

Public has its say on JSE Regulatory Review Consultation Paper

Following the release of the Regulatory Review Consultation Paper for public comment in September, the Johannesburg Stock Exchange (JSE) has been pleased with the market response and valued commentary received, which resulted in the JSE extending the deadline to incorporate all the input. Commentators comprised a diverse group, which included private individuals, public interest groups, listing sponsors, issuers and fellow regulatory bodies.

The JSE embarked on a public consultation process in response to a range of corporate scandals, speculation and innuendo that have characterised South African financial markets over the past year, which highlighted the need to review its responsibilities and to strengthen regulation around primary and secondary listings.

“In terms of the Regulation of Primary and Secondary listings, the JSE has reviewed all the comments received and most of the amendments for consideration proposed by the JSE received favourable support,” says John Burke, Head of Issuer Regulation at JSE.

Reservations were however expressed in respect of the items dealing with (i) the non-binding vote on corporate governance (paragraph 3.5) and (ii) the composition of the board of directors (paragraph 5), most of which related to practical implementation issues.

Furthermore, general concerns were expressed on the proposals for secondary listings and the impact they may have on South Africa as a favourable secondary listing destination. The JSE will carefully consider all reservations and concerns expressed in order to formulate a balanced approach that takes into account both regulatory and market considerations.

The JSE will now spend time to formulate the amendments to the JSE Listings Requirements as proposed in the JSE Consultation Paper, taking into account the public comments, which will be subject to further public consultation in accordance to the provisions of the JSE Listings Requirements and the Financial Markets Act No.19 of 2012.

Although the items under Part II, which covers short selling & market abuse investigations fall outside its regulatory ambit, the JSE has committed to ensure that all comments are shared with the relevant bodies for consideration and meaningful discussion.

“The JSE wishes to take the opportunity to thank all commentators who participated during this process, which has proven to be a very valuable exercise for the JSE to obtain a market view on the JSE’s proposals” concludes Burke.

The JSE will aim to release the proposed amendments to the JSE Listings Requirements for public consultation early in 2019.