

The background of the entire page is a photograph of the Johannesburg Stock Exchange (JSE) building. The building's facade is made of large glass panels that reflect the surrounding environment, including other buildings and trees. A large, white, stylized 'JSE' logo is prominently displayed on the upper part of the glass. Below the logo, a curved glass entrance with a revolving door is visible. The lighting suggests it might be dusk or dawn, with some interior lights of the building visible through the glass.

JSE

The Issuer Regulation Guide

The JSE logo is shown in white, consisting of a stylized 'J' and 'S' followed by three horizontal bars. A solid green horizontal line is positioned to the left of the logo, extending from the left edge of the white text box.

JSE

Purpose of The Issuer Regulation Guide

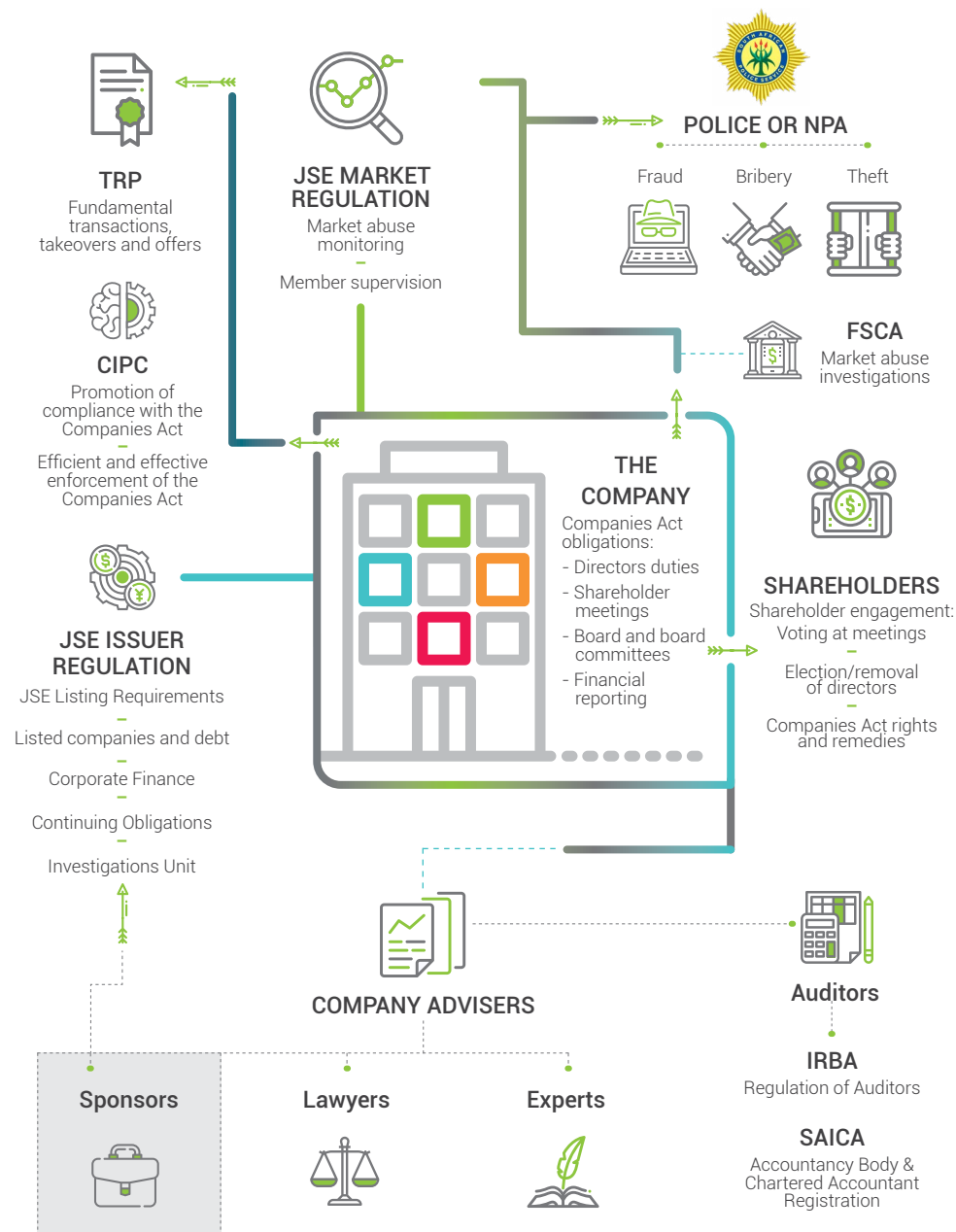
The Issuer Regulation Guide is intended to provide an overview of the regulatory environment applicable to companies that have a listing on the JSE. It also gives a brief background on the oversight role of the JSE and other regulatory bodies in the governance eco-system.

The Issuer Regulation Guide is not intended to provide complete details of the regulatory environment applicable to listed companies and is also not intended to provide full details of the listings requirements applicable to companies considering listing their securities on the JSE or companies that already have a listing on the JSE. In order to be fully apprised of what the listings requirements of the JSE requires of applicants and issuers, they are advised to read this Issuer Regulation Guide together with the complete JSE Listings Requirements (the **"Requirements"**) and all legislation referred to herein. Companies already listed and companies considering a listing on the JSE are advised to consult their own advisors as to the full extent of the legislation and regulations applicable to them, including the Requirements and the legislation referred to herein.

The infographic on the opposite page sets out the topics that are covered in The Issuer Regulation Guide and provides a graphic depiction of the regulatory environment and the interplay of the various regulators.

JSE Regulatory Landscape

(Click on icon to access more information)



Regulation Overview



As an introduction, it will be beneficial to get a view of the statutory governance framework applicable to JSE listed companies.

The Companies Act No.71 of 2008 (the “**Companies Act**”) is the primary legislative framework governing companies incorporated and/or registered under South African law. The aim of the Companies Act is, inter alia to encourage transparency and high standards of corporate governance, provide for the balancing of rights and obligations of shareholders and directors, , and provide appropriate legal redress for shareholders and third parties with respect to companies and the board of directors. The statutory provisions of the Companies Act , include but are not limited to, defining the relationships between companies and their respective shareholders and directors, imposing fiduciary duties on directors, prescribing standards of financial reporting, the requirements for calling and conducting of shareholders’ meetings, which meetings afford shareholders the opportunity to vote on various matters, including the appointment of directors and auditors.

