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**Amendment Schedule – JSE Listings Requirements**

**JSE Consultation Paper Proposals**

**May 2023**

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**Part A: Weighted Voting Share Structures**

**Weighted Voting Share Structures**

4.43 In these Listings Requirements pertaining to the listing of applicants with a weighted voting share structure unless the contrary intention appears, the following terms shall have the meanings assigned to them below:

“weighted voting share structure” means a share structure that gives certain shareholders voting rights disproportionate to their shareholding or any other structure that achieves a similar outcome. Typically, shares in one class carry one vote, while shares in another class carry weighted votes;

“enhanced voting process” means a voting process in a general meeting of the applicant, where votes are cast on the basis that one weighted voting share is limited to one vote;

“ordinary voting share” means in relation to a weighted voting share structure, a share that carries one vote; and

“weighted voting share” means in relation to a weighted voting share structure, a share that carries weighted votes but that otherwise has the same rights as an ordinary voting share.

**Admission criteria**

4.44 An applicant seeking a listing with a weighted voting share structure must satisfy the following criteria:

- (a) it must meet the Main Board listing criteria;
- (b) the weighted voting shares will not be listed or traded on the JSE;
- (c) each weighted voting share shall not carry more than 20 votes per share and the ratio cannot be increased;
- (d) adhere to the governance arrangements in paragraph 4.45; and
- (e) the admission criteria in paragraphs 4.44(c) and (d) must be incorporated in the MOI of the applicant or constitutional documents if a foreign applicant.

**Governance Arrangements**

4.45 The applicant must apply to the following governance arrangements:

- (a) the weighted voting share must have automatic conversion provisions which provide that a weighted voting share will be converted into an ordinary voting share in the event that:
    - (i) the weighted voting share is sold or transferred to any person; or
    - (ii) on the expiry of a period of ten years from the listing date of the applicant
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issuer;

- (b) notwithstanding the provisions of paragraph 4.45(a)(ii), holders of ordinary voting shares may agree at a general meeting to allow an extension to the time sunset provision provided the holder/s of weighted voting shares (in respect of their entire shareholdings in respect of the applicant, both weighted voting shares and ordinary shares) may not participate in such vote;
- (c) holder/s of weighted voting shares must hold at least 10% of the economic interest in the applicant on listing;
- (d) holder/s of ordinary voting shares holding at least 10% of the total voting rights, as measured against the total issued ordinary shares, must have the ability to convene a general meeting;
- (e) the holder/s of weighted voting shares must provide an undertaking that their entire shareholdings in respect of the applicant, both weighted voting share and ordinary shares on listing, may not be disposed or transferred for a period of 12 months from the listing date; and
- (f) the following matters must be voted on through the enhanced voting process:
  - (i) variation of rights attaching to securities;
  - (ii) appointment and removal of auditors;
  - (iii) appointment, re-election or removal of independent non-executive directors;
  - (iv) remuneration policy and implementation report pursuant to paragraph 3.84(j);
  - (v) reverse takeover; and
  - (vi) removal of listing.

#### **Prospects/Pre-Listing Statement**

4.46 The prospectus/pre-listing statement must include the following additional information:

- (a) a statement on the cover page that the applicant has a weighted voting share structure;
  - (b) details of the weighted voting share structure and its associated risks;
  - (c) the rationale for adopting a weighted voting share structure;
  - (d) the matters that are subject to the enhanced voting process;
  - (e) a summary of the key provisions of the weighted voting share structures as incorporated in the MOI of the applicant or constitutional documents if a foreign applicant;
  - (f) the following details of each holder of weighted voting share:
    - (i) name of beneficial shareholder/s with weighted voting shares;
    - (ii) number of weighted voting shares;
    - (iii) total voting rights of weighted voting shares;
    - (iv) number of ordinary voting shares;
    - (v) total voting rights of ordinary voting shares; and
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- (vi) total voting rights of weighted voting shares compared to ordinary voting shares.

#### **Changes in capital**

- 4.47 No further weighted voting shares can be issued, save in the event of a rights issue, bonus issue, capitalisation issue, scrip dividend, consolidation or sub-division of securities, in each case offered in the same ratios in conjunction with ordinary voting shares.

