

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

JSE Consultation Paper

April 2019

Important Information:

The explanatory memorandums should be read with (i) the JSE Consultation Paper dated 19 September 2018 and (ii) the amendment schedules, which are attached.

Comments can be sent to consultation@jse.co.za for the attention of Alwyn Fouchee: Head – Regulatory Compliance.

Comments may be submitted up to and including Friday, 24 May 2019.

Considerations for strengthening the regulation of Primary Listings

Item	Proposed Amendment	Nature of amendment and rationale
1	<p>Main Board Entry Criteria</p> <p>Subscribed Capital:</p> <ul style="list-style-type: none">• Paragraphs 4.28(a) and (c) <p>In order to qualify for listing, an applicant issuer seeking a listing on the Main Board of the JSE must have, amongst others:</p> <ul style="list-style-type: none">• Subscribed capital of R50 million;• Audited financial statements for the preceding three years, which reported an audited profit of at least R15 million before taxation and after taking into account the headline earnings adjustment on a pre-tax basis in the last audited financial year; and	<p>The JSE has decided not to proceed with the proposal to increase the subscribed capital amount of R500 million where the profit requirement has not been met. Through the public consultation process, there were no substantive arguments presented as regards the rationale for the increased quantum of subscribed capital. The JSE concluded that the subscribed capital amount should remain as is in order to support companies seeking the benefits of listing, however with safeguards.</p> <p>The safeguards proposed by the JSE will require the subscribed capital amount –</p> <ul style="list-style-type: none">• to have been accumulated over a period of time; and• to have been achieved prior to listing and not through listing. There should be a natural accumulation of subscribed capital and it must not have been achieved through a capital raise on listing.

	<ul style="list-style-type: none"> • If the applicant issuer does not meet the profit requirement, it requires R500 million in subscribed capital. <p>In the JSE Consultation Paper the JSE proposed that the subscribed capital requirement could be strengthened in two ways:</p> <ul style="list-style-type: none"> • The current subscribed capital amount may needed to be revised upwards. Subscribed capital of R500 million did not necessarily represent as large a base as it did when it was introduced by the JSE in 2007; and • Applicant issuers could be required to have the minimum subscribed capital amount in place prior to listing and to any capital raising through a listing on the JSE. <p>The JSE intends to amend the JSE Listings Requirements (the “Requirements”) to strengthen the Main Board entry criteria, relating to subscribed capital, as follows:</p> <ul style="list-style-type: none"> • The subscribed capital amounts pursuant to paragraph 4.28 (a), (c)(i)(b) and (c)(ii) of the Requirements must be in existence prior to listing and cannot be achieved through means of a capital raising process on listing; and • The audited annual financial statements for the preceding three financial years must illustrate the accumulation of the subscribed capital amount over a period of time. 	<p>In conclusion, the subscribed capital of -</p> <ul style="list-style-type: none"> • R50 million, with profit history, will remain as a valid listing entry criteria for a Main Board listing; and • R500 million, without profit history, will remain as a valid listing entry criteria for a Main Board listing. (In this regard it should be noted that this entry criteria is tenfold higher than the case where there is profit history).

<p>2</p>	<p>Main Board Entry Criteria</p> <p>Part A</p> <p>Public Shareholders:</p> <ul style="list-style-type: none"> • Definitions • Paragraph 4.25 <p>In order to qualify for listing on the Main Board, an applicant issuer must have 20% of each class of equity securities held by the public to ensure reasonable liquidity.</p> <p>Currently, shares issued to directors and associates of directors (including the spouse and minor children of the director) do not qualify as public shareholders.</p> <p>In line with the proposals in the JSE Consultation Paper, the JSE intends to amend the requirements dealing with the classification of public shareholders to expand the principle that shares that are held by any person/s closely affiliated to the directors and by management of the applicant issuer will not be regarded as publicly held.</p> <p>In order to strengthen the classification of public shareholders, the JSE aims to exclude the following as shares held by the public:</p> <ul style="list-style-type: none"> • Shares held by directors and their associates, but also shares held by the extended family of the directors through the application of the “<i>family cross holdings test</i>”. Refer to the new definition “<i>family cross holdings test</i>”; • Shares held by the management of the applicant issuer. The management of the applicant issuer will mean a “<i>prescribed officer</i>” as defined in the Companies Act No. 71 of 2008 (the “Companies Act”). To the extent that that applicant issuer is not incorporated in South Africa, management with a similar designation of a prescribed officer will apply 	<p>The intention of the JSE will be to expand the parties not regarded as public shareholders in order to strengthen the integrity of public shareholders and to remove closely held shares linked to the directors, their associates, extended family members, management of the applicant issuer and where trading restrictions have been imposed by the applicant issuer.</p>
----------	---	--

