



JSE Consultation Paper

Financial Reporting Costs

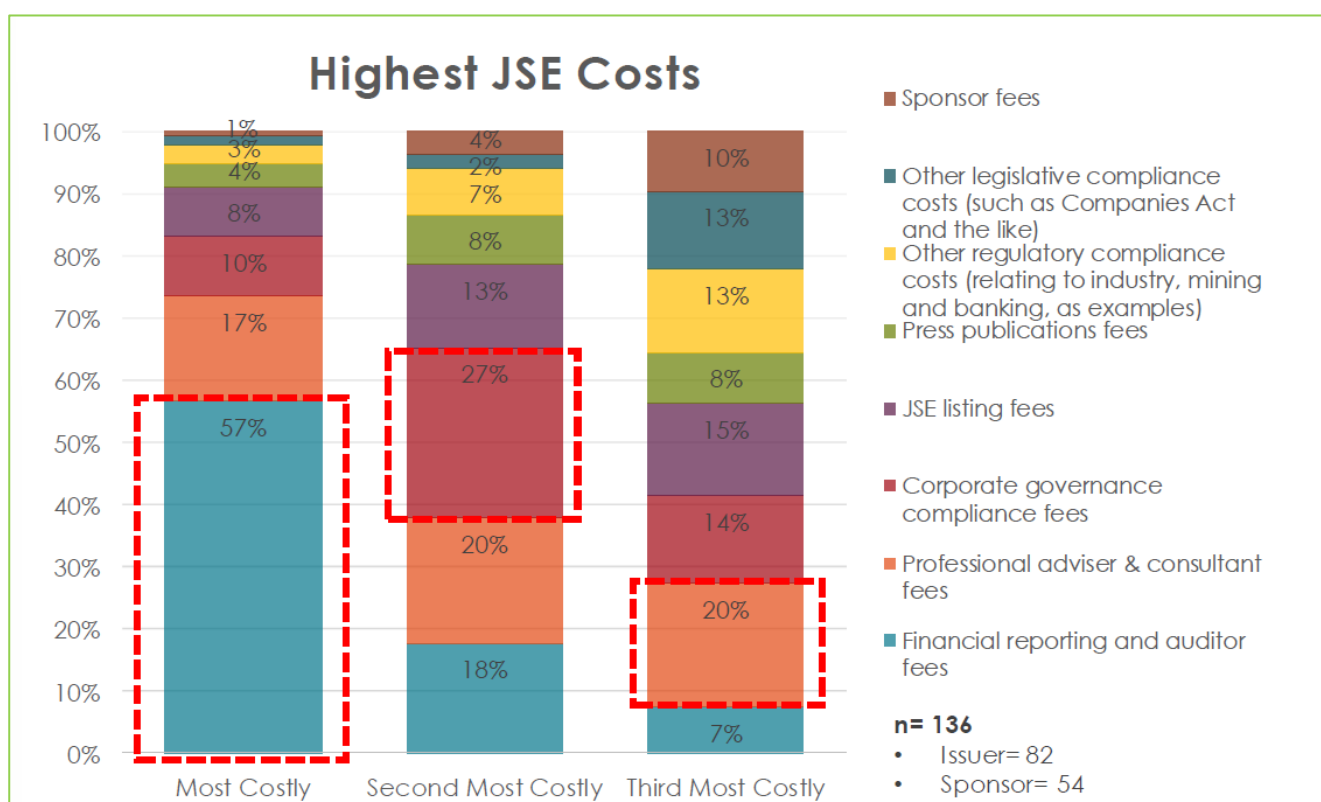
November 2025

Introduction

In May 2022, as part of its ongoing efforts to ensure that the bourse is fair, efficient, transparent and competitive, the JSE released a Consultation Paper (JSE Listings Review), requesting stakeholders to comment on a raft of proposals. Most of the proposals received overwhelming support, including Market Segmentation.¹

In June 2023 a market survey was launched inviting comments on the Market Segmentation initiative as well as other ancillary matters. The outcome of the survey was presented to the market in November 2023.