#### **Circulars, annual reports and SENS**

- 4.48 An applicant with a weighted voting share structure must prominently include a statement on the cover page of its circulars, annual reports and announcements that the applicant is an issuer with a weighted voting share structure.
- 4.49 The events in paragraphs 4.45(a) and (b) must be announced on SENS immediately.

## **Consequential amendments**

### **Demand to call a shareholders meeting**

- 3.93 In the event that an issuer and/or board of directors of the issuer received a valid demand to call a shareholders meeting pursuant to the provisions of Section 61(3) of the Companies Act (or in respect of a foreign applicant issuer with a primary listing on the JSE pursuant to similar legislation) or paragraph 4.45(d), the issuer must immediately:
- (i) inform the JSE in writing; and
  - (ii) release an announcement through SENS to that effect.
- 3.94 Subject to the provisions of the Companies Act or in respect of a foreign applicant issuer with a primary listing on the JSE pursuant to similar legislation, the issuer must:
- (i) issue a notice of meeting within ten business days from the date of receipt of the request to call a shareholders meeting, unless the JSE decides otherwise;
  - (ii) the date of the meeting should be specified as a date not exceeding 25 business days from when the notice of meeting is issued; and
  - (iii) the meeting of shareholders must be announced pursuant to the provisions of paragraph 3.90.

### **Low and high voting securities**

- 4.18 Subject to paragraph 4.47, the JSE will not allow a listed company to issue low or high voting securities.
- 4.19 Where a company currently has listed low or high voting securities prior to the incorporation of weighted voting shares in the Listings Requirements, the JSE will grant a listing of additional securities of that class.
- 4.19 Deleted
- 4.20 Deleted

### **Minimum contents of annual financial statements**

- 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), (q)–(t)), and in the annual financial statements (in the case of paragraph 8.63(b)–(k), (m)–(p)):
- (a) ...
  - (t) Disclosure on the weighted voting share structure pursuant to paragraph 4.46, if applicable.
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## **Secondary listings**

### **Conditions for listing**

18.3 An applicant issuer seeking a secondary listing on the JSE must:

- (a) comply with the conditions for listing as set out in Section 4 or Section 21, unless otherwise stated in the Listings Requirements or agreed to by the JSE (full details must be disclosed in the pre-listing statement). The conditions for listing in Section 4 must be read with regard being had to the jurisdiction in which the applicant issuer is incorporated and the listing conditions of the primary exchange;
- (b) confirm that it has a primary listing on an approved exchange;

**Removed: Guidance Letter: Control – par 4.28 of the Listings Requirements:**

Dated: 25 March 2004

## **Part B: Free Float – New Listings**

### **Main Board listing criteria**

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

- (a) ...
- (e) it must have 10% of each class of equity securities held by the public to promote reasonable liquidity.

## Part C: Free Float Assessment

### 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 the applicant issuer and/or of any of its major subsidiary/ies;
  - (c) an associate of a director of the applicant issuer or of any of its major subsidiaries;
  - (d) the extended family of a director of the applicant issuer, as applied to the best of his/her knowledge;
  - (e) 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;
  - (f) a prescribed officer of the applicant issuer;
  - (g) the controlling shareholder/s; or
  - (h) any person where restrictions on trading in the issuer's listed securities, in any manner or form, are imposed by the applicant issuer. 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.
- 4.26 Deleted

### Main Board listing criteria

- 4.28 An applicant seeking a listing on the Main Board must satisfy the following criteria:
- (a) ....
  - (e) it must have 10% of each class of equity securities held by the public to promote reasonable liquidity, representing at least 100 shareholders.
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## **Part D: Special Purpose Acquisition Companies**

### **Item 1: Industry of viable assets**

#### **New expanded paragraph 4.34(b)**

##### **SPAC admission criteria**

4.34 An applicant seeking a listing as a SPAC must satisfy the following criteria:

- (a) ....
- (b) it must disclose the acquisition criteria, including details of the operating industry/ies, for Viable Assets to allow the board of the applicant to consider and assess the potential acquisition of Viable Assets. The acquisition criteria may not be changed unless a resolution is passed at a meeting of security holders by achieving a 75% majority of the votes cast to that effect;



