

Debt and Specialist Securities Listings Requirements

Definitions and Interpretations

The Definitions and Interpretations section will be updated to include the following definitions:

<u>Term</u>	<u>Meaning</u>
<u>AML regulations</u>	<u>anti-money laundering regulations in South Africa or foreign equivalent;</u>
<u>crypto asset</u>	<u>means a crypto asset as defined in the Financial Advisory and Intermediary Services Act, 2002;</u>
<u>crypto asset index</u>	<u>means any figure:</u> <u>(a) that is published or otherwise made available to the public; and</u> <u>(b) that is regularly determined:</u> <u>(i) entirely or partially by the application of a formula or any other method of calculation, or by an assessment; and</u> <u>(ii) on the basis of the value of one or more underlying crypto assets or prices;</u>
<u>crypto asset service provider or CASP</u>	<u>means a crypto asset service provider, as defined as item 22 of Schedule 1 to the Financial Intelligence Centre Act, 2001 or foreign equivalent;</u>
<u>cold storage</u>	<u>means crypto assets that are held in an offline depository wallet, which includes cold staking, being a method employed in proof-of-stake blockchain networks to ensure that the private keys of the staked tokens remain undisclosed to the online network;</u>
ETF	a fully funded (unleveraged) fund, registered in terms of CISA, tracking the performance of a specified security, index or currency or a company tracking <u>the performance of (i) a commodity, (ii) a spot crypto asset or (iii) a combination of spot crypto asset(s) and commodities</u>
ETN	an investment product, in the form of a note, that reflects the linear (on a one for one basis) performance of underlying securities or benchmarks, such as shares or bonds, an index, an exchange rate, or a commodity , <u>a spot crypto asset, or a combination of any of these</u> , and is backed by the creditworthiness of the issuer;
<u>EU Benchmark Regulations</u>	<u>Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, as amended, on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds;</u>
<u>IOSCO Principles for Financial Benchmarks</u>	<u>the framework of principles for benchmarks used in financial markets developed by IOSCO and published on 17 July 2013, as amended;</u>

<u>KYC regulations</u>	<u>know your client regulations in South Africa or foreign equivalent;</u>
placing document	an offering circular, a programme memorandum or any other placing document, as the case may be (for example applicable issuer supplements, applicable transaction supplements, <u>ETF supplements</u> , etc.), but specifically excluding the pricing supplement, which contains inter alia the provisions required by the DSS Requirements for an issue of DS securities. In the case of a foreign applicant issuer, “placing document” refers to the JSE supplement as read together with the prospectus (where a separate JSE specific offering circular or programme memorandum is not produced) or an offering circular or programme memorandum;

Section 3

Conditions for Listing

Part C (Specialist Securities) of section 3 will be amended to include the following paragraphs after paragraph 3.47. The subsequent paragraphs will be renumbered. The ETF section will also be amended as detailed below:

Additional criteria for ETNs directly or indirectly referencing spot crypto assets

- 3.48 If an ETN directly or indirectly, wholly or partially, tracks or references the performance a spot crypto asset(s), the spot crypto asset(s) must be approved as a reference asset by the JSE prior to listing. Approved crypto assets are available on the JSE's website.
- 3.49 ETNs indirectly tracking or referencing the performance of spot crypto asset(s), either wholly or partially, must reference a security(ies) that:
- (a) is/are listed on a recognised exchange; and
 - (b) determines the price of the spot crypto asset(s) based on a crypto asset index of the spot crypto asset(s) and the crypto asset index utilised must meet the criteria in paragraph 3.51.
- 3.50 ETNs directly tracking or referencing the performance of spot crypto asset(s), either wholly or partially, must determine the price of the spot crypto asset(s) for NAV purposes based on a crypto asset index of the spot crypto asset(s).
- 3.51 The crypto asset index on the spot crypto asset(s), referred to in paragraphs 3.49(b), 3.50, 3.57(b) and 3.58(b), must comply with the following:
- (a) the index provider of the crypto asset index must comply with either the EU Benchmark Regulations or the IOSCO Principles for Financial Benchmarks; and
 - (b) the crypto asset index rules must:
 - (i) must provide for an appropriate determination of the reference price for the spot crypto asset(s), including the inclusion of multiple eligible CASPs when determining or selecting the reference price; and
 - (ii) be designed to minimize the risk of manipulation of the reference price by including the following criteria:
 - a. Only centralized trading platforms of a CASP and CASPs with transparent ownership and management are included in or considered for the index;
 - b. Each CASP must comply with applicable laws and regulations, including but not limited to, KYC and AML regulations;
 - c. The trading platform of the CASP must be of a pre-determined size and liquidity;
 - d. The trading platform of the CASP must have transparent, reliable, real-time data and price discovery of the crypto asset(s) available;
 - e. The trading platform of the CASP makes provision for the surveillance of manipulative trading practices and erroneous transactions;
 - f. The trading platform of the CASP evidences a robust IT infrastructure protecting the operation of the CASP and the trading activity which includes business continuity, cyber security and disaster recovery systems;

- g. CASPs on third party sanctions lists are excluded;
- h. The possible removal of the trading platform of a CASP that has founded accusations of fraud or criminal charges against the CASP or leadership team; and
- i. The possible removal of the trading platform of a CASP that has had a meaningful security lapse or breach in the last 12 months which resulted in the loss of client or CASP funds.