One of the ancillary survey questions raised related to the costs of being listed on the JSE, which had to be ranked in the top three of a few pre-populated expense items.



¹ Market Segmentation was implemented in October 2024 and has repositioned the JSE's Main Board into two segments, the Prime and the General Segment. This new structure offers a suitable and efficient level of regulation tailored to the size and liquidity of issuers on the Main Board, while continuing to uphold investor confidence in the market.

As can be seen from the survey results above, 57% of the participants (being issuers and sponsors surveyed), expressed a view that financial reporting and auditor fees are the most costly items of being listed on the JSE (“**financial reporting costs**”).

In line with the JSE’s commitment to engage with the market on matters of importance and to ensure that the JSE has a listing framework that is fit for purpose and competitive, the JSE decided to issue this Consultation Paper focusing on financial reporting costs, from a Listings Requirements perspective.

Progress made by the JSE

Before going into more detail on financial reporting costs it would be worthwhile reminding the market of the recent JSE reforms in relation to its financial reporting regulation regime:

	Reforms
June 2022	Removed the obligation to obtain an assurance report on historical financial information on pro forma financial information for related party disposals. The disposal entity is already within the issuer’s reporting governance structures.
June 2023	Removed the provision for abridged annual reports in instances where the full annual financial statements are available.
December 2023	Removed the JSE’s auditor accreditation model. The responsibility for selecting an auditor lies with the board of directors of the issuer.
October 2024	Flexibility introduced for issuers in the newly created General Segment: <u>Transactions:</u> • The threshold for a category 1 transaction was increased from 30% to 50%; • The obligation for historical financial information for a category 1 transaction subject was reduced from three to two years; and • The obligation to produce pro forma financial information, along with the required assurance from the auditor, was replaced with a detailed narrative explaining the impact of the corporate action on the financial results. <u>Continuing obligations:</u> • Removed the obligation to issue condensed annual results; and • Removed the obligation for two auditors’ reports and issuers have an additional month to publish their annual financial statements.

2025	Simplified Listings Requirements (FSCA approval pending) <u>Transactions:</u> • The obligation for historical financial information for the subject of a category 1 transaction was reduced from three to two years, for all equity issuers; • Removed the obligation to align the accounting policies used to prepare historical financial information of the target to those of the issuer. Any differences in accounting policies can be reflected in the pro forma financial information; • Removed the concept of a reporting accountant specialist, responsibility is placed on the issuer to ensure that the auditor appointed has the necessary knowledge of the Listings Requirements; • Allowed property entities/REITs to present historical financial information instead of forecasts; and • Simplified the assurance reports prepared by the auditor for property entities/REITs on forecasts and pro forma financial information. <u>Continuing obligations:</u> • Removed the distinction between a general and specific profit forecast; and • Moved shareholding disclosures from the annual financial statements to the annual report, allowing issuers with more time to prepare such information.
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The JSE believes that the above reforms have a significant impact on reducing financial reporting costs. However, the JSE wishes to ensure that it has applied focused attention to the survey outcomes, by actively engaging with the market on how financial reporting costs can be further reduced whilst maintaining transparency, standards of disclosure and investor confidence.

The JSE recognises that financial reporting costs can be incurred as a direct result of complying with the Listings Requirements. Compliance with laws and regulations (outside the regulation regime of the JSE) must also be considered as they also impact financial reporting costs.

The JSE has prepared this Consultation Paper with the aim of obtaining input on various proposals regarding costs in relation to financial reporting. The Consultation Paper also serves as an innovation platform to promote capital market activity and competitiveness.

How to Respond to this Consultation Paper

The JSE invites comments on this Consultation Paper on or before Monday, 1 December 2025. Comments can be sent via e-mail for the attention of:

Tania Wimberley:
Head of Financial Reporting: Issuer Regulation Division
consultation@jse.co.za

Please submit comments through the Comments Template.