## **Item 2: Experience and Expertise of the Board of Directors**

### **New expanded paragraph 4.34(f)**

#### **SPAC admission criteria**

4.34 An applicant seeking a listing as a SPAC must satisfy the following criteria:

- (a) ...
- (f) the applicant must satisfy the JSE that its board of directors has appropriate experience and track record, and demonstrate that it will be capable of identifying and evaluating Viable Assets and completing the acquisition of Viable Assets based on the acquisition criteria as disclosed in the prospectus/pre-listing statement. The applicant must demonstrate that the board of directors has the requisite collective experience and track record, which includes having:
  - (i) sufficient and relevant technical and commercial experience and expertise;
  - (ii) established track record in relevant operating industry and business activities including -
    - (a) specific contribution to business growth and performance;
    - (b) ability to manage relevant business operations risks; and
    - (c) ability to identify and develop acquisition opportunities; and
  - (iii) established corporate governance and regulatory compliance history;

### **Item 3: Equity Participation of the Board of Directors**

#### **New expanded paragraph 4.34(e)**

##### **SPAC admission criteria**

4.34 An applicant seeking a listing as a SPAC must satisfy the following criteria:

(a) ...

(e) the board of directors must have subscribed for shares or units in the applicant representing at least a 5% interest, on a collective basis, in the applicant on the date of listing. If the subscription is at a nominal value, the interest held by the board of directors must not exceed 20% of the applicant's issued share capital on listing. The subscription shares or units of the board of directors must be held in trust by the applicant's attorneys or other party providing custodial services and must not be sold for a period of at least six months from the date the acquisition of Viable Assets have been completed by the applicant. The terms of the subscription by the board of directors and the terms of the custodial arrangements must be disclosed in the prospectus/pre-listing statement of the applicant;

## **Item 4: Conflicts of Interest**

### **New paragraph 4.34(i)**

#### **SPAC admission criteria**

4.34 An applicant seeking a listing as a SPAC must satisfy the following criteria:

- (a) ....
- (i) in relation to conflicts of interest, the applicant must disclose –
  - (i) notwithstanding the disclosure of remuneration above, details of all incentives (whether in cash and/or securities in the applicant, or otherwise) payable to directors of the applicant, including their associates, in the identification and pursuit of the acquisition of Viable Assets;
  - (ii) details of any service agreement/s in the identification and pursuit of the acquisition of Viable Assets, between the applicant and director/s of the applicant, including their associates;
  - (iii) details of any other fiduciary or contractual obligations by the board of directors of the applicant to other companies or entities that relate to the identification and pursuit of Viable Assets;
  - (iv) details of any other potential conflicts of interests between the applicant and the board of directors (including their associates); and
  - (v) the proposed governance measures to identify, avoid and/or manage potential conflicts of interests as identified in (i)-(iv) above where the applicant pursues a Viable Assets;

## Item 5: Redemption Rights

### New Definition & New paragraph 4.34(j)

#### Special Purpose Acquisition Company

4.33 In these Listings Requirements pertaining to the listing of a SPAC, unless the contrary intention appears, the following terms shall have the meanings assigned to them below:

“completed” means, with reference to the acquisition of Viable Assets by a SPAC, that an acquisition has become unconditional and that the assets have been transferred into the name of the SPAC;

“redemption right” a right afforded only to the shareholder/s who voted against the proposed acquisition of viable assets, to elect to redeem securities and receive a *pro rata* portion of the amount in cash held in the investment account of the SPAC, provided the acquisition of Viable Assets is approved within the period set out in paragraph 4.35(a);

#### SPAC admission criteria

4.34 An applicant seeking a listing as a SPAC must satisfy the following criteria:

(a) ...

(j) investors in a SPAC must be afforded a redemption right subject to the following:

(i) the board of directors and their associates may not exercise redemption rights;

(ii) the redemption price must be the initial listing subscription price, after applying the *pro rata* operating expenses and interest earned on the capital under escrow, up to the redemption right exercise date;

(iii) an applicant may establish a limit as to the maximum number of securities with respect to which each eligible shareholder may exercise a redemption right, provided that such total limit may not be less than 10% of the issued share capital of the applicant on listing. Any redemption limit established by the applicant must apply equally to all shareholders entitled to a redemption right; and

(iv) the redemption right mechanism and timing must be clearly explained in the prospectus/pre-listing statement of the applicant.

#### Capital

4.36 The SPAC must comply with the following in respect of the capital raised:

(a) ...

(b) ...