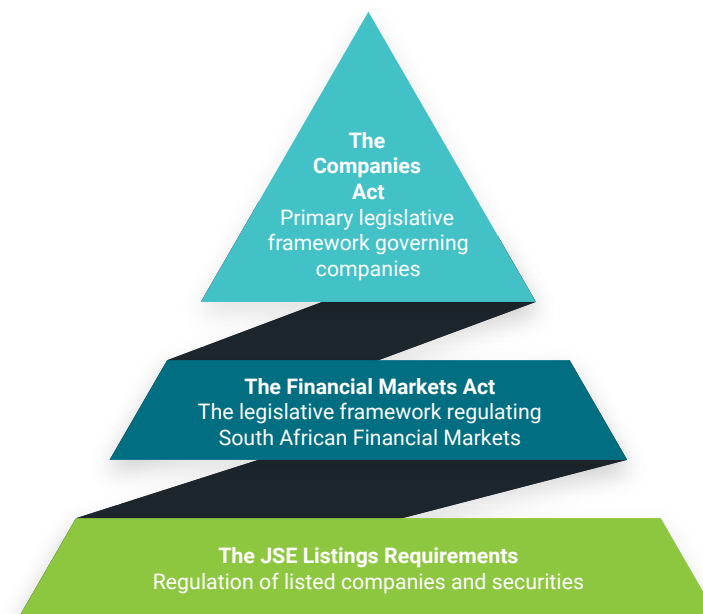
Through the Companies Act, the Companies and Intellectual Property Commission (the “**Commission**”) and the Takeover Regulation Panel (the “**TRP**”) have been established to administer the provisions of the Companies Act with respect to companies. The Companies Act further establishes a Companies Tribunal to facilitate alternative dispute resolution and to review decisions of the Commission and the Financial Reporting Standards Council to advise on requirements for financial record-keeping and reporting by companies.

The Financial Markets Act No.19 of 2012 (the “**FMA**”) is the legislative framework regulating the South African financial markets. The objects of the FMA are, inter alia, to ensure that the South African markets are fair, efficient and transparent, increase confidence in the South African financial markets, promoting the protection of regulated persons, clients and investors, reduce systemic risk and to promote the international and domestic competitiveness of the South African markets. The FMA also provides for: the licensing of stock exchanges and regulating stock exchanges, central securities depositaries, clearing houses and trade repositories as well as regulating and controlling securities trading, clearing and settlement and the custody and administration of securities. Very importantly, the FMA prohibits insider trading and other forms of market abuse. Market abuse consists of three forms of conduct prohibited in terms of the FMA, namely -

- Insider trading;
- Prohibited trading practices (market manipulation); and
- False, misleading or deceptive statements.

The Financial Sector Conduct Authority (the “**FSCA**”) is established in terms of the Financial Sector Regulation Act, No. 19 of 2017 (the “**FSR Act**”) and has the powers to, amongst other things, investigate statements and disclosures made by a listed company where they may be false, misleading or deceptive and which intentionally or negligently induce investors to trade or refrain from trading in the listed company’s securities at prices that would not be sustainable were the true facts known.

These statutes form the core of the financial markets governance and regulation regime, as it applies to listed companies. With this in mind, the JSE will aim to clarify its and other stakeholders’ roles that all play their part in the broader governance eco-system in South Africa.



Overview: The Governance Framework for JSE Listed Companies

The Johannesburg Stock Exchange

The JSE is a licensed exchange in terms of the provisions of the FMA. Subject to the objects of the FMA, its regulatory duties, powers and functions are narrowly circumscribed by the peremptory provisions of the FMA. In accordance with the FMA, the JSE is obliged to make listings requirements and enforce them.

It is an integral function of the JSE to provide facilities for the listing of securities (including securities and debt securities issued by domestic or foreign companies), to provide the JSE's users with an orderly market place for trading in such securities and to regulate the market accordingly. As a frontline regulator, the JSE advocates for the enhancement of corporate governance and the quality of financial reporting disclosures by companies (i) that have issued equity securities listed on the JSE and (ii) that have their debt securities listed on the JSE, for the benefit of shareholders, securities holders, investors, and other market stakeholders.

For more information visit: www.jse.co.za



1 • Issuer Regulation Division

The Issuer Regulation Division of the JSE, commonly known as the Listings Division is the custodian of the Requirements and responsible for the interpretation, application and enforcement of the Requirements.

The Requirements apply to companies seeking a listing of securities for the first time on the JSE as well as companies that already have securities listed on the JSE, whether the securities are shares or other specialist securities such as debt securities and exchange traded funds. The Requirements also apply to the directors of issuers, their officers, agents, employees and to their listing sponsors.

The Requirements are to ensure that JSE market participants have an orderly market place for trading in securities listed on the JSE and to regulate the market accordingly, and contain the rules and procedures governing new applications for listing, certain corporate actions and continuing obligations applicable to issuers, and issuers of specialist securities.

The Requirements prescribe certain minimum conditions which an applicant issuer must comply with in order to list on the JSE. Applicant issuers that wish to apply for a listing must, inter alia, produce a pre-listing statement that sets out the detailed disclosures that are required in terms of the Requirements. The detailed disclosure includes, but is not limited to, information on the applicant issuer itself, its operations, its financial information (historical information, pro-forma financial information and/or forecast financial information, as the case may be) and on its corporate governance arrangements, including disclosures regarding its board of directors and senior management.

The JSE reviews and considers all the information disclosed in the pre-listing statement together with the application for listing, to assess whether the applicant issuer complies with the Requirements that must be satisfied for listing.

It should be noted that the JSE does not express any view on the commercial prospects of the applicant issuer other than that the applicant issuer meets the Requirements.

The aim of requiring applicant issuers to prepare a pre-listing statement which must contain certain prescribed disclosures is two-fold: Firstly, the JSE has to determine whether the applicant issuer complies with the Requirements and, secondly, the JSE has to ensure that shareholders or investors are provided with sufficient information to make an informed investment decision regarding the applicant issuer. Similarly, applicant issuers are required to comply with the Requirements on an ongoing basis in order to ensure that shareholders or investors are at all times apprised of price sensitive activities of the Issuer.

The protection of investors (retail and wholesale) is front of mind for the JSE when setting regulatory standards in addition to promoting investor confidence in standards of disclosure and corporate governance. As with its global peers, the JSE does this through ensuring that:

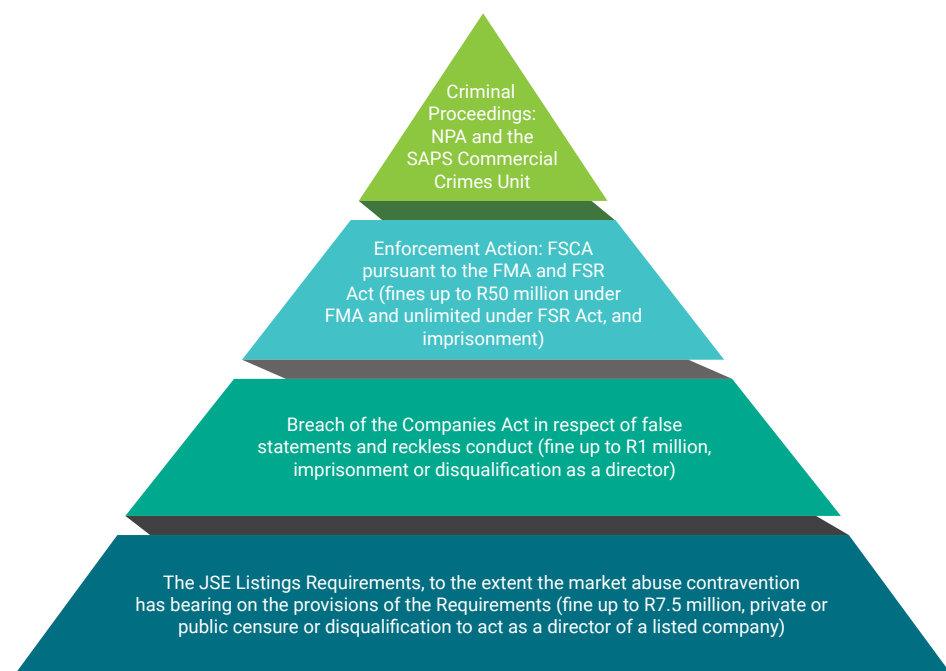
All applicant issuers meet minimum entry requirements. Compliance is determined based on the input of various role players (as set out below); and

Sufficient disclosure of relevant information is made available publicly and timeously so that investors are able to inform themselves of all relevant facts before deciding whether to trade in securities.

Where the JSE finds that an applicant issuer or its director(s) have contravened or failed to adhere to the provisions of the Requirements, the JSE may, in accordance with the provisions of the FMA and without derogating from its powers of suspension and/or removal:

- censure the issuer and/or the issuer's director(s), individually or jointly, by means of private censure;
- censure the issuer and/or the issuer's directors, individually or jointly, by means of public censure;
- impose a fine not exceeding such amount as stipulated by the FMA, on the issuer and/or the issuer's director(s), individually or jointly;
- disqualify an issuer's director(s) from holding the office of a director of a listed company for any period of time; and
- issue any other penalty that is appropriate in the circumstances.

The sanctions that may be imposed by the JSE are in addition to any sanctions, fines or prosecution that may be sought or imposed by the FSCA.



Illustrative example on enforcement measures as applied to a market abuse contravention



2 • Company Role Players

An application to list on the JSE requires the collaboration and interaction of various role players including the board of directors of the applicant issuer, the listing sponsor, the auditors, various advisers/experts/lawyers of the applicant issuer (depending on the industry) and shareholders or investors. It is the responsibility of each role player to do its part in the broader governance eco-system in South Africa. To this end all role players must ensure that their review and disclosure processes are robust, and that independence and objectivity in professional dealings with the company remains paramount. Only with the active and focussed participation of all the role players, will companies become responsible corporate citizens to promote the integrity of the South African financial markets as a whole.

Applicant issuers are also required, on a continual basis, to have: (i) a board of directors appointed complying with the Requirements, as well as various board committees required in terms of the Companies Act and the Requirements; (ii) a company secretary, (iii) a listing sponsor; and (iv) an auditor. Other experts and advisers will be appointed by Issuers when required, for example, when a corporate action is contemplated or in the case of Issuers in specific sectors, such as mineral companies, where a Competent Person's Report is required to be included in the Issuer's annual report.

As a reminder, each of these role players has specific responsibilities and, in certain instances, is subject to additional regulatory and legislative frameworks which legislation and regulation is not enforced by the JSE:



The Board of Directors of the Applicant Issuer

The fiduciary duties and responsibilities of the board of directors of an applicant issuer that is incorporated in South Africa, is governed for the most part by the Companies Act and South African common law. In addition, all applicants issuers (irrespective of whether they are incorporated in South Africa) with listings on the JSE are also obliged to comply with the corporate governance requirements of the Requirements and the King IV Report on Corporate Governance ("King Code"), particularly where incorporated in the Requirements as well as in general on an "apply and explain" basis.

It should be noted that prescribed officers of a company are held to the same fiduciary duties and responsibilities as directors, and could be held equally liable for failure to comply with fiduciary duties.

The Companies Act Regulations, Section 38, stipulate that a prescribed officer is not necessarily a director, but rather anyone who:

- *"exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the company" or*
- *"regularly participates to a material degree in the exercise of general executive control over and management of the whole, or significant portion, of the business and activities of the company".*

Company Secretary

The company secretary oversees the efficient administration and compliance of a company. The company secretary is the primary source of advice on the conduct of the business.

The role and responsibility of the company secretary is outlined in Section 88(1) and (2) of the Companies Act and can be summarised as follows, noting that this is not an exhaustive list:

- Providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers;
- Making the directors aware of any law relevant to or affecting the company;
- Reporting to the board any failure on the part of the company or a director to comply with the Memorandum of Incorporation or rules of the applicant issuer or the Companies Act;
- Ensuring that minutes of all shareholders' meetings, board meetings and the meetings of any committees of the directors, or of the audit committee, are properly recorded in accordance with the Companies Act;
- Certifying in the company's annual financial statements whether the company

has filed required returns and notice in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date; and

- Ensuring that a copy of the company's annual financial statements is sent, in accordance with the Companies Act, to every person which is entitled to it; and
- Carrying out the functions of a person designated in terms of Section 33(3) of the Companies Act.

Companies Act



Directors' duties and responsibilities are encapsulated in the Companies Act as well as in South African common law, and include the fiduciary duty to act in good faith and for a proper purpose in the best interests of the company, as well as acting with due care, skill and diligence. Directors could be subject to criminal sanctions such as fines, imprisonment and even disqualification from serving as a director in future, if they have failed to perform their duties to the requisite standard. However, these duties and related potential liabilities should not prevent directors from taking the necessary decisions that are often required to drive growth and success. It is accepted that directors can take decisions that turn out to be wrong or result in loss.

Even though the Companies Act allows for boards of directors to delegate certain tasks to committees, the ultimate responsibility for the correct completion of such delegated tasks remain with the board and the board will have to show that it exercised due care and skill when ultimately acting on the recommendations of a committee. In this regard the directors can rely on the Business Judgment Rule which stems from the South African common law and is incorporated in the Companies Act to a certain degree. The Business Judgment Rule essentially outlines how directors can defend their decisions if they are able to demonstrate that: (i) they satisfied the obligations of acting in the best interests of the company and with the required care and skill in that they took reasonably diligent steps to be informed about the matter and assess the correct information; (ii) they had a rational basis to believe that their decision was in the best interests of the company at the time; and (iii) they had no personal financial interest in the matter. In order to be better informed, non-executive directors, who are not involved in the day to day business of the organisation, particularly in large and complex organisations, rely on assurances from management, internal audit and external audit, as well as board committees such as the audit committee. They must, however, take reasonable steps to ensure that the information is accurate and that they understand it prior to making any decisions.

In addition to the duties of the directors, the Companies Act also sets out corporate governance requirements for companies. The Companies Act, in particular, requires that a public company must have an audit committee, social and ethics committee as well as a company secretary in place. The Companies Act also sets out specific requirements and duties of the members of the audit committee and the social and ethics committee.