	<p>equally. Refer to the new definition of “<i>prescribed officer</i>”;</p> <ul style="list-style-type: none"> • Shares held by major shareholders as defined in paragraph 7.A.27 of the Requirements and their associates. This will also include shareholders holding less than 5% but together with their associates becomes major shareholders. This provision will reduce the total holdings exclusion from 10% to 5% (refer to the previous paragraph 4.25(e)); and • Shares held subject to any lock-up provisions. In this regard, lock-up provisions for less than six months will not be regarded as locked-up by the JSE. 	
	<p>Main Board Entry Criteria</p> <p>Part B</p> <p>Confirmation of Public Shareholders:</p> <ul style="list-style-type: none"> • Paragraph 7.A.28 • Paragraph 11.4 • Paragraph 11.9 • Paragraph 16.12 <p>In the JSE Consultation Paper the JSE proposed additional measures to strengthen the integrity of public shareholders by requiring the independent board of directors of the applicant issuer to make their own assessment on how the public shareholders’ spread was achieved. Notwithstanding the current sponsor confirmation on public spread, the JSE intends to amend the Requirements to require:</p> <ul style="list-style-type: none"> • the board of directors of the applicant issuer, as a whole, to confirm in the abridged PLS 	<p>The confirmation of public shareholders and the application of the Requirements in respect thereof should not be the responsibility of the sponsors alone. The parties best placed to test the integrity of the public shareholders are the members of the board of directors of the applicant issuer. The JSE will place reliance on a public positive statement to that effect by the members of the board of directors before listing, as evidenced through supporting documents.</p>

announcement, in the event of listing through means of an introduction, that the public shareholders' requirements have been achieved pursuant to the provision of the Requirements. In the event of a listing through means of an offer or subscription, the announcement dealing with the outcome of the capital raise the board of directors of the applicant issuer must confirm that the public shareholders' requirements have been achieved pursuant to the provision of the Requirements;

- the members of the board of directors of the applicant issuer confirm in the PLS, in the event of listing through means of an introduction, that the public shareholders' requirements have been achieved pursuant to the provision of the Requirements; and
- the members of the board of directors of the applicant issuer confirm in writing to the JSE, 48 hours before listing as part of the Part II documents, that the public shareholders' requirements were achieved pursuant to the provision of the Requirements, accompanied by a detailed explanation with supporting documents on how the public shareholders' requirements were actually applied.

The intention of the approach is that the applicant issuer makes a public statement that the public shareholders' requirements have been achieved which will be supported by the actually working papers/analysis of how the public shareholders' requirement was applied (which is then submitted to the JSE before listing).

Although the JSE proposed that the independent members of the board provide the necessary confirmations on the public shareholders' requirements, the JSE is of the view that the whole board as a collective should take on this responsibility.

