act or in accordance with repurchase laws of a foreign incorporated issuer), will be regarded as a repurchase of securities in terms of the Listing Requirements, in which case the holding company must comply with paragraphs 5.67(B) to 5.84:

- (a) on terms that are approved by securities holders in a general meeting in respect of that particular repurchase ("a specific repurchase of securities"), which shall be valid until such time as the approval is amended or revoked by a special resolution; or
  - (b) generally approved by securities holders by the giving of a renewable mandate, which shall be valid until the company's next annual general meeting or for 15 months from the date of the resolution, whichever period is shorter, to the directors of the company to repurchase its securities subject to the requirements of the JSE and to any other restrictions set out in the mandate ("a general repurchase of securities").
-

## Item 11: Appointment of Auditor

### Corporate Governance

- 3.84 In addition to complying with paragraph 8.63(a), issuers must implement the following specific corporate governance practices and must disclose compliance therewith in their annual reports. (The effect of incorporating certain practices from the King Code in the Listings Requirements is to make their implementation mandatory, this is notwithstanding the fact that application of the corporate governance practices in the King Code is generally voluntary):
- (g) the audit committee must, notwithstanding its duties pursuant to Section 94 of the Companies Act:
- (i) consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the financial director;
  - (ii) ensure that the issuer has established appropriate financial reporting procedures and that those procedures are operating ; ~~and~~
  - (iii) request from the audit firm (and if necessary consult with the audit firm on) the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment as well as for an applicant issuer prior to listing; and
  - (iv) notwithstanding the provisions of Section 90(6) of the Companies Act, ensure that the appointment of the auditor is presented and included as a resolution at the annual general meeting of the issuer pursuant to Section 61(8) of the Companies Act;

The issuer must confirm, by reporting to shareholders in its annual report, that the audit committee has executed the responsibilities set out in 3.84(g) above.

## Item 12: KAMs and Audit Opinion

### ***Press announcements***

3.46 ...

3.46A The following details must be included in the short-form announcement:

- (a) In a prominent position at the top of the short-form announcement, all such headlines as may be appropriate as to the nature of the matter;
- (b) The short-form announcement is the responsibility of the directors;
- (c) Contain a warning statement that:
  - (i) the short-form announcement is only a summary of the information in the full announcement and does not contain full or complete details; and
  - (ii) any investment decisions by investors and/or shareholders should be based on consideration of the full announcement published on SENS and the issuer's website as a whole;
- (d) The short-form announcement must not be misleading or inaccurate;
- (e) Contain a statement that:
  - (i) the full announcement has been released on SENS and available for viewing on the issuer's website; and
  - (ii) the full announcement is available for inspection at the registered office or other designated office of the issuer and the offices of the sponsor, that such inspection is available to investors and/or shareholders at no charge, the hours of such inspection and days on which such inspection is available; or
  - (iii) copies of the full announcement may be requested including full details on how such request can be made.

To the extent that any of the above indicators are not considered to be a true measure to reflect the performance of an issuer in the banking and property industries, the JSE may grant dispensation from the requirement to publish such information or agree to a relevant alternative indicator/s.

- (f) A short-form announcement dealing with interim reports and provisional annual financial statements must in addition to the above include the following:
  - (i) Increases/decreases in revenue/operating profit compared to the financial results for the previous corresponding period;
  - (ii) Increases/decreases in headline earnings per share compared to the financial results for the previous corresponding period;
  - (iii) Increases/decreases in earnings per share compared to the financial results for the previous corresponding period;
  - (iv) Increases/decreases in the dividend/distribution compared to the financial results for the previous corresponding period; and
  - (v) Increases/decreases in net asset value compared to the financial results for the previous corresponding period (only if more relevant because of the nature of the issuers business);

(g) A short-form announcement dealing with annual financial statements must also include the following:

(i) specific disclosure of the presence of key audit matters (pursuant to International Standards of Auditing ISA 701) through inclusion of (i) the full auditor's report and (ii) annual financial statements via a web link to the website of the issuer; and

(ii) a statement on the type of review conclusion/audit opinion that was reached on the underlying annual financial statements, i.e. unqualified, qualified, disclaimer or adverse and if there were any of the matters referred to in paragraphs 3.18(g)(i)-(iv). Other than in the instance of an unqualified opinion, a statement must also be included that the details can be obtained from via a web link to the website of the issuer.

- 3.47 Where the registered office of an issuer is situated outside the Republic of South Africa, the requirements of Section 18 on Dual Listings and Listings by External Companies apply.
- 3.48 Announcements relating to pre-listing statements or circulars must state in which other official languages, if any, they are printed and where copies of such documents may be obtained.

## Item 13: Audit Committee

### Corporate Governance

3.84 In addition to complying with paragraph 8.63(a), issuers must implement the following specific corporate governance practices and must disclose compliance therewith in their annual reports. (The effect of incorporating certain practices from the King Code in the Listings Requirements is to make their implementation mandatory, this is notwithstanding the fact that application of the corporate governance practices in the King Code is generally voluntary):

...

(g) the audit committee must, notwithstanding its duties pursuant to Section 94 of the Companies Act:

- (i) consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the financial director;
- (ii) ensure that the issuer has established appropriate financial reporting procedures and that those procedures are operating, which should include consideration of all entities included in the consolidated group IFRS financial statements, to ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on the financial statements of the issuer; and
- (iii) request from the audit firm (and if necessary consult with the audit firm on) the information detailed in paragraph 22.15(h) in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment as well as for an applicant issuer prior to listing;

The issuer must confirm, by reporting to shareholders in its annual report, that the audit committee has executed the responsibilities set out in 3.84(g) above.

## Item 14

### Corporate Governance

- 3.84 In addition to complying with paragraph 8.63(a), issuers must implement the following specific corporate governance practices and must disclose compliance therewith in their annual reports. (The effect of incorporating certain practices from the King Code in the Listings Requirements is to make their implementation mandatory, this is notwithstanding the fact that application of the corporate governance practices in the King Code is generally voluntary):

...

(k) The CEO and the financial director responsibility statement must be made by them after due, careful and proper consideration of same as follows:

(i) "The directors, whose names are stated below, hereby confirm that -

(a) the annual financial statements set out on pages [...] to [...], fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having applied the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action".

Signed by the CEO and the financial director"