Shareholders, directors, prescribed officers or the company secretary of a company may apply to a court to have a director declared delinquent and to hold a director liable for not fulfilling their duties under the Companies Act.

The Requirements

The board of directors has the responsibility of communicating transparently and honestly with the JSE and applicant issuer's advisers about their business and financial performance of the applicant issuer. This approach is supported by the mandatory corporate governance arrangements required by the JSE, requiring the establishment of mandatory board committees being -

- (i) the audit committee;
- (ii) the remuneration committee; and
- (iii) the social and ethics committee.

Further specific responsibilities are placed on these board committees, particularly the audit committee which has to -

- (i) consider the expertise and experience of the financial director on an annual basis;
- (ii) ensure that the applicant issuer has established financial reporting procedures and that those procedures are operating; and
- (iii) apply a detailed and robust approach when considering the appointment of the auditor.

The Requirements further stipulate, as supported by the King Code, that the remuneration policy and the implementation report must be tabled every year for separate non-binding advisory votes by shareholders of the applicant issuer at the annual general meeting. The remuneration policy must record the measures that the board of directors of the applicant issuer commits to take in the event that either

the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised. In order to give effect to the minimum measures referred to in the King Code, in the event that either the remuneration policy or the implementation report, or both are voted against by shareholders exercising 25% or more of the voting rights exercised, the issuer must in its voting results announcement provide for the following:

- An invitation to dissenting shareholders to engage with the issuer; and
- The manner and timing of such engagement.

REGULATORY FRAMEWORK	CONTACT DETAILS
The King IV Report on Corporate Governance for South Africa	The Institute of Directors South Africa  www.iodsa.co.za  011 035 3000

The King Code



Apart from the Companies Act and Requirements, the King Code sets out the expected governance best practice for companies and other corporate bodies. The King Code contains specific principles and practices around ethical conduct, good corporate citizenship, compliance with laws, rules, codes and standards, fraud, corruption, as well as risk and tax governance.

It further outlines oversight and monitoring of implementation and execution by management as one of the four primary governance roles and responsibilities of the board within the dynamic business cycle of the organisation. The King Code is a useful reference point for governance best practice, if it is applied as intended – i.e. meaningful application in a value adding manner to achieve certain outcomes. An organisation can tick all the boxes, have all the structures, processes, and documents in place, but that does not mean they have good governance.

Shareholders are reminded that the King Code advocates an outcomes based approach. Achieving the principles and therefore ultimately good governance, optimises the applicant issuer to realise the good governance outcomes. There is a clear differentiation between principles and practices. Principles are achieved

by mindful consideration and application of the recommended practices. The achievement of the principles should be disclosed to shareholders on an “apply and explain” basis pursuant to the King Code disclosure and application regime. Although the JSE has entrenched compliance with certain principles in the Requirements and prescribed the adoption of the King Code and certain mandatory corporate governance practices for applicant issuers, it is the responsibility of shareholders to keep the boards of issuers accountable on the whole of the King Code.

Together with the King Code, the Code for Responsible Investing in South Africa (“**CRISA**”) provides a further framework on how institutional investors should execute investment analysis and investment activities, and exercise rights so as to promote sound governance. CRISA and the King Code are complementary codes that reinforce and complement each other. CRISA sets out the governance duties of institutional investors in relation to the overall governance system including engagement with companies on environmental, social and corporate governance issues. CRISA is applicable to institutional investors like pension funds and insurance companies, as well as its service providers.

This framework aims to ensure that governance is practised in a manner that yields better performing companies as they deliver both economic value, as well as environmental and social value. It is a voluntary code that encourages institutional investors and their service providers to adopt the applicable principles and practices on an “apply or explain” basis.

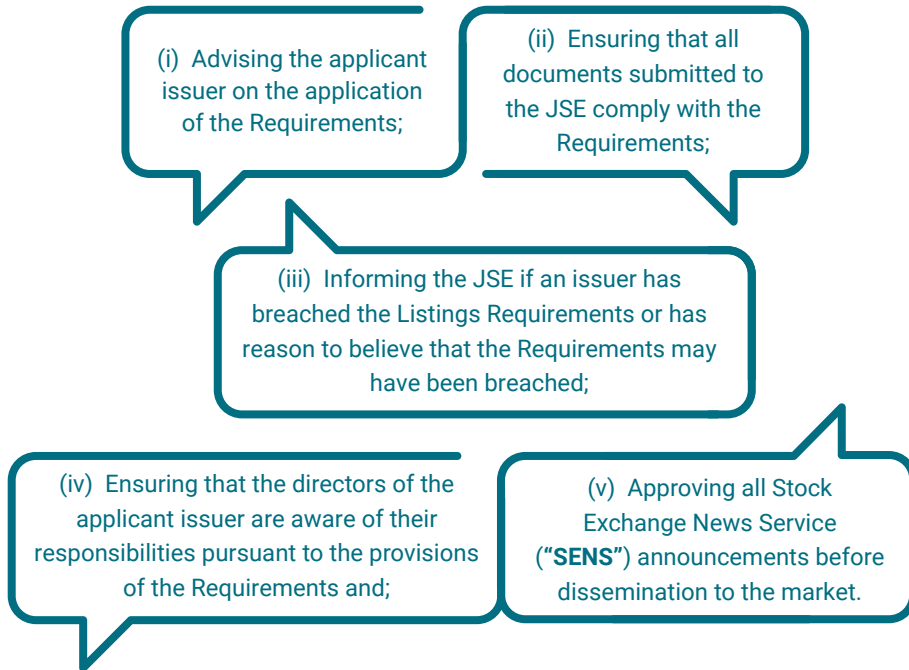
The governance disclosure afforded through the King Code and CRISA are critical for a sound corporate governance culture in the South African financial markets.



The Sponsor

Applicant issuers seeking a Main Board listing on the JSE are required to appoint a sponsor, and applicant issuers seeking an AltX listing (small to medium companies that are in a growth phase) are required to appoint a designated adviser, which has similar duties as the sponsor. Applicant issuers seeking to list specialists securities, such as debt securities, exchange traded funds or sustainability bonds, on the JSE are required to appoint a debt sponsor. All sponsors must be registered by the JSE in order to act as sponsor for applicant issuers.

The listing sponsor or debt sponsor must execute its responsibilities imposed by the JSE in terms of the Requirements. The responsibilities include, but are not limited to:



Sponsors effectively act as liaison between the applicant issuer and the JSE as regards the application and interpretation of the Requirements, with specific obligations owed to the JSE.