<p>3</p>	<p>Publication of Announcement – New Listings</p> <ul style="list-style-type: none"> • Corporate Actions Timetable – Schedule 2, Form H1 • Paragraph 11.6 • Paragraph 16.12 <p>The Requirements currently stipulate pursuant to paragraph 11.6 and the relevant corporate actions timetable (Schedule 2 Form H1) that the applicant issuer must publish its PLS and inform the market by the release of an announcement by the applicant issuer through SENS, five business days before the date of the listing. This provides time for the listing to be analysed and absorbed by the market before trading commences.</p> <p>In line with the JSE Consultation Paper, the JSE intends to amend the Requirements to provide or a longer lead time for the listing to be analysed and absorbed by the market before trading commences. It is proposed that the announcement period be extended from five business days to ten business days (the “publication period”).</p> <p>The JSE further intends to amend the Requirements to place a positive obligation on the sponsor and board of directors of the applicant issuer to provide written confirmation to the JSE that no material objections were reported to either the issuer or sponsor in respect of the listing of the applicant issuer during the publication period.</p>	<p>A longer market notice in respect of new listings will ensure more time for the proper consumption of the PLS by the market.</p> <p>The JSE has a market obligation and public interest function to be made aware of any material objections reported in respect of a new listing on the JSE.</p>
-----------------	---	--

<p>4</p>	<p>Compliance with Applicable Laws</p> <p>Part A</p> <ul style="list-style-type: none"> • New paragraphs 7.F.5 and 7.F.6 <p>The JSE has a general listing condition as a measure to ensure that the applicant issuer is in good standing with the laws applicable to that issuer. The requirement currently stipulates that an applicant issuer must be duly incorporated or otherwise validly established under the law of the country of incorporation or establishment, and must be operating in conformity with its Memorandum of Incorporation or relevant constitutional documents, if not South African, and all laws of its country of incorporation or establishment.</p> <p>In the JSE Consultation Paper the JSE proposed that –</p> <ul style="list-style-type: none"> • there be disclosure in the PLS of the relevant laws that apply to the applicant issuer’s (i) establishment (Companies Act) and (ii) main industry of operation (i.e. mining issuer complying with relevant mining laws); and • requiring the board of directors the applicant issuer to include and take responsibility for a positive statement regarding compliance with the above applicable legislation in the pre-listing statement. This would need to be accompanied by specific reference to the steps and measures undertaken to enable the directors to make the required positive statement. This measure could be extended as a disclosure item in the annual report of the issuer on an annual basis to ensure focused attention to the above applicable laws applying to the issuer. <p>Comments raised during the consultation period expressed reservations on the scope of the applicable laws disclosure and the statement by the board of directors. At any point of</p>	<p>The JSE is of the view that there must be an applied approach to ensure that -</p> <ul style="list-style-type: none"> • the applicant issuer is a good corporate citizen; • it complies with its laws in incorporation; and • that it is acting in conformity with the provisions of its MOI.
-----------------	--	---

time, due to the vast nature of an issuer's business (more so where international operations are involved across multiple jurisdictions) it may not be practical to address compliance with each and every law (considering the time, costs and resources to be involved). Further the board of directors may need to appoint third party assurance providers in order to execute and verify the proposed disclosure obligation. Also there may be various levels of non-compliance with laws at any given time within the operations of an issuer, however these could relate to immaterial matters. After careful review of the matter the JSE is of the opinion that this confirmation is a function that in any event should have been performed by the Social & Ethics Committee pursuant to its statutory mandate in the Companies Act. Pursuant to Section 43 of the Companies Regulations the functions of the Social & Ethics Committee include to monitor the applicant issuer's activities in respect of laws relating to, including but not limited to, (i) social and economic development, (ii) good corporate citizenship, (iii) environment and public safety and health and (iv) labour and employment matters.

The JSE therefore intends to amend the Requirements by requiring a positive statement by the Social & Ethics Committee of the applicant issuer in the PLS that it has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and that there is no material non-compliance to disclose. To the extent that the applicant issuer is not incorporated in South Africa, a similar statement will be required in respect of its corporation laws.