(c) The escrow agreement governing the capital in escrow must provide for the following and the agreement must be submitted to the JSE for prior approval:

(i) release of such amount that will be used to cover the operating expenses pursuant to paragraphs 4.34(c) and (d), and redemption rights, at the request of the board of directors;

(ii) release of the balance or portion of the capital to the SPAC once it receives approval for the acquisition of Viable Assets pursuant to paragraph 4.35(b)

within the initial period; and

- (iii) the termination of the escrow agreement and the distribution of the capital in escrow to security holders pursuant to paragraphs 4.35(c) and 4.37.

### **Memorandum of Incorporation**

4.38 A SPAC must have the following provisions included in its Memorandum of Incorporation:

- (a) it must require security holders to vote on any proposed acquisition;
- (b) redemption rights; and
- (c) a distribution requirement, pursuant to which security holders must, if an acquisition of Viable Assets is not completed within the initial period, be entitled to receive an amount equal to the aggregate amount then in escrow (net of any applicable taxes and expenses related to the distribution and voluntary liquidation), plus the interest earned, divided by the aggregate number of securities.

## **Item 6: SPAC & Weighted Voting Share Structure**

### **New paragraph 4.34(i)**

#### **SPAC admission criteria**

4.34 An applicant seeking a listing as a SPAC must satisfy the following criteria:

(a) ....

(i) a SPAC may not adopt a weighted voting share structure on listing.

**Item 7: Initial period to complete acquisition of viable assets**

**New expanded paragraph 4.35(a)**

**Acquisition of Viable Assets**

4.35 Once an applicant has been admitted as a SPAC, the following must be complied with:

- (a) The SPAC must have completed an acquisition of Viable Assets within 36 months from the date of listing as a SPAC (the "acquisition window").\*

\*Note: Replace definition of "*initial period*" to "*acquisition window*" throughout the SPAC provisions.

## **Item 8: Escrow Arrangements**

### **Paragraph 4.33**

#### **New Definition**

#### **Special Purpose Acquisition Company**

4.33 In these Listings Requirements pertaining to the listing of a SPAC, unless the contrary intention appears, the following terms shall have the meanings assigned to them below:

"completed" means, with reference to the acquisition of Viable Assets by a SPAC, that an acquisition has become unconditional and that the assets have been transferred into the name of the SPAC;

"escrow" means escrow or similar custodial arrangement to the satisfaction of the JSE, to safeguard the capital of the SPAC for the protection of investors as prescribed by the JSE;



## **Item 9: Acquisition Circular to Shareholders**

### **New paragraphs 4.41 and 4.42 Acquisition circular to shareholders**

- 4.41 The circular is not a pre-listing statement but the equivalent of a category 1 acquisition circular.
- 4.42 The circular must also address:
- (a) the listing entry criteria for the Main Board or AltX, considering the type of industry;
  - (b) the required subscribed capital and profit (if applicable) must reflect in the pro forma financial information prepared pursuant to Section 8,
  - (c) if applicable, any forecast information prepared to reflect the new combined issuer must adhere to Section 8;
  - (d) the experience and expertise of the directors and senior management pursuant paragraph 4.8(b);
  - (e) working capital statement pursuant to paragraph 2.12; (f) corporate governance as applied to Main Board or AltX pursuant to paragraphs 3.84 and 21.5;
  - (g) the current balance of proceeds raised on listing, including interest and any additional financing obtained by the applicant pursuant to paragraph 4.36(d), if applicable, as held in escrow as at the time of the conclusion of the acquisition agreement;
  - (h) the balance of operating expenses, as at the time of the conclusion of the acquisition agreement;
  - (i) details on the governance process in respect of how the acquisition of Viable Assets was identified, evaluated and approved by the board of directors;
  - (j) a statement on whether the acquisition criteria of Viable Assets are in line with the disclosures in the prospectus/pre-listing statement of the applicant and whether there are any variations from such acquisition criteria, if any;
  - (k) subject to paragraph 4.34(j), the redemption right mechanism;
  - (l) details of all incentives (whether in cash and/or securities in the applicant, or otherwise) received or to be received by the board of directors and their associates arising from the identification and acquisition of Viable Assets; and
  - (m) the details of potential conflicts of interests between the applicant and the board of directors (and their associates) as identified in paragraph 4.34(i)(i)-(iv), as it relates to the identification and acquisition of Viable Assets.

### **Removed: Guidance Letter: Special Purpose Acquisition Company ("SPAC")**

Date: 13 June 2017

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