It should be noted that this Consultation Paper may affect specific areas of the Listings Requirements. In the event that amendments may be required to the Listings Requirements, these will be undertaken using the standard amendment process, which includes separate public consultation processes in terms of the Listings Requirements and the Financial Markets Act No. 19 of 2012.

Information, proposals, statements and opinions contained in this Consultation Paper should not be read as a commitment on the part of the JSE to implement, or take any steps to implement, in whole or in part, any proposal or action considered or mentioned in this communication.

Finally, the JSE, its subsidiaries, employees and officers have endeavoured to ensure the accuracy and reliability of the information provided in the Consultation Paper and accepts no liability whatsoever for any loss or damage arising from any inaccuracy or omission or from any decision, action or non-action based on or in reliance upon information contained in the Consultation Paper.

JSE Response Paper

To inform market participants and stakeholders of the outcomes of this Consultation Paper, the JSE will publish a response paper once it has processed all comments. The response paper will not mention any names or personal information of commentors and will only provide broad feedback on the responses received.

The JSE may also elect to contact commentors to obtain more clarity where required. All personal information provided will be collected, used, shared, retained and otherwise processed by the JSE in accordance with the JSE's Privacy Policy (<https://www.jse.co.za/privacy-policy>). By the completion and submission of your comments to the Consultation Paper (including your personal information), you consent to the processing of the above personal information for the above purpose as well as the purposes set out in the JSE Privacy Policy.

Items for Consultation

1 Reforms made to Date

As a starting point, the JSE would appreciate input on its current reforms mentioned above.

Considerations

1. Do you believe that the reforms above have or are likely to reduce financial reporting costs?
2. If yes, can you share the details of any examples that demonstrate actual financial reporting cost savings?

2 Cost Items for Consideration

The JSE performed a comprehensive exercise to identify which Listings Requirements result in financial reporting costs. The exercise was performed against the September 2025 version of the Listings Requirements and then mapped against the changes introduced through the pending Simplification process. The table below contains financial reporting cost which remain unamended by the Simplification process.

Where applicable, the JSE also performed high-level desktop research to provide some perspective of how these Listings Requirements compare against other international exchanges. The findings are discussed under the heading of “*International Perspective*”.

The questions posed below should be considered in the context of all listed companies. If it is believed that a specific amendment should be made for the General Segment only, please indicate as such and include your motivation for that proposal.

The items for consideration deal with the following:

- General Obligation of Disclosure: Trading statements
- Non-IFRS Measures
- Headline Earnings per Share
- Corporate Governance: Financial Directors
- Corporate Governance: Board Committees
- Corporate Governance: Obligations of the Audit Committee
- Pro Forma Financial Information
- Restatement Notifications
- General Simplification Proposals
- General: Matters outside of the Scope of the Listings Requirements

2.1 General Obligation of Disclosure: Trading statements

Issuers have a general obligation to assess whether information constitutes price sensitive information (“PSI”). If PSI, the information must be announced through SENS. The provisions relating to trading statements are intended to assist issuers to navigate this obligation in the context of their financial results.

Source: Paragraph 3.4(b) of the Listings Requirements

International Perspective

No other exchanges have detailed requirements to assist issuers as to what constitutes PSI in the context of financial results.

Costs

Issuers must publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that their financial results for the upcoming period will differ by at least 20%. This places an obligation on issuers to have reporting procedures for trading statements over and above those required for the actual financial results. Applying these reporting procedures can take staff resources and time away from the preparation of financial results.

Timing

Depending on the nature of their financial results, an issuer may only achieve the required reasonable certainty within a very short period before the release of the financial results. The JSE considered over 800 trading statements made from January 2023 to July 2025. This analysis revealed that for 10% of the trading statements, reasonable certainty was only achieved within a 48-hour window of the financial results announcement and a further 28% obtained reasonable certainty within a week before the release of the financial results. This raises a question as to the benefits to investors of receiving such information so close to the publication of the detailed financial results

Considerations

1. Should the JSE consider removing the trading statement provisions? If so, are the current PSI obligations sufficient for application against expected financial results publications?