However, a specific obligation will be placed on the board of directors which will require them to take responsibility through means of a positive statement in the PLS that the applicant issuer –

- is in compliance with the provisions of the Companies Act, specifically relating to its incorporation or if a foreign applicant issuer is in

	<ul style="list-style-type: none"> compliance with its corporation laws; and operating in conformity with its MOI or relevant constitutional documents. <p>The above positive statement must be accompanied by specific reference to the steps and measures undertaken to enable the directors of the applicant issuer to make the required positive statement. This measure will be extended as a disclosure item in the annual report of the issuer on an annual basis to ensure focused attention to compliance with the laws of its incorporation and provisions of its MOI.</p>	
	<p>Part B</p> <p>Material Risk Factors</p> <p>General: The JSE intends to amend the Requirements by requiring material risk factors to be included in PLS. This item was not specifically addressed in the JSE Consultation Paper but the JSE considers the proposed amendment relevant.</p> <p>The JSE will require all applicant issuers to include disclosures on material risk factors in the PLS. The disclosure of material risk factors must be applied to the applicant issuer, its industry and securities being listed.</p> <p>Price Sensitive Information:</p> <p>The JSE also intends to amend the Requirements by requiring the board of directors to consider the impact of risk factors on the application of price sensitive information pursuant to paragraph 3.4(a) of the Requirements.</p> <p>Annual Report:</p> <p>The JSE also intends to amend the Requirements by requiring disclosure in the annual report of the issuer of</p>	<p>Knowledge of the material risks is integral to the successful operation of business operations and is also of benefit to investors, shareholders and stakeholders.</p> <p>In order to ensure continued consideration of risk factors, the application of risk factors will be extended to the consideration of price sensitive information and disclosure in the annual report.</p>

	<p>applicable risk factors, which must be incorporated by reference.</p>	
<p>5</p>	<p>Mandatory training for members of the Audit Committee and Company Secretaries</p> <p>In the JSE Consultation Paper the JSE considered introducing an amendment to the Requirements, requiring all the members of the audit committee and company secretaries to undergo formal training on their responsibilities pursuant to the provisions of the Companies Act and the Requirements.</p> <p>Different views and commentary were raised on this item, for and against the proposals made by the JSE.</p> <p>Although those in favour argued that it would assist directors and company secretaries generally to undergo formal training, the following arguments were presented against the proposals:</p> <ul style="list-style-type: none"> • Training will add unnecessary additional burden on directors of audit committees and company secretaries. • Section 94(5) of the Companies Act prescribe minimum qualification requirements for members of the audit committee to ensure that such committee taken as a whole, comprises persons with adequate relevant knowledge and experience to equip the committee to perform its functions. Members of the audit committee are obliged to understand their statutory duties and those placed on them in the Requirements and should be able to be held accountable in terms of the provisions of the Companies Act, common law and the Requirements. • Pursuant to the Requirements, the board of directors must already consider and satisfy itself on the competence, qualifications and experience of 	

	<p>the company secretary, on listing and on a continuing basis.</p> <ul style="list-style-type: none"> • The listing sponsor is there to guide and assist the board of directors and the company secretary on the application of the Requirements. Sponsors are required to undergo regular mandatory JSE training. • Compulsory training may lead to an artificial result with cumbersome practical implications regarding scheduling and availability of directors and company secretaries. The quality of audit committees and company secretaries may not necessarily improve as a direct result of imposed mandatory JSE training. <p>Based on the above representations and after due consideration, the JSE has elected not to proceed with the proposals of mandatory JSE training for members of the audit committee and the company secretary.</p>	
6	<p>Non-binding advisory vote on Corporate Governance</p> <p>In the JSE Consultation Paper the JSE stated that there was a need for enhanced focus and accountability in respect of corporate governance. Currently, the JSE required issuers to adopt and apply King IV (apply and explain basis) and further imposed certain mandatory corporate governance provisions on issuers. The JSE was considering, as is the case with a mandatory non-binding advisory vote on remuneration, implementing a mandatory non-binding advisory vote on the issuer's corporate governance report. In a similar fashion, as with the mandatory non-binding advisory vote on remuneration, the JSE would require engagement by the issuer if the governance report was voted down by shareholders exercising 25% or more of the voting rights.</p> <p>As advised in the JSE announcement dated 7 December</p>	

