



The evolution continues

Empowerment Segment

Should you require further information, please contact us on +27 (0)11 520 7000 or send an email to info@jse.co.za or visit www.jse.co.za/empowerment



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Many South African companies are demonstrating their commitment to transformation by implementing BEE share ownership schemes. The intention of these schemes is to give previously disadvantaged South Africans the opportunity to own a stake in these companies and thereby participate in their growth.

In November 2015, the JSE launched the Empowerment Segment, which caters for companies that have implemented BEE share schemes. This platform, which saw the recent listing of MTN Zakhele, will allow eligible participants to buy and sell shares in a restricted environment. (The Sasol BEE scheme, Inzalo, was listed in 2011 on an older platform.)

Why should your company list with us?

In order to trade BEE shares, the Financial Services Board has mandated that these shares be traded on a licenced exchange. Listing on the Empowerment Segment ensures that all share transactions are subject to robust pre- and post-trade monitoring.

In addition to enhanced liquidity, transparency of ownership and price discovery, a listing also:

- Elevates the profile, integrity and prestige of your BEE share ownership scheme.
- Increases the visibility of, and investor interest in, your BEE share ownership scheme.
- Provides a platform from which to diversify your BEE shareholder base.

What does a BEE listing offer your company?

The JSE monitors the trading in all listed securities to ensure:

- Guaranteed settlement – Securities are only transferred from the account to the seller when payment of the consideration amount takes place.
- Investor protection – All trading is conducted through JSE member firms that are regulated by the JSE.
- Electronic settlement – Settlement takes place through the Central Securities Depository (CSD), Central Securities Depository Participants (CSDPs) and JSE member firms.
- Price discovery – Published share prices enable investors to determine the value of their investment easily and at any given point in time.
- Market regulation – JSE surveillance systems monitor the market in respect of insider trading, market abuse and the adherence of authorised users to the rules and directives of the securities exchange.
- Pre- and post-trade processes – It monitors prospective shareholders who have submitted orders to purchase BEE shares.

Our listing options are:

- Asset-Backed Securities
- Hybrid Securities
- Debt

How to list your company's BEE Share Scheme

Step 1

As all BEE scheme listings must be approved by the JSE, engage with us about appointing a designated advisor or sponsor who'll help you with the process.

Step 2

Complete the listing process in accordance with the JSE listings requirements in respect of the particular listing option selected. Full details available on jse.co.za

Step 3

Your company must then:

- Appoint an issuer verification agent who will verify the eligibility of each prospective shareholder.
- Appoint a trading entity to receive orders to buy or sell BEE securities on behalf of a BEE-compliant person.
- Appoint a Central Securities Depository Participant (CSDP) who will manage the settlement of the trades in the BEE securities on behalf of the trading entity and the shareholder.

Trading in BEE securities takes place as follows:

- Clients who wish to trade through the issuer-appointed trading entity and settle through the issuer-appointed CSDP, may place orders on the website or through the call centre of the issuer-appointed verification agent (depending on the offering provided by the agent on behalf of specific scheme).

- Orders are routed by the issuer-appointed trading entity through a JSE- authorised user into the JSE trading system.
- An authorised user, other than the one through which the trading entity routes orders, may trade on behalf of clients, but must obtain confirmation of the eligibility of the client from the issuer verification agent before placing the order to purchase BEE securities.
- The central securities depository, Strate and the applicable CSDP will settle matched orders (trades). The issuer-appointed trading entity or the client appointed authorised user receives confirmation of the settlement of the trade and notifies the clients in the agreed- upon manner, e.g. SMS or email.

Remember: In order to trade, your BEE share ownership scheme must have the following in place:

- Issuer Verification Agent
- Issuer Agent
- Issuer Appointed CSDP

We'll keep you ahead of the game as the evolution continues.



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