Or

2. Should the JSE reconsider the wording of trading statements? If so, would it be helpful to:

- a. amend the trigger wording from “*reasonable certainty*” to “*reasonable expectation*” or similar wording? Please explain why or why not.
- b. increase the trigger percentage to say 30% or 40%?
- c. amend the “NAV” base such that the comparative is the previous balance sheet, linked with a reduction on the trigger of 10%?
- d. make any other amendments? Please provide a motivation.

2.2 Non-IFRS Measures

Non-IFRS measures currently reside within the ambits of pro forma financial information.

Source: Paragraph 8.15 of the Listings Requirements read with the Guidance Letters presentation of Pro Forma Financial Information (March 2010) and Presentation of Constant Currency Information (August 2012)

International Perspective

Most international exchanges have detailed requirements regarding non-IFRS measures (termed non-GAAP measures). These are bespoke rules which are clearer to understand and apply. Furthermore, no exchanges have requirements for assurance reports to be issued on these measures.

Costs

The application of the pro forma financial information to non-IFRS measures is not always easily understood. The presentation in columnar format of a before column, adjustment column and an after column is also not the typical manner in which these measures are presented. The JSE's current approach to non-IFRS measures requires companies to have specific additional reporting procedures and to spend management time identifying which measures fall within the ambits of the Listings Requirements and to prepare the information in the JSE format.

The JSE pro forma approach also brings the additional obligation of an assurance report, which is not a common feature in other jurisdictions.

Whilst the JSE's draft practice note 4/2019 (announced in May 2019) sought to address these concerns and to improve transparency and consistency, the project did not proceed at the time. IFRS 18 has been issued since that time. It is effective for financial periods commencing on or after 1 January 2027 and pulls management performance measures ("MPMs") into the annual financial statements. This new accounting standard is expected to address many (although not all) of the current non-IFRS measures used by issuers.

Considerations

1. Is there any insight you could share regarding which current non-IFRS measures will be covered by IFRS 18 and which will continue to be regulated in terms of the Listings Requirements?
2. Should the JSE:
 - a. revive the proposals contained in the draft practice note 4/2019? *OR*
 - b. wait until after the implementation of IFRS 18 before it reassesses the provisions around non-IFRS measures; *OR*
 - c. leave the *status quo*.

3. Linked to consideration (1) above please share any specific suggestions as to the approach the JSE should apply to:
 - a. the disclosure of non-IFRS measures;
 - b. external assurance of non-IFRS measures.
4. Please share your perspective on whether the JSE should remove the need for external assurance without also proposing detailed provisions regarding transparency and consistency?

2.3 Headline Earnings per Share

The obligation imposed by the JSE to calculate and publish headline earnings per share (“**HEPS**”) in financial results has existed in its current format since 2007. This concept is however unique to the JSE.

Source: Paragraph 8.58, 8.61 and 18.21(c) of the Listings Requirements

International Perspective

No other exchanges mandate for the presentation of an adjusted earnings per share figure.

Background

A survey carried out by the South African Institute of Chartered Accountants in 2006, which included interviews with various user groups (including fund managers, analysts and financial institutions) showed a large demand from users for a clearly defined reference number (other than the earnings per share (“**EPS**”) number), to be used for reporting and comparative purposes.

As a reminder, the objective of headline earnings per share (“**HEPS**”) is to create a comparable figure by adjusting EPS for certain re-measurements that are not of an operating/ trading nature. This is separate to any figure that management considers to be important for performance purposes. This distinction has led to a proliferation of publication of adjusted HEPS/EPS figures.

Between 2019 and 2024 the IASB engaged extensively with the market and deliberated on its project to improve communication in financial statements. The outcome was the issuance of IFRS 18 in March 2025, a standard which is effective 1 January 2027. Through this process the IASB established that MPMs (i.e. performance through the eyes of management) were of critical importance to investors. IFRS 18 addresses MPMs, ensuring transparency and assurance thereof. It does not mandate a uniform adjusted EPS figure in line with the approach of HEPS.