ETF

In addition to paragraphs 3.1 to 3.14, 3.48 and 3.51 issuers of an ETF must comply with the following requirements:

Criteria for issuers of ETFs

3.48~~52~~...

3.49~~53~~ The applicant issuer of an ETF on (i) commodities, (ii) crypto asset(s), or (iii) a combination of commodities and crypto asset(s), must meet the following criteria:

- (a) it must be an entity set up for the sole and specific purpose to issue instruments in the ETF, or another structure acceptable to the JSE, provided that the requirements pursuant to 3.49~~53~~(b) are met; and
- (b) it must satisfy the JSE that there is no credit risk associated with the applicant issuer, pertaining to the specific issue of securities and that the scheme is insolvency remote from the arranger of the scheme.

3.50~~54~~...

Underlying assets of ETF

3.51~~5~~ ETFs may be issued on assets which track or reference the performance of securities, currencies, ~~index~~ indices, benchmarks, or commodities or crypto assets.

3.52~~6~~ ...

3.57 ETFs indirectly tracking or referencing the performance of spot crypto asset(s), either wholly or partially, must reference a security(ies) that:

- (a) is/are listed on a recognised exchange and meet the liquidity requirements of the JSE; and
- (b) determines the price of the spot crypto asset(s) based on a crypto asset index of the spot crypto asset(s) and the crypto asset index utilised must meet the criteria in paragraph 3.51.

3.58 ETFs directly tracking or referencing the performance of spot crypto asset(s), either wholly or partially, must comply with the following:

- (a) only be issued on spot crypto asset(s) that have been approved by the JSE. Approved crypto assets are available on the JSE's website;
- (b) the price of the spot crypto asset(s) for NAV purposes must be determined based on a crypto asset index of the spot crypto asset(s) and the crypto asset index utilised must meet the criteria in paragraph 3.51;

(d) at least 90% of the crypto asset(s) must be held in:

(i) cold storage; or

(ii) arrangements that achieve an equivalent outcome to cold storage. In this instance, the issuer must, prior to listing and thereafter annually, submit to the JSE and publish on its website an audit report from a suitably qualified third party, confirming that these holding arrangements are equivalent to cold storage. The annual submission of the audit report must comply with paragraph 6.117(h);

(e) crypto asset(s) must be held by a custodian(s) that are subject to AML and KYC regulation; and

(f) only allow for creations or redemptions in cash.

Section 4

Listing Particulars

Part C (Specialist Securities) of section 4 will be amended as follows:

Additional requirements for warrants and investment products

4.48 In addition to the disclosure provisions pursuant to paragraphs 4.42 to 4.45 above, the applicant issuer of the ETN must include the following in the pricing supplement and/or the placing document:

- (a) ...
- (c) the maturity date of the ETN; ~~and~~
- (d) details of the market maker; ~~and~~
- (e) for ETNs directly or indirectly, wholly or partially, referencing spot crypto asset(s) the pricing supplement must include:
 - (i) the name of the crypto asset(s);
 - (ii) the name of the crypto asset index that will be used for pricing the spot crypto asset(s) together with the code and the currency of the crypto asset index and the direct link to the website where information on the crypto asset index can be obtained;
 - (iii) a statement that the index provider of the crypto asset index complies with the EU Benchmark Regulations and/or the IOSCO Principles for Financial Benchmarks; and
 - (iv) a description of the risks specific to the crypto asset(s).

Additional Requirements for ETFs

4.51 In addition to paragraph 4.50 above, the ETF supplement that is issued in terms of the placing document, or offering circular must include the following terms of the specific issue of ETF ~~units~~:

- (a) a description of the underlying security, asset, ~~commodity, crypto asset~~ or benchmark that the ETF will ~~track or~~ reference ~~the performance of, which must include~~ the following:
 - (i) the name of the security/ies, asset, ~~commodity, or~~ benchmark ~~or crypto asset(s)~~;
 - (ii) ...
- (b) ETFs indirectly tracking or referencing the performance of spot crypto asset(s), either wholly or partially, must include the following information in the ETF supplement:
 - (i) the name of the crypto asset index used by the underlying reference security for pricing the spot crypto asset(s) together with the code and the currency of the crypto asset index and the direct link to the website where information on the crypto asset index can be obtained;
 - (ii) a statement that the index provider of the crypto asset index complies with the EU Benchmark Regulations (2016/1011) and/or the IOSCO Principles for Financial Benchmarks; and
 - (iii) a description of the risks specific to the crypto asset(s).