Find a JSE approved sponsor/ designated adviser/debt sponsor	https://www.jse.co.za/find-a-sponsor
Find responsibilities and code of ethics and standards of professional conduct applicable to sponsors and designated advisers.	https://www.jse.co.za/content/JSERulesPoliciesandRegulationItems/JSE%20Listings%20Requirements%20Service%20Issue%2026.pdf Refer to Section 2, Section 21 and Schedule 16 of the Requirements



The Auditor

The independent auditor (reporting accountant) is engaged by the issuer to provide an opinion on whether the issuer's financial statements are presented fairly, in all material respects, in accordance with International Financial Reporting Standards ("IFRS").

This is an important requirement, aimed at enhancing the degree of confidence of intended users of the financial statements. In South Africa the regulatory body for auditors is the Independent Regulatory Board for Auditors ("IRBA"), whose primary role is to protect the financial interests of the investor public through effective regulation of assurance activities conducted by registered assurance providers in accordance with International Auditing Standards and applicable legislation. The regulatory body's mandate includes competence requirements to qualify as an auditor, the auditing framework to be used by auditors, inspection of auditors' work to ensure compliance with the relevant auditing frameworks and discipline of auditors who are not compliant with laws and regulations.

Registered auditors in South Africa are subject to the provisions of the Auditing Profession Act No. 26 of 2005 ("APA") and the IRBA Code of Professional Conduct for Registered Auditors ("IRBA Code"). If IRBA receives a formal complaint against a registered auditor or becomes aware that a registered auditor may have acted in contravention of the provisions of the APA or IRBA Code, then IRBA may institute disciplinary proceedings against that registered auditor.

The South African Institute of Chartered Accountants ("SAICA") is the foremost accountancy body in South Africa and the professional home of Chartered Accountants [CAs(SA)]. The institute provides a wide range of support services to its members and plays an influential role in the business sector. SAICA strives to continuously develop the accountancy profession in South Africa by upholding professional and ethical standards and supporting and encouraging professional skill development and enterprise initiatives. Chartered Accountants registered with SAICA are subject to the Code of Professional Conduct of the South African Institute of Chartered Accountants ("SAICA Code") and its constitution and by-laws.

It must be noted that in order for an auditor to act as reporting accountant for the purposes of the Requirements, the auditor's firm must be registered with IRBA and accredited as an audit firm and the reporting accountant must be on the JSE's list of auditors as an accredited individual responsible for preparing the work and issuing

the reporting accountant's report for purposes of the Requirements.

Both IRBA and SAICA have disciplinary powers. IRBA exercises legislative authority over registered auditors. The IRBA is obliged to consider and where it appears justified, investigate and deal with any complaint, charge or allegation of improper conduct against a registered auditor which may be laid before it, and is empowered to impose any of the prescribed sanctions in respect of any improper conduct by registered auditors. If SAICA receives a formal complaint against one of its members or becomes aware that one of its members may have acted in contravention of the SAICA Code or by-laws, then SAICA may institute disciplinary proceedings against that member. In cases where its members are alleged to be involved in illegal activities, SAICA liaises with the relevant authorities mandated to carry out public prosecutorial processes such as the Special Investigating Unit.

In summary, if SAICA receives a complaint about a CA(SA) who is also a registered auditor, then the IRBA does the investigation and sanctioning of the registered auditor. Thereafter, SAICA considers the impact of the IRBA investigation outcome on the members registration as a CA(SA). For further details on the disciplinary processes, please see the following links:

- IRBA: <https://www.irba.co.za/guidance-to-ras/disciplinary-process>
- SAICA: <https://www.saica.co.za/SAICADisciplinaryProcess/tabid/4253/language/en-US/Default.aspx>

Audit Committees



Taking into account the above role players, the JSE places further specific responsibilities on the audit committee, notwithstanding its statutory responsibilities pursuant to the provisions of the Companies Act and the principles and recommended practises of the King Code.

These further specific responsibilities include –

- considering, on an annual basis, and satisfying itself of the appropriateness of the expertise and experience of the financial director;
- ensuring that the applicant issuer has established appropriate financial reporting procedures and that those procedures are operating, which should include consideration of all entities included in the consolidated group IFRS financial statements, 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 statements of the issuer;

- requesting from the audit firm the information detailed in the Requirements, in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment as well as for an applicant issuer prior to listing; and
- ensuring that the appointment of the auditor is presented and included as a resolution at the annual general meeting of the issuer pursuant to Section 61(8) of the Companies Act.

The Requirements further stipulates, as supported by the King Code, that the remuneration policy and the implementation report must further be tabled every year for separate non-binding advisory votes by shareholders of the applicant issuer at the annual general meeting. The remuneration policy must record the measures that the board of directors of the applicant issuer commits to take in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised. In order to give effect to the minimum measures referred to in the King Code, in the event that either the remuneration policy or the implementation report, or both are voted against by shareholders exercising 25% or more of the voting rights exercised, the issuer must in its voting results announcement provide for the following:

- An invitation to dissenting shareholders to engage with the issuer; and
- The manner and timing of such engagement.

The integrity of financial information of companies listed on the JSE remains a vital contributor to a sound and transparent South African financial market. It is for this reason that the JSE imposed personal sign-off obligations on both the chief executive officer and the financial director, confirming after due, careful and proper consideration, that the annual financial statements present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS. The required sign-off further deals with attestations that (i) no facts have been omitted or untrue statements made and (ii) the financial controls are adequate and effective. This measure, the JSE believes, will contribute to the integrity of annual financial statements issued by companies listed on the JSE.

When it comes to the application of IFRS, to assist the JSE with its own robust internal

processes, the Financial Reporting Investigations Panel (“**FRIP**”) was established. The FRIP provides the JSE with advice in relation to cases of alleged noncompliance with IFRS. The FRIP is a joint venture with SAICA and the activities thereof are governed in terms of a charter (a copy of which can be found at https://www.saica.co.za/Portals/0/documents/FRIP_Final_revised_Charter.pdf).

AUTHORITY	CONTACT DETAILS
Independent Regulatory Board for Auditors	 www.irba.co.za  087 940 8800
South African Institute of Chartered Accountants	 www.saica.co.za  011 035 3000



Industry Experts, Company Advisers and Lawyers

Depending on the industry, certain specialised information of an issuer requires the independent verification and sign-off by an appointed adviser/expert. For example, mining companies are required to prepare a competent person’s report (in accordance with the SAMREC/SAMVAL codes) on their mineral assets. Property companies are required to prepare valuation reports on their properties prepared by an independent registered property valuator.

It should be noted that although the JSE has certain checks and balances in place to assess the independence and experience of the experts, these parties are not regulated by the JSE. The board of the applicant issuer takes ultimate responsibility for the appointment of an expert and the relevant industry body plays its part in the qualifying entry criteria, professional accreditation and disciplinary procedures.

Section 114(2) of the Companies Act further provides specific requirements an expert must meet when opining, exercising judgment or making decisions on matters as prescribed.

Various company advisers and lawyers also provide companies with tailored transaction advice and legal opinions, from time to time. It is important that these advisers abide to their applicable professional codes of conduct and ethical practises, to allow companies to be responsible corporate citizens.