Costs

Issuers need to have specific knowledge of how to calculate HEPS. It requires financial staff resources to prepare the figure. Many issuers only calculate HEPS for JSE regulatory purposes.

Currently HEPS must be included with the annual financial statements and therefore issuers also incur the additional cost of assurance over the figure.

Considerations

1. If the needs of investors have changed and HEPS no longer serves a purpose, should the JSE consider removing the disclosure of HEPS?
2. As HEPS is embedded in the entry criteria for a new listing should the JSE retain this concept for a new listing or should it amend its approach as suggested in (1) above? Please provide alternative suggestions, if applicable.
3. If supportive of (1) above, are there any other considerations for the JSE or potential gaps that may need to be addressed if HEPS is removed?

2.4 Corporate Governance: Financial Directors

Corporate governance (especially over financial reporting) plays an important part of the JSE's regulatory framework. It is important that the individual responsible for the finance function is a director and has a obligations to the JSE through the Requirements.

Source: Paragraph 3.84(f) of the Listings Requirements

International Perspective

Many jurisdictions require listed companies to have an executive who assumes responsibility for the finance function. This often links into the requirement for this person to certify or provide a declaration over the financial statements.

Background

Paragraph 3.84(f) states the following:

“all issuers must have an executive financial director. The JSE may, at its discretion, when requested to do so by the issuer and due to the existence of special circumstances, allow the financial director to be employed on a part-time basis or not at all. This request must be accompanied by a detailed motivation by the issuer and the audit committee.”

The board is primarily responsible for implementing and overseeing governance practices effectively in terms of the laws, regulations and the King Code. Board sub-committees, such as audit, risk, and remuneration committees, play critical roles in implementing and overseeing specific aspects of governance and ensuring appropriate practices are adopted and reported transparently.

Costs

It is conceivable that for smaller issuers, with less complex businesses, that there is a strong business case for a part-time financial director. This may assist such issuers to attract the right type of individual at a cost that is appropriate for their operations.

For company structures such as Section 15 Investment Entities, it may make sense not to have a financial director. Requiring the appointment of a financial director, even on part-time basis, adds unnecessary costs.

Considerations

1. Should the board of an issuer be able to assess and agree to the appointment a part-time financial director, without the oversight of the JSE?
2. As it relates to listing an entity with no financial director, should the Listings Requirements:
 - a. remain as is, where the JSE at its discretion, may agree to such a structure; *OR*
 - b. be expanded, setting out criteria under which such a structure would be acceptable? If so what criteria would you recommend be included; *OR*
 - c. be amended to allow the board of an issuer to make such a determination (i.e. in line with the proposal for a part time director in (1) above?
3. Are there any other matters you would like to bring to the attention of the JSE, as it relates to the appointment of the financial director and/or the specific obligations imposed on the financial director?

2.5 Corporate Governance: Board Committees

The JSE mandates three board sub-committees:

1. audit committee;
2. committee responsible for remuneration; and
3. social and ethics committee.

Source: Paragraph 3.84(c) and (f) and (g) of the Listings Requirements

Background

Does the JSE have any role to play in the composition and/or establishment of these board sub-committees considering that:

1. the board is primarily responsible for implementing and overseeing governance practices effectively in terms of the laws, regulations and the King Code;
2. the audit committee and social and ethics committee are mandated in terms of the Companies Act for all public companies; and
3. the King Code prescribes best recommended practices for the committee responsible for remuneration.

Approach to Simplification

One of the approaches to the Simplification Project was to remove requirements that are already dealt with in legislation in order to avoid duplication. Given that the audit committee and social and ethics committee are already mandated through the Companies Act, it may seem unnecessary to duplicate these sub-committees in the Listings Requirements.

Foreign domiciled companies are however not subject to the Companies Act. The Listings Requirements should therefore continue to mandate audit committees for such companies.