- (c) ETFs directly tracking or referencing the performance of spot crypto asset(s) assets, either wholly or partially, must include the following information in the ETF supplement:
- (i) the name of the crypto asset index that will be used for pricing the spot crypto asset(s) together with the code and the currency of the crypto asset index and the direct link to the website where information on the crypto asset index can be obtained;
 - (ii) a statement that the index provider of the crypto asset index complies with the EU Benchmark Regulations (2016/1011) and/or the IOSCO Principles for Financial Benchmarks;
 - (iii) a description of the risks specific to the crypto asset(s);
 - (iv) the name and contact details of the custodian(s) that will hold the crypto asset(s) and a statement that the custodian(s) are subject to AML and KYC regulation;
 - (v) a statement that at least 90% of the crypto asset(s) will be held in:
 - a. cold storage; or
 - b. arrangements that achieve an equivalent outcome to cold storage. In this instance, a statement must be included that the issuer has published on its website an audit report from a suitably qualified third party, confirming that these holding arrangements are equivalent to cold storage, and will publish this audit report annually; and
 - (vi) a statement that creations and redemptions in the ETF will only be processed in cash.

Section 4

Continuing Obligations

Part C (Specialist Securities) of section 6 will be amended as follows:

Warrants and investment products

- 6.104 An issuer of warrants and investment products is required to comply with the following continuing obligations once its securities have been listed:
- (a) ...
 - (f) it must inform the JSE immediately if it is unable, for whatever reason, to comply with the liquidity requirements pursuant to:
 - (i) for warrants and ETNs paragraphs 6.111 to 6.114;
 - (ii) for structured products paragraph 6.115; and
 - (iii) for AMC's paragraph 6.116; ~~and~~
 - (g) Distributions, if applicable, made to the holders of securities must be announced through SENS in accordance with the corporate action timetable pursuant to Schedule 2 Form H1 of the JSE Listings Requirements; and
 - (h) Issuers of ETNs that directly or indirectly, wholly or partially, reference spot crypto asset(s) must inform the JSE immediately if:
 - (i) the crypto asset index that is used for the determination of the price of the crypto asset(s) is discontinued; or
 - (ii) the crypto asset index no longer complies with the criteria in paragraph 3.51.In any of the instances set out above, the JSE may consider suspending the ETN.

Liquidity requirements for warrants and ETNs

In addition to paragraph 6.101 to paragraph 6.105 the issuer of warrants and ETNs must comply with the following:

- 6.111 The issuer of warrants or ETNs must:
- (a) appoint an independent market maker and such duly appointed market maker must undertake to maintain a secondary market in the issued warrants or ETNs; and

ETFs

In addition to paragraphs 6.1 to ~~paragraph~~ 6.22 ETF issuers must comply with the following:

- 6.117 An ETF issuer must comply with the following continuing obligations once its ETFs have been listed:
- (a) The ETF units must be fully covered by the underlying ~~asset or~~ assets, securities, commodities or crypto assets that the ETF references at all times;
 - (b) It must publish the following details on its website each day:

- (i) the NAV of the ~~security~~ETF unit, that is calculated in a transparent manner for the preceding day;
- (ii) ...
- (iv) the level of the index, or where the information can be accessed, if the ETF tracks such an index or the level of the crypto asset index, if the ETF either directly or indirectly, wholly or partially, tracks or references the performance of spot crypto asset(s); and
- (v) ...;
- (c) ...
- (h) Pursuant to paragraph 3.58(d)(ii), the audit report from the suitably qualified third party confirming that the holding arrangements are equivalent to cold storage must be published annually. The submission and publication of the audit report must occur at the same time as the submission and publication of the annual financial statements of the ETF; and
- (i) Issuers of ETFs that directly or indirectly tracks or references the performance of spot crypto asset(s), either wholly or partially, must inform the JSE immediately if:
 - (i) the crypto asset index that is used for the determination of the price of the crypto asset(s) is discontinued; or
 - (ii) the crypto asset index no longer complies with the criteria in paragraph 3.51.In any of the instances set out above, the JSE may consider suspending the ETF.

Liquidity requirements for ETFs

6.118 An ETF issuer must:

- (a) appoint a market maker pursuant to paragraphs 6.111 to 6.113 and such duly appointed market maker must undertake to maintain a secondary market in the securities; and

Section 8

The Listing Process

8.3 A new applicant making application for the approval by the JSE of the registration of a ~~programme memorandum~~ placing document or the listing of DS securities pursuant to an offering circular or, in the case of a foreign applicant issuer, the JSE supplement or a listing of DS securities pursuant to an offering circular shall submit an application to the JSE through a debt sponsor or designated person and in accordance with the DS securities process document. The JSE will not grant final formal approval unless the following documents, where applicable, have been submitted:

- (a) ...
- (t) regulatory approval: where regulatory approval for the issue and/or listing of securities is required from other regulators, the JSE will not grant approval for the issue and/or listing until such time as it receives a copy of the related approval/ruling; and
- (u) the audit report from the suitably qualified third party confirming that the holding arrangements are equivalent to cold storage, as required by paragraph 3.58(d)(ii).