INDUSTRY	AUTHORITY	CONTACT DETAILS
Mining	Samcodes Standards Committee: The South African Mineral Reporting Codes	 www.samcodes.co.za See “Contact Us”
Property	The South African Council for the Property Valuers Profession	 www.sacpvp.co.za  012 348 8643



Shareholders

A company’s shareholders play a vital role in holding a company and its directors to account by virtue of rights afforded to them through the Requirements, the Companies Act and the Memorandum of Incorporation of the issuer. Arguably, the most prominent right of shareholders is the ability to vote annually on the appointment of directors as this is the most direct and effective measure to holding the board of directors accountable. This ability should never be underestimated by shareholders. The King Code similarly comments that institutional investors (alternatively, a subset of shareholders) are extremely influential and the types of investment decisions made by institutional investors and the manner in which they exercise their rights may be used to reinforce good corporate governance in investee companies. Shareholders should also be reminded of the availability of (i) the right to requisition a general meeting of shareholders in accordance with, and subject to the requirements of, section 61(3) of the Companies Act; and (ii) a derivative action pursuant to Section 165 of the Companies Act, by a minority shareholder/s or other stakeholder/s where a person may serve a demand on a company to commence or continue legal proceedings, or take related steps, to protect the legal interests of the company.

Pursuant to the provisions of the Companies Act and the Requirements, certain material business decisions taken by the board of directors which could affect shareholders’ rights must be approved by the shareholders at a general meeting, by way of an ordinary or special resolution. Certain decisions can only be made with the sanction of the shareholders, such as approving a major acquisition or disposal, issuing shares for cash, a scheme of arrangement, an amalgamation or merger, using company funds to repurchase shares, or increasing the company’s authorised share capital. The Companies Act and the Requirements mandate further shareholders’ approvals where related parties to the applicant issuer are involved in transactions and/or are being issued shares.

Shareholders should further be mindful of their pre-emptive rights pursuant to the provisions Requirements and as consequently entrenched in the memorandum of incorporation of the issuer and their ability to call shareholders' meetings subject to the provisions of the Companies Act.

The Companies Act and the Requirements afford various measures for the enhancement of disclosures in general and corporate governance for the protection of shareholders and investors (equity and debt).

A copy of the JSE Listings Requirements can be found at:



<https://www.jse.co.za/content/JSERulesPoliciesandRegulationItems/JSE%20Listings%20Requirements%20Service%20Issue%2026.pdf>

3 • Market Regulation Division



The Market Regulation Division of the JSE is responsible for the oversight of trading in the markets operated by the JSE, with the primary aim of identifying potential market abuse, including insider trading and market manipulation. The Market Regulation Division performs a market surveillance function in which it monitors trading in all JSE listed securities using surveillance systems designed to detect and analyse suspicious trading activity. If the Market Regulation Division identifies trading activity that it believes warrants further scrutiny, it discusses its findings with the FSCA. The FSCA will then make a determination as to whether the trading activity referred by the Market Regulation Division should be formally investigated to determine whether a market abuse offence has been committed. The FSCA can also initiate a market abuse investigation based on information referred by another licensed exchange or by any other party.

It is important to note that the JSE does not have the powers to investigate market abuse. Market abuse is a statutory offence in terms of the FMA and the FSCA has the statutory powers to conduct market abuse investigations and to initiate enforcement action if necessary.

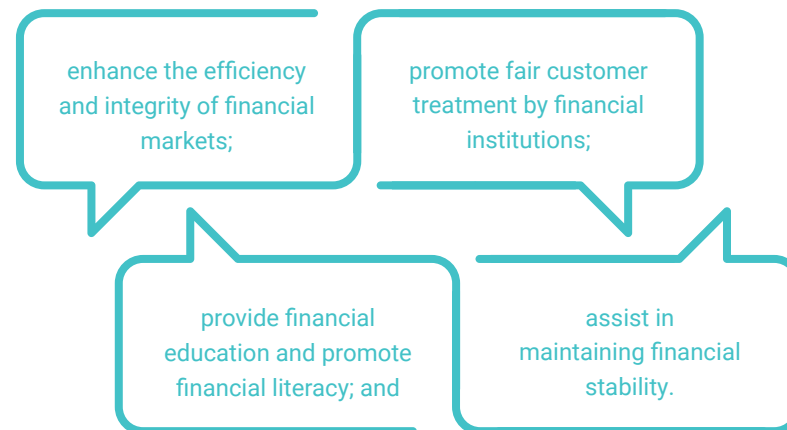
The Market Regulation Division also supervises compliance by authorised JSE member firms with rules dealing with the use of the JSE's trading systems, the regulated services provided to their clients, the financial soundness of the member firms, and various governance, risk management and internal control arrangements.

4 • Financial Sector Conduct Authority



The FSCA is the market conduct regulator of financial institutions, that provide financial products and financial services, financial institutions that are licensed in terms of a financial sector law, including banks, insurers, retirement funds and administrators, and market infrastructures (including exchanges).

The FSCA was created by the FSR Act, which in summary sets the objective for the FSCA to:



The FSR Act groups the objectives regarding fair customer treatment and financial education and literacy together, as part of a broader objective of protecting financial customers. The FSCA's focus therefore will be both on protecting customers against unfair treatment by financial institutions, and equally importantly on empowering customers to protect themselves by strengthening their ability to make informed financial decisions. Under the FMA, the FSCA is mandated with certain legislative powers to ensure that the financial markets in South Africa trade in an orderly and ethical manner and to investigate any market abuse by companies, exchanges, shareholders and investors. It is important to note that in investigating market abuse and manipulation, the powers of the FSCA extend beyond the South African markets to any South African issuer that has its securities trading on a regulated market, such as an exchange, in a foreign country.

If the FSCA detects a breach of a financial sector law, including breaches of a prudential or conduct standard it can impose administrative penalties, or institute criminal prosecutions in relation to the offences in terms of the FSR Act or a financial sector law. It should be noted that there are no financial limitations on administrative penalties.

4.1 Market Abuse

Market abuse in terms of the FMA consists of insider trading (prohibited under section 78), market manipulation (prohibited under section 80), and false reporting (prohibited under section 81). From a JSE listed company perspective and as advised previously, the FSCA has powers to investigate statements and disclosures made by a listed company where they may be false, misleading or deceptive and which intentionally or negligently induce investors to trade or refrain from trading in the listed company's securities at prices that would not be sustainable were the true facts known. The JSE may also investigate false, misleading or deceptive disclosures or statements to the extent that it relates to a potential breach of the Requirements.

