



29 May 2020

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COVID-19: WRITTEN RESOLUTIONS AND ISSUES OF SHARES FOR CASH

The JSE refers to its letter dated 17 April 2020 reminding issuers on the various capital raising measures available through the provisions of the JSE Listings Requirements (the “**Requirements**”).

Through various engagements with the market regarding the impact of covid-19 pandemic on the business and operations of issuers, the JSE has been approached by a number of issuers, sponsors and advisers exploring possibilities on how capital can be raised quicker and more efficiently.

Section 60 of the Companies Act No. 71 of 2008 (the “**Companies Act**”) provides that a resolution may be implemented by voting on a written resolution instead of voting at a meeting of shareholders. As communicated previously written resolutions can be used by AltX issuers for all JSE resolutions requiring shareholders’ approval, subject to the provisions of their MOIs.

Pursuant to paragraph 10.11(c), read with paragraph 10.11(h), of Schedule 10 of the Requirements the use of written resolutions by Main Board issuers have been limited to the following four instances –

- change of name;
- odd lot offers;
- increase in authorised share capital; and
- approval of amendments to the MOI.

The JSE made a decision to engage with the Financial Sector Conduct Authority (“**FSCA**”) to enquire and explore whether there were any powers that would allow the FSCA to provide an expansion on the written resolutions offering for Main Board issuers, to include issue of shares for cash authorities. The JSE is of the view that such a measure could significantly assist Main Board issuers with the raising of capital on a more expeditious manner.

The JSE is pleased to advise that the FSCA has considered the request made by the JSE and has issued the attached market notice (the “**Market Notice**”) that will result in the written resolutions offering for Main Board issuers being expanded to include issue of shares for cash resolutions (general and specific), for a

Executive Directors: Dr L Fourie (Group CEO), A Takoordeen (CFO)

Non-Executive Directors: N Nyembezi (Chairman), ZBM Bassa, MS Cleary, F Daniels, VN Fakude, Dr M Jordaan, Dr SP Kana, FN Khanyile, BJ Kruger, DM Lawrence, Dr MA Matoane

Group Company Secretary: GA Brookes

limited period of time. The rationale for the approach is clearly explained in the Market Notice.

Issuer must be aware that the Market Notice will be subject to the MOIs of issuers. Issuers are reminded that amendments to MOIs can already be undertaken by written resolution pursuant to paragraph 10.11(h)(4) of Schedule 10 of the Requirements. Issuer should seek the necessary legal advice to establish whether their MOIs require amendment to allow for the application of the Market Notice.

The Companies Act allows an issuer to amend its MOI and then, if this resolution is approved, to authorise an issue of shares for cash in the same notice and written resolution. It is of course incumbent on listed companies to ensure that it complies, in all aspects, with the provisions of the Companies Act in respect of the mechanisms that it may employ to raise additional capital.

In conclusion, all capital raising measures pursuant to the provisions of the Requirements that require JSE imposed shareholders' approval are now permissible to be passed by written resolution provided it meets the requirements of the MOI, of the issuer in question, and the Companies Act.

Please contact Alwyn Fouchee on 011 520 7678 or on alwynf@jse.co.za should you have any questions regarding this letter.

Yours faithfully



**A F VISSER: DIRECTOR
ISSUER REGULATION**