

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

Transferability of Securities

January 2018

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Item	Proposed Amendment	Nature of amendment and rationale
1	<p><b>Section 4 –Conditions of Listing</b></p> <p><b>Transferability of Securities</b></p> <p><b>Paragraph 4.17 &amp; Schedule 10</b></p> <p>The JSE intends to amend the Requirements to afford more flexibility for applicant issuers seeking a listing on the JSE, where the transferability of shares are restricted between members or otherwise.</p> <p>The restrictive transferability provisions are rather common with agriculture co-operatives that have converted to public companies, where transferability is limited to farmers only.</p> <p>Also, certain foreign jurisdictions have restrictive conditions supported by statute that if the foreign issuer only seeks a listing on the JSE and not in the foreign jurisdiction as well, residents from the foreign jurisdiction are precluded to take up shares in such applicant issuer for a limited period of time.</p> <p>Arrangements will need to be put in place with (i) clearing and settlement, and (ii) market regulation at the JSE in order to ensure that the restrictive trading provisions are monitored and regulated.</p> <p>Issuer trading with restrictive transferability provisions is not</p>	<p>The JSE wishes to create more flexibility to list on the JSE by allowing certain restrictions on transferability, subject to the objects of the FMA.</p>

	<p>a concept foreign to the JSE as it has applied this model to the BEE Segment, however with the support of BEE legislation.</p> <p>The aim will be to afford the JSE with a discretion to consider the restrictive transferability provisions of an applicant issuer in order to approve same for listing on the JSE. The JSE will only exercise this discretion in specific cases where the restriction can be properly regulated/enforced and provided it accords with the objects of the Financial Markets Act No.19 of 2012 (the “FMA”).</p>	
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#### Amendment Schedule

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#### Transferability of securities

4.17 As provided for in Schedule 10 paragraph 2 the securities for which listing is sought must be fully paid up and ~~freely transferable~~, unless otherwise required by statute or at the discretion of the JSE (taking into account the objects of the FMA), be freely transferable. Notwithstanding the provisions of Section 40(5) of the Act, the JSE will not list shares that are not fully paid for upon listing. An applicant issuer that is proposing any form of restricted transferability must consult the JSE at an early stage in order to discuss the details of the restriction and must further obtain a ruling from the JSE whether it will apply its discretion.

#### Schedule 10 Requirements for the MOI

##### 10.2 Transferability of securities and transfer of securities

(a) Securities for which listing is sought must be fully paid up and ~~freely transferable~~, unless otherwise required by statute or at the discretion of the JSE be freely transferable. Notwithstanding the provisions of Section 40(5) of the Act, the JSE will not list shares that are not fully paid for upon listing.

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