The general powers of the FSCA are derived from section 94 of the FMA. Section 94 provides that if the FSCA receives a complaint, charge or allegation that a person who provides securities services (which includes amongst other services, the buying and selling of securities for own account) is contravening or is failing to comply with any provision of the FMA, and if the FSCA has reason to believe that such contravention or failure is taking place, the FSCA may investigate the matter in terms of the FSR Act. Further, the FSR Act provides that the FSCA or its committee may conduct on-site inspections subject to the terms and provisions of section 132 of the FSR Act to check compliance and/or determine the extent of the risk posed by a person of contravention of a financial sector law (such as the FMA). Sections 134 to 139 of the FSR Act contain the FSCA's investigative powers.

If on completion of a market abuse investigation, the FSCA investigations unit believes that the FMA has been contravened it may refer the matter to the Regulatory Action Forum of the FSCA for enforcement action to be instituted against the offender, or to the National Prosecuting Authority for criminal prosecution, or apply to a court for an interdict or attachment order in relation to any matter referred to in Chapter X of the FMA.

The prohibitions against market abuse, the DMA's powers to investigate and the administrative sanctions/penalties which the DMA can impose in respect of market abuse are set out in Chapter X (sections 77 to 89) of the FMA.

The determinations of the FSCA Regulatory Action Forum are published by the FSCA once a matter has been finalised.

Breaches of the abovementioned sections of the FMA can lead to administrative fines, fines not exceeding R50 million or imprisonment for period not exceeding 10 years, or to both a fine and imprisonment.

A copy of the FMA can be found at:



https://www.gov.za/sites/default/files/gcis_document/201409/36121a.pdf

REGULATORY FRAMEWORK	CONTACT DETAILS
Issuer Regulation Division	011 520 7059
Market Regulation Division	011 520 7206
Financial Sector Conduct Authority	Anonymous Fraud & Ethics ✉ fsca@whistleblowing.co.za ☎ 012 428 8000

South African Police Service (SAPS)



Commercial crimes are investigated primarily by the SAPS and includes crimes such as corruption, fraud, money laundering, embezzlement and forgery etc.

Alleged offences of commercial crime must be reported to the SAPS.



AUTHORITY	CONTACT DETAILS
SAPS Commercial Crimes Unit	Colonel Harry Baatjies ✉ BaatjiesH@saps.gov.za ✉ gpjhb.ccrime.cmdr@saps.gov.za ☎ 082 778 7899





Companies and Intellectual Property Commission

The Commission is an agency of the Department of Trade, Industry and Competition in South Africa. The Commission was established by the Companies Act as a juristic person to function as an organ of state within the public administration, but as an institution outside the public service.

The Commission is responsible for various functions, including amongst others –

- Registration of companies, co-operatives and intellectual property rights;
- Disclosure of information on its business registers pursuant to the Companies Act;
- Promotion of compliance with the Companies Act;
- Efficient and effective enforcement of the Companies Act;
- Monitoring compliance with and contraventions of financial reporting standards, and making recommendations thereon to the Financial Reporting Standards Council.

Breaches of the Companies Act must be reported to the Commission.

REGULATORY FRAMEWORK	AUTHORITY	CONTACT DETAILS
Companies Act	Companies and Intellectual Property Commission	 www.cipc.co.za  086 100 2472



Takeover Regulation Panel (the “Panel”)

The Companies Act created the Panel which has the function of regulating affected transactions or offers in terms of the Companies Act and the Takeover Regulations. In considering affected transactions and offers, the Panel does not have regard to the commercial advantages or disadvantages of the transaction, but ensures integrity and fairness in the market place and to the shareholders of regulated companies, particularly insofar as enabling the shareholders of regulated companies to make informed decisions and to obtain the necessary advice in respect of proposed offers. The Panel's function is to also prevent actions by a regulated company designed to impede, frustrate, or defeat an offer, or the making of fair and informed decisions by the holders of that company's securities.

Companies are not permitted to give effect to an affected transaction or offer unless the Panel has issued the necessary compliance certificate or granted an exemption for that transaction.

The rationale for regulating affected transactions and offers is to protect minority shareholders by ensuring that during affected transactions or offers such shareholders will have access to certain information. The information include financial reports and valuations of their shares. By having access to this information, shareholders can make informed decisions about their investments.

The Panel –

Regulates affected transactions or offers, being -

- disposals of all or the greater part of assets or undertaking of a company by a regulated company;
- amalgamations or mergers of regulated companies;
- schemes of arrangement between a regulated company and its shareholders;
- mandatory offers to shareholders of a regulated company;
- compulsory acquisitions of the remaining shares of a regulated company;
- acquisitions of, or announced intention to acquire 5%, 10% or any multiple of 5% of the issued shares of a regulated company; and
- the announced intention to acquire the remaining shares in a regulated company;

- May apply to court for an order to wind up a company in certain circumstances;
- Consults with the Minister of the Department of Trade, Industry and Competition in respect of additions, amendments or deletions to the Takeover Regulations;
- May consult with any person with a view to advising that person on the application of the Companies Act and the Takeover Regulations;
- May issue, amend or withdraw information on current policy dealing with an affected transactions or offer for guidance;
- May receive and deal with any representations by parties on any matter in respect of affected transactions or offers; and
- May perform any other function assigned to it by legislation.

REGULATORY FRAMEWORK	AUTHORITY	CONTACT DETAILS
Companies Act	Takeover Regulation Panel	www.trpanel.co.za 011 784 0035

Other legislation and regulators that a company may interact with



In addition to the legislation and regulators mentioned above a company may, depending on the nature of the business it conducts or corporate action it is undertaking, be required to comply with other legislation and interact with or be subject to the jurisdiction of the relevant regulators.

Conclusion

It is very important to understand who's who in the South African financial markets eco-system and the roles they perform in creating a sound South African financial market for the benefit of the investment community as a whole. It is also important to understand that actions taken by a company may be regulated by more than one regulator and that there is inter-play between these regulators. These role players provide critical checks and balances for a robust governance eco-system of all companies doing business in South Africa.

FREQUENTLY ASKED QUESTIONS



The JSE engages with various companies, transaction advisers, listing sponsors, stakeholders, shareholders, investors and members of the public on a regular basis, and is exposed to various queries facing listed companies. The JSE has thought it wise to list a series of questions with answers, taking into account the regulation guidance as contained in this document, to facilitate and explain the role of the JSE in the larger governance eco-system in South Africa.

1

Q: A listed company has been placed into business rescue and/or liquidation. What is the JSE's position?

A: Business rescue and/or liquidation of companies falls under the jurisdiction of the Companies Act. As a listed company, the company must continue to comply with the Requirements and must announce to the market any company relevant information and/or price sensitive information in respect of the business rescue and/or liquidation proceedings. It should be noted that business rescue and/or liquidation of a listed company could lead to the suspension and/or removal of listing on the JSE.

The JSE along with the sponsor will continue to monitor developments to ensure continued disclosure to the market, to allow shareholders to be apprised of developments. If the listing of a company is suspended by the JSE, the listed company will be required to provide monthly reports to the JSE and quarterly reports to shareholders concerning the current affairs of the company. Failure to comply with the ongoing obligations whilst suspended could result in the removal of the securities by the JSE.