Costs

There is an additional administrative burden for issuers to keep track of requirements under the Listings Requirements and the Companies Act, and to respond to queries from two regulators. It is likely to ease the red tape for issuers if the provisions are harmonised in one place being the Companies Act.

Considerations

1. Should the JSE remove or maintain the Listings Requirements dealing with the appointment and composition of each of the three board sub-committees?
2. Do you agree that the Listings Requirements regarding the appointment and composition of an audit committee for foreign domiciled issuers with a primary listing on the JSE should remain?
3. If you feel that certain board sub-committees should remain but have suggestions regarding the Listings Requirements around such board sub-committees please provide details.

2.6 Corporate Governance: Obligations of the Audit Committee

In addition to mandating the establishment thereof, the Listings Requirements place obligations on the audit committee with regards to:

1. The appropriateness of the expertise and experience of the financial director;
2. Financial reporting procedures; and
3. Consideration of four documents when deciding on the auditors' appointment.

Source: Paragraph 3.84(g) of the Listings Requirements

The Listings Requirements also specify five criteria that must be present for an issuer's auditor.

Source: Paragraph 3.87 of the Listings Requirements

International Perspective

The audit committee of listed entities in many jurisdictions are mandated to perform specific oversight responsibilities.

Background

Whilst the process to nominate and appoint executive board members is directed through the King Code, additional oversight by the audit committee adds important insights and expertise when it comes to the appointment of the financial director.

Placing a Listings Requirement obligation on the audit committee for financial reporting procedures elevates the importance thereof. It also binds the audit committee directly to the JSE on this aspect. The JSE therefore believes that the Listings Requirement serves an important purpose and should be retained.

Given that the JSE only recently removed the auditor accreditation model, it would appear appropriate that the JSE continues to have Listings Requirements that direct:

1. the audit committee to consider certain documentation when making its recommendations regarding the auditor's appointment; and
2. the issuer to ensure certain criteria are present when appointing its auditor.

Costs

Compliance with the above items increases the costs of a listing. Management must dedicate resources to understanding the obligations and to ensure that the necessary information packs are prepared for the audit committee. Audit committee members must spend time assessing the document they are provided. In the context of financial reporting procedures, control and risk management frameworks need to be established and tested on a regular basis.

Considerations

In relation to the responsibilities of the audit committee, please consider the following:

1. Financial Director: Should the JSE continue to play a role in placing obligations on the audit committee for the appointment of the financial director?
2. Financial Reporting Procedure: Should the JSE continue to play a role in prescribing the need for appropriate financial reporting procedures for the audit committee?
3. Appointment of Auditor: Should the JSE continue to play a role in prescribing the assessment criteria to be considered by the audit committee in the appointment of the auditor?
4. Are there any other recommendations you have with regards to the role of the JSE, through the Listings Requirements, on the responsibilities of the audit committee and/or regarding the appointment of the auditor?

2.7 Pro Forma Financial Information

Issuers are obliged to provide pro forma financial for transactions and corporate actions.

Source: Paragraphs 8.15 to 8.34 of the Listings Requirements read to together with enabling provisions in paragraphs 9.21(f), 10.11(b), 11.19A(b) and 11.23(e) of the Listings Requirements

Background

Issuers are required to provide pro forma financial information for transactions and corporate actions. The intended objective of such information is to show investors the impact the transaction or corporate action would have on the issuer. This information assists investors to make informed investment decisions, to vote for or against the proposed transaction or corporate action.

As part of the 2023 survey on the Market Segmentation Project, the JSE asked a question regarding replacing the pro forma requirements with a detailed narrative. The JSE received strong support for the proposal (70% and 80% of all commentators - including investors). As a result, the Listings Requirements were amended and issuers in the General Segment do not have to prepare pro forma financial information. Issuers on the General Segment are now only required provide a detailed narrative of the impact thereof on the financial statements (see paragraph 4.63 (e) of the Listings Requirements).

