

The JSE Limited JSE Listing Requirements

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Dear Subscriber

JSE Limited JSE Listings Requirements

The JSE amended the JSE Listings Requirements (the “**Requirements**”) following the **JSE Consultation Paper – “Cutting Red Tape aimed at Effective and Appropriate Regulation”**.

The amendments relate to the following:

- Transactions – Ordinary Course of Business;
- Intragroup Repurchases of Securities;
- General Authority to Issue Shares for Cash / Bookbuilds;
- Pro Forma Information – Disposals;
- Revised Listings Particulars & Reverse Take-Overs;
- Rights Offer, Directors and Closed Periods;
- Sponsors; and
- Financial Results.

The Financial Sector Conduct Authority (the “FSCA”) published the approval of the amendments to the Requirements in the Government Gazette through Board Notice 246 of 2022 No. 46288, with the effective date as 1 June 2022.

Section 2 – Sponsors

Appointment

- 2.2 An applicant issuer is required to have an appointed sponsor at all times which, subject to paragraph 2.4, may attend to all events contemplated in the Listings Requirements.
- 2.3 An independent sponsor must be appointed where:
- 2.4 To the extent that an applicant issuer is required to have an independent sponsor pursuant to paragraph 2.3, the independent sponsor must attend to the following events and corporate actions:
- (a) any events requiring shareholders’ approval pursuant to the Listings Requirements, save for the Excluded Items*;
 - (b) unbundlings not requiring shareholders’ approval;
 - (c) related party transactions;
 - (d) removal of listings; and
 - (e) rulings in relation to any items above.

* Excluded Items: Although shareholders’ approval is required, the following items are excluded, being approvals in relation to MOIs, Schedule 14 share incentive schemes, general issue of shares for cash, general repurchases, increase in share capital and change of name.

Section 3 – Continuing Obligations

Dealing in Securities

3.64 Transaction includes:

- (a) any sale, purchase or subscription of securities in the issuer (including in terms of a rights offer, capitalisation award or scrip dividend) of securities relating to the issuer;
- (f) any purchase or sale of nil or fully paid letters, however excluding following full or partial entitlements as a shareholder through means of a renounceable rights offer (excess applications permitted), capitalisation issues, scrip dividends and dividend reinvestment, and receiving the subsequent allocation of such securities pursuant to such entitlements*;

* Please note the disclosure obligations pursuant to paragraphs 7.C.15 and 7.C 16, and announcement obligation pursuant to the applicable corporate actions timetable.

Announcement of intra-group repurchases

3.95 An issuer must release an announcement on SENS, immediately after terms have been agreed, with the details of any intra-group repurchases concluded pursuant to paragraph 5.67(B)(b), which must include the following:

- (a) the date/s and total number of equity securities repurchased;
- (b) whether the equity securities are repurchased from either a wholly-owned subsidiary/ies, share incentive scheme/s pursuant to Schedule 14 and/or and/or non-dilutive share incentive schemes controlled by the issuer;
- (c) confirmation that the repurchased equity securities have reverted to authorised but unissued equity securities of the issuer in accordance with section 35(5) of the Act;
- (d) the price paid for the repurchased equity securities; and
- (e) the balance of the number of treasury shares held.

Section 5 – Methods and Procedures of Bringing Securities to Listing

Requirements for general issues for cash

5.52 An applicant may only undertake a general issue for cash subject to satisfactory compliance with the following requirements:

- (b) the equity securities must be issued to public shareholders, as defined in paragraph 4.25 to 4.27, and subject to paragraph (f) not to related parties;
- (f) related parties may participate in a general issue for cash through a bookbuild process provided –
 - (i) the approval by shareholders contemplated in paragraph 5.52(e) expressly affords the ability to the issuer to allow related parties to participate in a general issue for cash through a bookbuild process;
 - (ii) related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be “*out of the book*” and not be allocated shares; and
 - (iii) equity securities must be allocated equitably “*in the book*” through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild.

Repurchase of securities

Description

5.67 (B) Repurchase of securities not requiring shareholder’s approval:

- (a) A pro rata repurchase by the issuer of its securities from all its shareholders; and
- (b) Intra-group repurchases by the issuer of its securities from wholly-owned subsidiaries, share incentive schemes pursuant to Schedule 14 and/or non-dilutive share

incentive schemes controlled by the issuer, where such repurchased securities are to be cancelled,

save to the extent required in terms of the Act.

Repurchases pursuant to paragraph 5.67(B)(b) must be announced in accordance with paragraph 3.95.

