



18 September 2017

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Auditors, Sponsor & Designated Advisors

## IMPLEMENTATION OF AUDITOR ACCREDITATION REQUIREMENTS

The JSE released an announcement regarding amendments to the JSE Listings Requirements (the “Requirements”) and the Debt Listings Requirements (the “Debt Requirements”) in relation to the accreditation of auditors.

Pursuant to Board Notice 160 of 2017 as published in the Government Gazette No. 41122, the effective date is 15 October 2017 (the “Effective Date”).

This letter serves to confirm the implementation process in respect of certain amendments, notwithstanding the Effective Date.

### Audit Committee Responsibilities

For existing issuers, paragraphs 3.84(h)(iii) of the Requirements and 7.32 (b) of the Debt Requirements are applicable to any notices of meetings sent on or after 15 November 2017 dealing with the appointment or re-appointment of an auditor.

### Partner Accreditation Considerations for the Audit Committee

Previously an issuer could only appoint an accredited individual auditor. Under the new requirements, the audit committee can consider the appointment of any audit partner recommended by an accredited audit firm.

Notwithstanding the Effective Date, an audit committee may from the date hereof consider the appointment of their audit partner pursuant to the new requirements which includes the application of paragraphs 3.84(h)(iii) of the Requirements and 7.32 (b) of the Debt Requirements.

Executive Directors: NF Newton-King (CEO), A Takoordeen (CFO)

Non-Executive Directors: N Nyembezi-Heita (Chairman), AD Botha, Dr M Jordaan, Dr SP Kana, DM Lawrence, Dr MA Matooane, AM Mazwai, NP Mnxasana, NG Payne

Alternate Directors: JH Burke, LV Parsons

Group Company Secretary: GA Brookes

### Partner Accreditation Considerations for the Audit Firm

Annual declarations were submitted by auditors, reporting accountant specialists and IFRS advisors as part of the annual accreditation process. Accreditation letters were issued to these parties from June 2017 to the date hereof. The accreditation letters list the names of accredited individual partners. All individual partners are regarded as individuals not appearing on the disqualified list, subject to there being no new matters arising after 30 April 2017.

In respect of the parties appearing on the accreditation letters: If any matter as described in paragraph 22.4(f) of the Requirements arose after 30 April 2017, the audit firm may not permit such partner to accept further or new engagements from the Effective Date until the JSE has concluded its process pursuant to paragraph 22.4(f) of the Requirements.

In respect of the parties not appearing on the accreditation letters: The audit firm may not permit such partner to accept any engagement until the JSE has concluded its process pursuant to paragraph 22.4(f) of the Requirements.

The early adoption of the above requirements are allowed, notwithstanding the Effective Date.

### Accredited Auditors Training

Certain individuals whose names appear in the accreditation letters agreed to undergo training on the Requirements. Notwithstanding the fact that the JSE will no longer accredit individual partners, those individuals must still complete the training.

### Reporting Accountant Specialists

The names of a reporting accounting specialist appear in the accreditation letters either because the individual:

- a) performed the work of reporting accountant specialist to the satisfaction of the JSE on at least one report in the 12 months prior to their application; or
- b) successfully completed the JSE approved training for reporting accountant specialists.

In relation to (b) and pursuant to paragraph 22.9(d) of the Requirements, in addition to having completed the JSE approved training a reporting accounting specialist will be required to pass a further prescribed examination in order to be accredited under the new requirements. As such, all reporting accounting specialists appearing on an accreditation letter will have until 31 May 2018 to pass the prescribed examination, failing which such reporting accounting specialist will no longer be recognised as being accredited as reporting accountant specialists.

## Forms

Forms E1 to E6 dealt with administration aspects of the accreditation process and have been amended to take into account the new requirements. Please note the following amendments to these forms:

- Forms E1, E3 and E4 have been amended accordingly to accommodate the new requirements;
- Form E2 no longer deals with individual audit partner accreditation, but will now deal with the process to determine whether or not a partners name will be entered on the list of disqualified individual auditors; and
- The process for auditor accreditation is now identical for all auditors, even those registered outside of South Africa, therefore forms E5 and E6 are no longer required and have been withdrawn.

## Guidance Letters

Various guidance letters dealing with the accreditation process have been issued by the JSE since 2010. FM-9, FM-13, FM-15 and FM-17 deal principally with the previous administration process for annual auditor accreditation. These guidance letters have therefore been withdrawn.

FM-24 deals with training courses and will be updated prior to the Effective Date to take into account the provisions of the new requirements.

## Fees

Audit firms currently pay a fee (initial and annual) per individual audit partner. The initial fee will continue to apply for each new request to the JSE to apply the process pursuant to paragraph 22.4(f) of the Requirements. The annual review fee per partner will no longer be applicable.

Please contact Tania Wimberley on 011 520 7067 if you have any questions regarding this letter.

Yours faithfully



**A F VISSER: GENERAL MANAGER  
ISSUER REGULATION**