Costs

The preparation of pro forma financial information is a time consuming and costly exercise. Costs arise in terms of management time and the external costs of obtaining external assurance on those pro formas. The resultant pro formas may be very complex and the question arises as to whether the costs of producing this information outweighs the benefits or usefulness thereof.

Considerations

1. Do you think that the JSE should extend the approach applied to pro forma financial information in the General Segment to issuers listed on the Prime Segment?

2.8 Restatement Notifications

Issuers are obliged to provide the JSE with certain information when making restatements.

Source: Paragraph 3.14 of the Listings Requirements and practice note 3/2017

Background

Issuers are required to include the information specified in Practice note 3/2017 when they have restated their financial results. This information assists the JSE in fulfilling its regulatory duty and seeks to preempt the types of questions the JSE may otherwise have to ask an issuer to respond to.

Costs

The restatement notification is an additional administrative matter for issuers. The JSE acknowledges that issuers may have differing opinions as to the format and content of these notifications.

Considerations

1. Do you have any suggested changes for the JSE to make to Practice Note 3/2017? Please include the details thereof together with your motivation.

2.9 General Simplification Proposals

The JSE identified three potential simplification items.

Source: Paragraph 3.34, 3.79 and 9.21(c) of the Listings Requirements

Background

The Simplification Project aims to simplify the Listings Requirements using plain language to record concise regulatory objectives, allowing better understanding and application of the requirements by listed companies, sponsors, investors.

During the process, the JSE has assessed (and will continue to assess) the regulatory relevance of each provision and “*Cut Red Tape*” where possible to ensure that the Listings Requirements are fit for purpose aimed at an effective and appropriate level of regulation. “*Cutting Red Tape*” brings the benefit of reducing unnecessary financial reporting costs.

Identified items

To this end, the JSE is proposing a further three simplification items:

- a. Paragraph 3.34: Obtaining an auditors’ report on the achievement of a profit warranty before issuing such shares to the vendor. No similar obligations exist for any other vendor consideration placings;
- b. Paragraph 3.79: Repeating the reason for termination or resignation of the auditor in the annual financial statements, when this information has already been announced on SENS; and
- c. Paragraph 9.21(c): Including a policy on goodwill in a category 1 circular, despite the fact that there is no accounting policy choice under IFRS.

There could be other aspects of the Listings Requirements which if further simplified could remove unnecessary financial reporting costs.

Costs

Compliance with the above three items increases costs for issuers. Management must dedicate resources to ensure compliance. Furthermore, item (a) with its obligation for an external assurance report brings increased costs.

Considerations

1. Should the JSE remove item (a) in its entirety or retain the obligation for related party transactions?
2. Should the JSE remove items (b) and (c)?
3. Are there any other proposals to the continuing obligations under the Listings Requirements that the JSE could consider to further reduce financial reporting costs?
4. Are there any other proposals to the transaction or corporate action related Listings Requirements that the JSE could consider to further reduce financial reporting costs?

2.10 General: Matters outside of the Scope of the Listings Requirements

There could be matters outside of the scope of the Listings Requirements which you believe place undue cost pressures on issuers.

Background

The JSE recognises that there are several legislative or regulatory issues outside of its control as a Listings Authority. These issues range from outdated legislation, the current economic climate (locally and abroad) and unequal application of legislative or regulatory requirements to administratively burdensome disclosure and reporting requirements. The JSE is actively involved in several initiatives for change around these issues.

In the meantime, it will continue to play its part in stimulating the attractiveness, trustworthiness and competitiveness of South African financial markets.

Costs

It may be useful to gather ideas regarding aspects within the broader regulation ecosystem that contribute to the financial reporting costs. Depending on the feedback it receives, the JSE would look to share such feedback with the appropriate regulator/s.

Considerations

1. Are there proposals that can be made outside of the scope of the Listings Requirements that could reduce financial reporting costs?
2. Are there proposals that could be made to processes outside of the Listings Requirements that could reduce financial reporting costs.

When responding to each of the above questions please provide details, including the associated costs.

~END~