**Amendments to the JSE Debt Listings Requirements (the “Debt Requirements”)**

**Annual Improvement Project 2022**

**October 2022**

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| **The Annual Improvement Project mainly aims to propose amendments to the Debt Requirements, where the JSE has determined that (i) certain provisions in the Debt Requirements require more clarity/context and/or (ii) there is ambiguity in the interpretation which needs to be remedied. New proposed amendments to the Debt Requirements are intentionally limited.** |

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| **Nr.**  | **Section** | **Proposed Amendment** | **Nature of amendment and rationale** |
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| **1** | **Section 4****Conditions of Listing****Section 6****Continuing Obligations** | **General: Documents available for inspection at the registered address****Paragraphs 4.12, 4.16 (see item 2), 4.19, 4.38, 4.40, 4.41 and 6.33 (see item 2)**The JSE intends to amend the Debt Requirements to remove the inspection of documents at the registered offices of issuers and rather make the required documents available on the issuer’s website. The JSE will further remove the provisions that document be made available for inspection on the JSE’s website. The JSE will issue transitional arrangements regarding existing issuers.  | The amendments aim to make the viewing of required documents open for inspection more accessible. Furthermore, the inspection of documents at a registered office is outdated.The practice of making documents available on the websites of both the issuer and the JSE, is burdensome for issuers and duplicates regulatory compliance.  |
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| **2** | **Section 3****Continuing Obligations****Section 4****Conditions of Listing** | **Documents available for inspection****Paragraph 4.16: Placing Document****Paragraph 6.33: Continuing Obligations**There are inconsistencies in relation to the documents to be made available when registering a placing document and on a continuing basis. The JSE intends to amend the Debt Requirements to align these documents for disclosure. The JSE will further remove the provision that documents be made available for inspection on the JSE’s website. The JSE will issue transitional arrangements regarding existing issuers.  | The amendments aim to remove inconsistencies and make the viewing of the required documents open for inspection, more accessible.The practice of making documents available on the websites of both the issuer and the JSE, is burdensome for issuers and duplicates regulatory compliance |
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| **3** | **Section 6****Continuing Obligations** | **Covenants****Paragraph 6.4 – 66**The JSE intends to amend the Debt Requirements to clarify the approach and timing of covenant testing and the release of the SENS announcement on the covenant level achieved. Furthermore, paragraphs 6.5 and 6.6 have been collapsed into one paragraph on the basis that they deal with the same subject matter, where the placing document or pricing supplement does not deal with timelines for covenant testing.  | A placing document or pricing supplement rarely deals with notification timelines on covenant testing, but rather the period within which covenants must be tested.The JSE aims to clarify the timing of the SENS announcement in scenarios where (i) the placing document or pricing supplement deals with the timelines for covenant testing, and (ii) where not. In both circumstances, the covenant level achieved must be announced on SENS. However, where no timelines for covenant testing are specified in the placing document or pricing supplement, such testing can only be undertaken once the annual financial statements or interim results have been released.  |
| **4** | **Section 5****Financial Information** | **Annotations****Paragraphs 6.18 and 6.20** The JSE intends to amend the Debt Requirements to mirror the annotations approach in the JSE Listings Requirements, dealing with procedures for non-compliance in respect of annual financial statements and interim financial statements.  | It the interest of investor protection and affording investors the ability to make an informed investment decision, annotations are vital warning indicators for the market |
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| **5** | **Section 6****Continuing Obligations** | **Financial statements: Powers to suspend and remove a listing** **Paragraphs 6.18 and 16.20**The JSE intends to amend the Debt Requirements to clarify that any powers of suspension and/or removal of listing will be subject to the provisions of Section 1 of the Debt Requirements. | Pursuant to the provisions of Section 1 of the Debt Requirements, the JSE’s powers to suspend and/or remove a listing of debt securities are subject to the provision of the Financial Markets Act No.19 of 2012.  |
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| **6** | **Section 6****Continuing Obligations** | **Continuing Obligations – Secondary Registered Issuers****Paragraph 6.99(a)**The JSE intends to amend the Debt Requirements to correct a manifest error. The paragraph deals with positive continuing obligations placed imposed on secondary registered issuers. As such, there is no need to state that certain continuing obligations are not applicable.  | The amendments aim to correct a manifest error.  |
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| **7** | **Section 7 Corporate Governance** | **Conflicts of Interest****Paragraphs 7.4 and 7.6**An applicant issuer is required to have a current policy dealing with the conflicts of interest of the directors and the executive management of the applicant issuer and how such conflicting interests can be identified and managed or avoided.The JSE intends to amend the Debt Requirements to provide more details as to the nature of the conflicts of interest, which must address personal financial interests of the directors and executive management of the applicant issuer.  | The amendments aim to afford more clarity on the scope of the conflicts of interests to be addressed.  |
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| **8** | **Section 7 Corporate Governance** | **General: Loans & Procurement****Paragraph 7.12**If an applicant issuer is a state-owned entity or municipality and has a policy dealing with procurement of services and/or products, this policy must be current and published on the issuer’s website. The JSE intends to amend the Debt Requirements to provide more details if an applicant issuer does not have a policy. The further disclosure should provide information on what statutory or regulatory framework it may be subject to in order to justify not having a policy dealing with procurement of services and/or products. | It is accepted that state-owned entities are subject to a public procurement framework through the Public Finance Management, 1999 and guidelines issued by National Treasury and may not have a policy dealing with procurement of services and/or products.The position of the JSE, at the time of introducing the provision, was that it was recognised that not all state-owned entity or municipalities have a separate policy dealing with procurement of services and/or products policy because of the statutory or regulatory framework. The details of any such statutory or regulatory framework must now be disclosed. |
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| **9** | **Schedule 3****Debt Sponsor & Designated Person** | **Timing of Annual Confirmation****Schedule 3 - Paragraph 3.13**The JSE intends to amend the Requirements to clarify the timing of the submission of the annual confirmation on the basis that there is no annual subscription payable to the JSE.  | There is no annual subscription fee for a debt sponsor, as such the timing of the submission of the annual confirmation to the JSE must be clarified.  |

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