2

Q: A listed company owes money and refuses to pay. What is the JSE's position?

A: The JSE does not get involved in the day to day commercial affairs of a listed company. The day to day management of the company is the responsibility of the board of directors and its management. The JSE does however require that the financial information and price sensitive information of the company is published through SENS as prescribed by the provisions of the Requirements.

3

Q: A listed company is involved in criminal activity, such as fraud, theft and corruption. What is the JSE's position?

A: Any alleged criminal activity should be reported immediately to SAPS Commercial Crimes Unit as per the contact details contained in this document. The JSE does not have the authority to investigate and prosecute any criminal activity and crimes must be investigated by SAPS and prosecuted by the National Prosecuting Authority. In addition, under certain circumstances, a person may by law be required to report certain known criminal activity to SAPS, e.g. the obligation to report certain criminal activity relating to corruption, fraud and forgery under section 34 of the Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, and a failure to report such criminal activity may be an offence in and of itself.

4 Q: A listed company is involved in unfair labour practises. What is the JSE's position?

A: Any alleged unfair labour practises must be dealt with through the Labour Relations Act and the Commission for Conciliation, Mediation and Arbitration and the Labour Courts.

Relief should be sought within the statutory framework of the Labour Relations Act as employment related matters are not within the sphere of regulation of the JSE.

5 Q: A listed company is not meeting employment equity and/or B-BBEE criteria. What is the JSE's position?

A: The Employment Equity Act, No 55 of 1998 aims to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure equitable representation in all occupational categories and levels in the workforce.

The Broad-Based Black Economic Empowerment Act 53 of 2003 (the "**BBBEE Act**") provides the legislative framework for BBBEE in South Africa. Codes of good practice may be issued by the Minister of Trade, Industry and Competition under the BBBEE Act and such codes may apply to a specific sector of the economy.

Relief should be sought within the statutory framework of these Acts, employment equity and BBBEE related matters are not within the sphere of regulation of the JSE. However, the JSE requires the public dissemination

by all listed companies of the annual compliance report pursuant to section 13G(2) of the BBBEE Act, through SENS. The JSE further mandates that listed companies have a board policy dealing with the promotion of broader diversity at board level, specifically focusing on diversity attributes of gender, race, culture, age, field of knowledge, skill and experience.

6 Q: A listed company is acting unethically. What is the JSE's position?

A: Any unethical behaviour by a listed company must be reported to the board of the listed company, specifically to the mandatory imposed Social & Ethics Committee. The Social & Ethics Committee needs to consider the allegation made within its statutory mandate.

Relief should be sought within the statutory framework of the Companies Act. Only if the behaviour concerned conflicts directly with a provision in the Requirements, will the JSE be placed in a position to investigate. The JSE can only enforce the Requirements.

7 Q: The auditor of a listed company has acted unethically and/or failed in its duties. What is the JSE's position?

A: Any unethical behaviour by the auditor of a listed company or failure by such auditor to execute its duties must be reported to IRBA. The audit committee of the listed company must also be informed to notify the JSE.

8 Q: An expert of a listed company has acted unethically or failed in its duties. What is the JSE's position?

A: As mentioned above, although the JSE has certain checks and balances in place to assess the independence and experience of certain experts, however these parties are not regulated by the JSE. The board of the applicant issuer takes ultimate responsibility for the appointment of an expert and the relevant industry body plays its part in the qualifying entry criteria, professional accreditation and disciplinary procedures.

9 Q: The sponsor and/or debt sponsor of listed company has acted unethically or failed in its duties pursuant to the provisions of the Requirements. What is the JSE's position?

A: Both equity and debt sponsors must adhere to (i) the JSE code of ethics

and standards of professional conduct and (ii) specific responsibilities imposed on them pursuant to the provisions of the Requirements. Any allegations of unethical behaviour and failure of duties on the part of either an equity or debt sponsor, pursuant to the provisions of the Requirements, must be reported to the JSE immediately.

10 Q: A listed company has failed to publish price sensitive information through SENS. What is the JSE's position?

A: Any allegation of the failure by a listed company to publish price sensitive information pursuant to the provisions of the Requirements must be reported to the JSE immediately for investigation.

11 Q: There are allegations of share price manipulation, false and misleading statements and/or insider dealing in the shares of a listed company. What is the JSE's position?

A: As mentioned above, the JSE does not have the powers to investigate market abuse. Market abuse is a statutory offence in terms of the FMA and the FSCA has the statutory powers to conduct market abuse investigations and to initiate enforcement action if necessary.

The JSE may also investigate false, misleading or deceptive disclosures or statements to the extent that it relates to a potential breach of the Requirements.

Any alleged market abuse activity should be reported immediately to the FSCA as per the contact details contained in the document.

12 Q: The board of a listed company is exercising poor business judgment and thereby destroying the value of shareholders' investment in the company. What is the JSE's position?

A: Day to day conduct of the board and/or board members and the commercial decisions taken by them are not regulated by the JSE. As such, in these scenarios shareholders must have recourse to their rights under the Companies Act and the Issuer's memorandum of incorporation to hold directors responsible for their conduct.

The JSE requires listed companies to adopt the King Code and comply with the mandatory corporate governance provisions in the Requirements.

Further it mandates disclosure of company relevant information and price sensitive information to place shareholders and investors in a position to make an informed investment decision. However, notwithstanding these provisions, boards and/or board members may fail to act in the best interest of the company, being the general body of shareholders. The strongest form of protection in these circumstances lies within the provisions of the Companies Act, being shareholders' ability to vote on the appointment or re-appointment of directors at the annual general meeting and the ability of minority shareholders to direct the board of the company to call a shareholders meeting to deal with the issues of concerns. The JSE requires a public announcement if such a general meeting is called, through SENS.

Shareholders should also hold board members accountable on their fiduciary duties through the provisions of Section 77 of the Companies Act.

As mentioned above, the Requirements also affords an annual mandatory non-binding advisory vote on remuneration of the board to shareholders, which may also play a role in board behaviour.

Only if the board behaviour concerned conflicts directly with a provision in the Requirements, will the JSE be placed in a position to investigate. The JSE can only enforce its Requirements.

13 Q: A listed company is not providing any assistance to provide information on the securities register or facilitate with queries regarding securities register administration. What is the JSE's position?

A: Section 26 of the Companies Act affords shareholders the right to access the share register. Shareholders also have information access rights under the Promotion of Access to Information Act, No. 2 of 2000. The transfer secretary attending to the administration of the securities register can also be contacted to facilitate with any queries pertaining to the securities register and general share administration. It should be noted, however, that all companies with securities listed on the JSE are required to issue their shares in dematerialised form and is therefore subject to the rules of Strate Proprietary Limited in respect of maintaining and accessing its securities register.

[illegible]

For additional information contact:

JSE

Issuer Regulation



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www.jse.co.za/issuerregulation

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