

**Amendment Schedule
Auditor Accreditation
JSE Debt Listings Requirements
October 2023**

Amended Definition

Auditor	includes the audit firm and the individual auditor, who is registered with the Independent Regulatory Board for Auditors, a member of the International Forum of Independent Audit Regulators, or a similar regulatory or professional body for auditors in another jurisdiction, assigned and/or appointed to perform a statutory audit (or a review) of an applicant issuer
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Section 3: Conditions of Listing

Minimum criteria for listing of debt securities or registration of a programme memorandum or, in the case of a foreign issuer, the JSE supplement

- 3.10 In order to satisfy the minimum criteria for listing an applicant issuer must:
- (a) have appointed a debt sponsor or designated person, as the case may be;
 - (b) have appointed an auditor;
 - (c) ...

Section 5: Financial Information

Financial statements

- 5.2 ...
- 5.3 A new applicant which makes application for the registration of a placing document must have published and submitted financial statements which:
- (a) ...
 - (b) ...
 - (c) have been independently audited by an auditor pursuant to paragraph 6.22.

Project Bonds

- 5.18 Project bond issuers that wish to list and are unable to comply with the requirements of paragraph 5.3 may be accepted for a listing if the following is provided to the JSE:
- (a) A consolidated cash flow model on the project, independently audited by the auditor pursuant to paragraph 6.22. The cashflow model must be prepared under a lenders base case scenario; or
 - (b) A profit forecast for the project bond issuer, produced in compliance with paragraphs 5.7 to 5.17, for the remainder of the financial year during which it will list the first debt security and for one full financial year thereafter. An auditor's report, in compliance with paragraph 5.13(a)(i), is required on this forecast financial information. The auditor signing off on the auditor's report must be appointed

pursuant to paragraph 6.22.

Section 6: Continuing Obligations

Appointment of auditors

6.22 .

An applicant issuer must appoint an auditor and must ensure that the terms of the engagement include the following:

- (a) a requirement for the auditor to notify the issuer within 24 hours where the auditor has been prohibited from signing the audit report or is no longer registered with its regulator; and
- (b) that the auditor is obliged to inform the JSE and audit committee of the applicant issuer, where the applicant issuer misrepresents the content of the auditor's report as it relates to that applicant issuer (for example by indicating that the auditor's opinion is unqualified when there is a modification of the auditor's opinion or by indicating that there are no issues when in fact there is a modified auditor's report) or by indicating that the financial information has been audited or reviewed when this is not the case. Such notification must be made by the auditor by no later than 24 hours of the date the auditor became aware of the matter.

[Copied substantially from paragraph 22.16(b)]

6.23 The following applies to the appointment of the auditor:

- (a) the applicant issuer must appoint an auditor who is registered with its regulator in the country of incorporation of the applicant issuer, such appointment must be made in accordance with the laws of incorporation/ company laws of the applicant issuer;
- (b) the audit firm must at all times have at least three individual auditors who are registered as assurance individual registered auditors with their regulator;

[Copied substantially from paragraph 22.4(a)]

- (c) the audit firm must have had a firm-wide independent quality management inspection on the audit firm by its regulator either in its regulator's current inspection cycle or a prior inspection cycle;

[Copied substantially from paragraph 22.4(c)]

- (d) the auditor must have demonstrated to the issuer that it has the necessary resources to carry out the relevant engagement, as required in the "auditing pronouncements" defined in Section 1 of the Auditing Profession Act, which includes paragraph 30 of International Standard on Quality Management 1 ("ISQM 1"); and
- (e) the auditor must not be prohibited by its regulator from performing the relevant assurance engagement.

6.24 Where an auditor has been appointed but is subsequently prohibited from signing the audit report, or no longer registered with its regulator, the auditor must be replaced within the period specified in the Companies Act (or equivalent legislation applicable to the issuer) or before the next audit report is signed, whichever is earlier.

6.25 ...

Notification of change in auditor

6.25 An issuer must notify the JSE of:

- (a) the appointment of the auditor;
- (b) the termination, non-reappointment or resignation of the auditor; and/or
- (c) any change of the individual auditor,

by no later than two business days following the date of such event. The notification must state the effective date and confirm to the JSE that the appointment complies with paragraphs 6.22 and 6.23.

6.26 The notification required by paragraph 6.25(b) must be accompanied by a letter from the auditor which includes:

- (a) the reason/s; and
- (b) confirmation of any matters of non-compliance with laws and regulations regarding the issuer that were reported by the auditor to an appropriate authority in the last 12 months. This includes any reportable irregularities regarding the issuer reported by the auditor to its regulator in the past 12 months.

6.27 On notification to the JSE pursuant to paragraph 6.25, the issuer must publish an announcement on a change of audit firm, addressing at least the following:

- (a) whether the change was initiated by the issuer or the audit firm;
- (b) the reason(s) for the change;
- (c) the effective date of the change; and
- (d) the name of the newly appointed audit firm (if a decision has not yet been made on the appointment of a new audit firm this fact must be disclosed).

6.28 The annual financial statements for the year-end in which the termination or resignation took place must state that the audit firm appointment was terminated or that the audit firm resigned and the reason(s) therefore.

Corporate Governance

7.3 Applicant issuers must implement the following specific corporate governance practices and must, in addition to complying with IFRS, disclose compliance therewith in their annual financial statements, which must be available on the website of the applicant issuer. (The effect of incorporating certain practices from the King Code into the Debt 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):

- (a)
- (e) the audit committee must, notwithstanding its duties pursuant to Section 94 of the Companies Act:
 - (i) consider and satisfy itself, on an annual basis, 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;

- (iii) consider the following information provided by the audit firm and individual auditor, in the assessment of the suitability of appointment or reappointment of the auditor:
 - (aa) the latest results (including related remedial action plan) of an inspection performed by its regulator. The audit committee may accept reports with the identity of specific entities redacted provided that such redaction does not limit the understanding of their content;
 - (bb) any new inspection result of an inspection performed by its regulator, between the date of appointment of the auditor and the date of signature of the audit report on the annual financial statements;
 - (cc) a summary, of the ongoing communication related to monitoring and remediation referred to in paragraph 46 of ISQM 1; and
 - (dd) a summary of any legal or disciplinary proceedings completed or pending, as determined by the audit firm's head of risk (or a similar senior person within the firm tasked with the responsibility of risk management) within the past five years. Legal or disciplinary proceedings include those instituted through any legislation or by any regulatory/professional body; and

- (iv) notwithstanding the provisions of Section 90(6) of the Companies Act, ensure that the appointment of the auditor is tabled as a resolution at the annual general meeting of the issuer pursuant to Section 61(8) of the Companies Act.