2018, reservations were expressed regarding this proposal. The reservations expressed were the following:

- The non-binding advisory vote on corporate governance would not necessarily improve governance within an organisation. Shareholders' interests may not always be those that are in the best interest of the company, hence the Companies Act bestows the duty to act in the best interest of the company on directors and not on shareholders. By having this vote, companies may refrain from reporting transparently in their corporate governance report, and to simply comply with all governance principles in their reporting for purposes of securing the votes of the shareholders.
- A blanket vote on corporate governance will not be fully reflective of all governance issues. For the majority of corporates there will always be scope for improvement, governance improvement is an ongoing and evolving process. The board of directors are responsible for governance, and so governance can be altered and improved by shareholders exercising their right to vote for directors. And as shareholders there is nothing which prevents engagement with management on issues where governance can be improved.
- Reservations were expressed on the potential impact of governance report if voted down. It would send a message that the whole company is badly managed, although only certain aspects of the governance report may have raised concern. If the governance report is not approved by shareholders, it could be interpreted that the company is no longer suitable for investment propositions and requires a total overhaul including, replacement of the entire board, management, auditors, assurance and other service providers.

Based on the above representations, the JSE has elected not to proceed with the proposal to introduce a non-binding

	advisory vote on corporate governance.	
7	<p>Dealings in Securities</p> <ul style="list-style-type: none"> Paragraphs 3.63 and 3.64 <p>In the JSE Consultation Paper the JSE stated that the JSE has taken note of recent transactions in securities relating to directors where (i) pressure was placed on the share price of the issuer's securities and (ii) the market was unaware of the arrangements that resulted in the transactions. Paragraph 3.63 and 3.64 of the Requirements require an announcement of certain transactions in securities (including off-market transactions) relating to an issuer by or on behalf of (i) a director, (ii) the company secretary and (iii) any of their associates (an "affected party").</p> <p>Submissions to the JSE have asked for more transparency on transactions where shares held by directors have been used as collateral/guarantees as security for financial commitments. The JSE is aware that certain transactions in securities by an affected party involve using securities as collateral for a financial obligation or otherwise. These transactions typically involve securities in the issuer being pledged as security/guarantee, resulting in a form of encumbrance over the securities in favour of a lender/arranger in order to secure a financial benefit. Such arrangement could result in the exercise of a right or discretion being afforded to the lender/arranger (as a result of the encumbrance) which could at the time of perfection of the security/guarantee lead to a change of beneficial ownership in the interest of the securities, with or without the participation of the affected party. Currently, disclosure is only required at the time of perfection of the security/guarantee and not at the time that the arrangement is entered into.</p>	Dealings in securities by directors and prescribed officers are relevant for the market, as well as where such dealings in securities could lead to market movement because of pre-concluded arrangements. Disclosing such arrangements will create certainty in the market and not lead to unnecessary speculation.

	<p>The JSE intends to amend the Requirements to clarify that the above transaction in securities will be regarded by the JSE as a transaction in securities pursuant to paragraphs 3.63 and 3.64 of the Requirements and will accordingly require an announcement pursuant to the new paragraph 3.64(h) of the Requirements, in each of the following circumstances when –</p> <ul style="list-style-type: none">(a) the arrangement is agreed;(b) the right or discretion afforded to the lender being exercised; and(c) an existing arrangement is amended or terminated. <p>The announcement must disclose the nature, term and amount of the financial obligation as well the number of securities offered as security/guarantee.</p> <p><u>Obligation of Disclosure in the Annual Report</u></p> <p>As a reminder, on the basis the above arrangement may impact a director's interest (directly or indirectly) in an issuer, the JSE will require the necessary disclosure of the trigger events and number of securities impacted in the annual financial statements pursuant to paragraph 8.63(c) of the Requirements.</p> <p><u>Expansion of Dealings in Securities</u></p> <p>The JSE intends to amend the Requirements to expand the application of dealings in securities pursuant to paragraphs 3.63 and 3.64 of the Requirements.</p> <p>Currently the disclosure obligations of dealings in securities apply to –</p> <ul style="list-style-type: none">• director and company secretary of the issuer;• director and company secretary of a major subsidiary company of the issuer; and• any associates of the above.	
--	---	--

