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Your safe and reliable gateway to African capital markets

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»»» JSE Africa Board

There has been considerable flow of funds into African investments as investors search for better returns. It has been empirically demonstrated that correlations between African capital markets and the developed world are relatively low, allowing investors to diversify portfolios and manage unsystematic risk. Investing in Africa is however riddled with many challenges, which if not managed may outweigh the benefits of diversification. Key among them are;



- » Lack of liquidity and price discovery
- » Regulatory inconsistencies across markets
- » High friction costs
- » Asymmetric flow of information
- » Weak corporate governance standards
- » Lack of continuity – less trading hours.

To allow investors to enjoy the opportunities Africa has to offer and at the same time being able to circumvent the challenges mentioned above, the JSE launched the Africa Board segment on its Main Board platform.



What is it?

- » The Africa Board is a segment of the JSE main board which showcases top African companies. Trading takes place using a trading, clearing and settlement system that is easily accessible, secure and cost effective.


Why you should list?

- » Increase liquidity in your shares – The JSE has witnessed significant foreign inflows in line with the resumed interest in African assets.
- » Africa domiciled issuers trade at massive discounts to intrinsic value if they are listed overseas – a world class African bourse is where African companies are better understood and will reflect better pricing.
- » Issuer company's profile is more visible through the JSE's extensive marketing and global share price dissemination
- » Post listing support to maintain and sustain interest in listed companies, including regular analyst coverage of stocks.
- » Favourable tax and exchange control regime for remittance of proceeds and capital raised – we have included a legal opinion on the Reserve Bank and SARS positions.



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- » Opportunity to trade on a platform with similar standards to most developed exchanges – LSE, NYSE, TSX etc.
 - » Visible to more investors through exposure to the JSE's large local and foreign investor base. There is a pool of liquidity from managers that have specific Africa focused mandates including:
 - Investec
 - Old Mutual (OMIGSA)
 - RMB
 - BOE
 - Allan Gray
 - Coronation
 - Stanlib
 - Sanlam
 - JP Morgan
 - » Attractive to South African fund managers as trading takes place in ZAR, which is easily hedgeable with currency derivatives for foreign fund managers.
 - » Shares fully fungible – ensures price discovery because of arbitrage opportunities.
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How to list

- » All companies on the Africa Board must be classified African, as defined by the South African Reserve Bank (“SARB”)
 - » A company is regarded as African by SARB if it is:
 - Domiciled in Africa, or its activities are geographically located in Africa
 - Domiciled outside Africa, but the majority of its activities are geographically located in Africa
 - » A company wishing to list must:
 - Meet Africa Board Listings Requirements
 - Appoint a JSE approved sponsor to manage the listing process for the company
 - » A company that already has a listing on its home exchange is encouraged to retain its local listing and have a secondary inward listing on the JSE. This ensures an ongoing role for the home exchange and encourages closer cooperation and knowledge transfer.
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Listing requirements

Subscribed Capital	<ul style="list-style-type: none"> • ≥ R25m (USD3.3m) • ≥ R500m (USD65m) for non-WFE accredited exchanges
Equity Shares in issue	≥ 25m
Profit History (years)	3 years previous history and in listing year a profit of at least R8m
Shares in public hands	• ≥ 20%
Transfer of Share Register	• ≥ 10% to be transferred to form the JSE register
No of shareholders	≥ 300
Africa Board's Regulator	JSE
Company's Regulator in SA	JSE
Reporting Standards	IFRS, GAAP (UK, US & Canadian)
Sponsor	JSE Approved
Other requirements	On application

Listing fees

Initial listing fees

- » These are dependant on the monetary value of listed securities.
- » Analysis of the fees relative to the other bourses indicates that the JSE fees and listing obligations are very competitive as demonstrated below.
- » Fees are only payable on listing;
 - ≤ R50 000 000 – R30 000/USD3 950
 - ≤ R80 000 000 – R45 000/USD5 900
 - ≤ R128 000 000 – R54 900/USD7 250
 - ≤ R204 800 000 – R64 782/USD8 500
 - ≤ R327 680 000 – R75 147/USD9 900
 - ≤ R524 288 000 – R101 449/USD13 350
 - > R524 288 000 – on application.

Documentation Fees

- » These are for inspection of documentation, submitted to the JSE for approval from time to time:
 - New listing – R45 543
 - Articles of Association – R5301
 - Other documentation fees on application.





Annual Listing Fees

- » These are payable annually at the start of each year
- » The annual listing fee will be based on 0.04% of the company's market cap:
 - Minimum R28.8K
 - Maximum R146.2K (maximum fee is attained at a market cap of R524.3m)

Why local exchanges benefit?

- » Companies retain local listing and dual list, as an inward listing on the JSE.
- » Increased trading volumes and liquidity, also reflected in increased volumes and liquidity on the local exchange so local brokers also benefit.
- » JSE will give brand recognition to the local exchange.

Trading

- » Africa Board is a segment of the JSE Main Board.
- » Trading takes place in the same manner as the JSE Main Board, stocks are listed on the LSE trading system, JSETradeElect.

- » Anonymous trading with price time priority.
- » Improved price discovery through arbitrage.
- » Trading hours 9am-5pm continuous.
- » Daily clearing of all trades.
- » Guaranteed settlement on T+5 of all central order book trades.
- » Regulated surveillance and compliance.
- » Globally acceptable standards of corporate governance.
- » South African local clients will transact through a JSE member.
- » Foreign clients will transact through a JSE member or route orders through local exchange brokers.

Indices

- » Two indices have been created, the FTSE/JSE All-Africa 40 Index and the FTSE/JSE All-Africa 30 Index.
- » The FTSE/JSE All Africa Indices reflect issuers listed in countries across the continent which meet the Index's Quality of Market criteria. They include companies not listed on the Africa Board as they are intended to broadly reflect African market performance.



- » The FTSE/JSE Africa Board Index will reflect performance of those companies listed on the Africa Board. This Index will only be created once a sufficient number of companies are listed on the Africa Board.



Data dissemination

- » All existing and future clients will get the Africa Board data as part of their usual data feed and so prices for shares on the Africa Board will be widely disseminated.
- » Data vendors currently carry this data in all relevant products.
- » The print media also run this data.

Contact details

The JSE has assembled a dedicated Africa Board team to act as the conduit between the issuer, sponsoring advisor and the JSE pre and post listing. Sustained interest in the issuer post listing is of utmost importance to us and we will continuously strive to align the issuer's objectives with that of the target investors and stakeholders. Please feel free to get in touch with us on the details below:

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Prospective issuers and investors can access more information, including the list of sponsors, full listing requirements as well as the full fee schedule on our website – www.jse.co.za.