	<p>The intention of the JSE will be to expand the disclosure obligation to a “<i>prescribed officer</i>” of the issuer.</p>	
<p>8</p>	<p>Composition of the Board of Directors</p> <p>Paragraph 3.84</p> <p>Part A</p> <p>In the JSE Consultation Paper the JSE stated that in addition to the current requirement for mandatory policies on the promotion of race and gender diversity at board level, the JSE was considering requiring that more emphasis should be placed on overall board diversity (in age, gender, race, culture, qualifications and the like) so as to enhance the diversity of views expressed and oversight at board level, something that becomes critical when a company has dominant and charismatic directors.</p> <p>Creating a board composed of directors with a broad range of perspectives needs to be a conscious choice by the nominations committee. The natural tendency to turn to existing or well-known relationships/connections when looking to identify candidates impedes diversity.</p> <p>The JSE is therefore considering amending and expanding on its current requirements on board diversity to have a mandatory policy regarding wider diversity (in its broad sense and not limited to race and gender alone) at board level and that they publish performance against that policy on an annual basis.</p> <p>Part B</p>	

	<p>A further consideration for the JSE was to add a separate mandatory non-binding advisory vote on board diversity. As advised in the JSE announcement dated 7 December 2018, reservations were expressed regarding the mandatory non-binding advisory vote on board diversity. The principle argument provided to the JSE was that board diversity was a function of the nominations committee and shareholders already exercise voting power on the appointment of each and every director of the issuer.</p> <p>Based on all comments provided, the JSE will not be proceeding with a separate mandatory non-binding advisory vote on board diversity.</p>	
<p>9</p>	<p>Independent Sponsor</p> <p>Section 2 Schedule 16</p> <p>Although not addressed in the JSE Consultation Paper, taking into account (i) the basis for issuing the JSE Consultation Paper and (ii) the principles of independence and objectivity in professional dealings with issuers, the JSE intends to amend the Requirements to revert back to the previous position prior to September 2014, requiring issuers to appoint an independent sponsor.</p> <p>A non-independent sponsor may only attend to the routine administrative items pursuant to Practice Note 1/2003.</p>	<p>Although this position was relaxed in 2014, the JSE is of the view that independence and objectivity in professional dealings remains paramount if advising issuers on the application and interpretation of the Requirements.</p>

<p>10</p>	<p>Repurchase of Securities</p> <p>Paragraph 5.67(B)</p> <p>Although not addressed in the JSE Consultation Paper, it has come to the attention of the JSE that there is an unintended limitation in the repurchase requirements when applied to foreign incorporated primary listed issuers.</p> <p>Currently, the provisions dealing with the repurchase of securities is only triggered when it constitutes a repurchase pursuant to section 48 of the Companies Act. Because of this direct reference to the Companies Act, technically a foreign incorporated primary listing would never trigger the repurchase requirements on the basis that it will not need to comply with the Companies Act (as a foreign incorporated issuer) and by implication the Requirements.</p>	<p>The intention is to ensure consistency in the application of the listings requirements dealing with the repurchase of securities, irrespective whether the issuer has a local or foreign primary listing on the JSE.</p> <p>The JSE is of the view that approvals and announcements in respect of repurchases are very relevant to shareholders and investors, and for this reason there must be consistent application of the repurchase requirements by all primary listed issuers.</p>
<p>11</p>	<p>Appointment of Auditor</p> <p>Paragraph 3.84</p> <p>Although not addressed in the JSE Consultation Paper, it has come to the attention of the JSE that section 90(6) of the Companies Act allows the automatic reappointment without a resolution to that effect, in certain circumstances. This approach is not desirable for such a critical appointment for issuers.</p> <p>The JSE intends to amend the Requirements to place reliance on the provisions of section 61(8) of the Companies Act, whereby an annual general meeting must provide for the business of the appointment of auditor by resolution. This obligation will be placed on the audit committee of the issuer.</p>	<p>The auditor of the issuer is a critical appointment for any issuer. It would therefore be prudent to ensure that the appointment of the auditor is approved by shareholders on an annual basis at the annual general meeting.</p>

<p>12</p>	<p>Disclosure of the KAMs and Audit Opinion</p> <p>Paragraph 3.46A</p> <p>International Auditing Standard ISA 701 deals with situations when the auditor is required to address Key Audit Matters (“KAMs”) in their auditor’s report.</p> <p>Although not addressed in the JSE Consultation Paper, the JSE intends to amend the Requirements to require separate disclosure of KAMs in the short form announcements relating to the publication of the annual financial statements pursuant to paragraph 3.46A of the Requirements. This disclosure must be done with reference to a web link where the full auditor’s report, including KAMs, can be found.</p> <p>The JSE will require a further specific statement in the short-form announcement on the nature of the auditor’s report on the underlying annual financial statements.</p>	<p>KAMs and the audit report are vital considerations in reviewing the annual financial statements of the issuer and the aim will be to ensure focused disclosure thereon in the short form announcement.</p>
<p>13</p>	<p>Audit Committee</p> <p>Paragraph 3.84</p> <p>As a continuing obligation the audit committee must (amongst others) ensure that the issuer has established appropriate financial reporting procedures and that those procedures are operating.</p> <p>Although not addressed in the JSE Consultation Paper, the JSE is of the view that complex group structures may impact the issuer’s ability to fairly and accurately present the financial information of the issuer. In this regard it should be noted that certain group structures could include hundreds of subsidiaries.</p>	<p>The integrity of the financial statements of the issuer remains paramount and the audit committee must take the necessary measures to ensure that it is satisfied that it has access to all the financial information of the issuer.</p>

	<p>The JSE intends to amend the Requirements, to expand on the current function of the audit committee to specifically consider the group structure of the issuer to ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on the financial position of the issuer.</p>	
<p>14</p>	<p>CEO & Financial Director Confirmation:</p> <ul style="list-style-type: none"> • Audited Annual Financial Statements • Establishment and maintenance of internal controls <p>Paragraph 3.84</p> <p>The JSE intends to amend the Requirements, to include specific responsibilities for the CEO and the FD in respect of (i) the audited annual financial statements and (ii) the establishment and maintenance of internal controls.</p> <p>The CEO and the FD must make a positive statement, under their names and signatures, in the annual report that these obligations have been met.</p> <p>The CEO and the FD responsibility statement must be made by them after due, careful and proper consideration of same as follows:</p> <p><i>“The directors, whose names are stated below hereby confirm that -</i></p> <ul style="list-style-type: none"> • <i>the annual financial statements set out on pages [...] to [...], fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;</i> • <i>no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;</i> • <i>internal financial controls have been put in place to ensure that material information relating to the</i> 	<p>By requiring these specific obligations on the CEO and the FD, in their own names, the JSE believes would strengthened the financial reporting process for which the audit committee already makes a positive statement pursuant to paragraph 3.84(g)(ii) of the Requirements. Similar measures have been introduced in jurisdictions such as the US, Japan, Canada and India.</p> <p>This provision clearly underlines that the primary responsibility for internal controls over the financial reporting process and the accuracy of financial reporting rest with the board and management (specifically the CEO and FD) of the issuer.</p>

	<p><i>issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and</i></p> <ul style="list-style-type: none"><i>the internal financial controls have been evaluated and that they are satisfied with the effectiveness of the internal controls or where they are not satisfied they have disclosed to the issuer's audit committee and auditors all significant deficiencies in the design or operation of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.</i> <p><i>Signed by CEO and FD."</i></p>	
--	---	--