- 5.67 (C) In all other instances an acquisition by an issuer of its own securities or a purchase by a subsidiary of securities in its holding company (in accordance with Section 48 of the Act or in accordance with repurchase laws of a foreign incorporated issuer), will be regarded as a repurchase of securities in terms of the Listing Requirements, in which case the holding company must comply with paragraphs 5.67(B) to 5.84:
- (a) on terms that are approved by securities holders in a general meeting in respect of that particular repurchase (“a specific repurchase of securities”), which shall be valid until such time as the approval is amended or revoked by a special resolution; or
 - (b) generally approved by securities holders by the giving of a renewable mandate, which shall be valid until the company’s next annual general meeting or for 15 months from the date of the resolution, whichever period is shorter, to the directors of the company to repurchase its securities subject to the requirements of the JSE and to any other restrictions set out in the mandate (“a general repurchase of securities”).

Section 7 – Listing Particulars

Rights offers, capitalisation issues and scrip dividends

- 7.C.15 Where the securities for which application is being made are being issued and allotted, by way of capitalisation of reserves (including current year distributable income) or the application of share premium, to securities holders of an existing listed security, the following information must be given in respect of such issue:
- (d) whether any directors, prescribed officers and/or company secretary of the issuer will receive securities from the capitalisation issue or scrip dividend;
- 7.C.16 In the case of a rights offer, the following information must be disclosed in the circular:
- (d) whether any directors, prescribed officers and/or company secretary of the issuer will follow their rights in relation to the rights offer;

Section 8 – Financial Information

Unadjusted information

- 8.29 The unadjusted information of the subject matter of the acquisition or disposal is to be derived from the:
- (c) unpublished management accounts provided that:
 - (iii) in the case of a circular to shareholders for an acquisition where the circular either includes those management accounts and/or uses them for the purposes of the pro forma financial effects, a reporting accountant’s review or audit opinion (whichever is applicable) must be obtained on those management accounts.

Section 9 – Transactions

General

- 9.1 References in this section to a transaction by a listed company:
- (d) excludes transactions in the ordinary course of business and where either:
 - (i) both of the percentage ratios referred to in paragraph 9.6 are less than 30%; or
 - (e) subject to paragraph 10.8, the issuer must discuss the transaction with the JSE at an early stage in order for the JSE to determine whether it will classify such a transaction as being in

the ordinary course of business. In assessing whether a transaction is in the ordinary course of business, the JSE will have regard to –

- (i) the nature of business of the transacting parties;
 - (ii) the incidence of similar transactions which have been concluded;
 - (iii) the size measured against similar transactions which have been concluded;
 - (iv) whether the transaction contributes to the issuer's existing revenue stream, meaning income arising in the course of the issuer's ordinary activities;
 - (v) whether the transaction contributes to costs that relate directly to the revenue contemplated in paragraph (iv) above; and
 - (vi) whether the transaction constitutes ordinary course of business for both the issuer and the other transacting party.
- (f) a transaction must be referred to the JSE at an early stage if the transaction involves treasury shares.

Categorisation and explanation of terms

9.5 The comparison of size is made by the use of the percentage ratios set out in paragraph 9.6. The different categories of transactions are:

- (c) Reverse take-over – an acquisition by a listed company of a business, an unlisted company or assets where any percentage ratio is 100% or more and will result in a fundamental change in the business, a change in board of directors (being a change of 35% or more on the composition of the board of directors) and/or voting control (refer to definitions of “control” and “controlling shareholder”) of the listed company, in which case this will be considered a new listing. The JSE must be consulted at an early stage in order to discuss the details of the acquisition transaction and, where necessary, obtain a ruling from the JSE.

Section 10 – Transactions with Related Parties

Ordinary course of business transactions

10.8 Transactions with a director and/or any associate of a director will not be classified by the JSE as ordinary course of business for an issuer pursuant to paragraphs 9.1(d) and (e).

10.9 All transactions with related parties classified by the JSE as ordinary course of business pursuant to paragraph 9.1(d) and (e), must be announced through SENS immediately after the terms have been agreed and where any percentage ratio referred to in paragraph 9.6 is 5% or more. The JSE will not require the preparation of a fairness opinion, where related parties are involved (excluding the parties as contemplated in paragraph 10.8). The announcement must include the following –

- (a) salient terms of the ordinary course of business transaction/s, accepting that price may be excluded; and
- (b) details of the corporate governance processes that were followed by the board of directors of the issuer to approve and conclude the transaction, including an opinion from the independent members of the board of directors of the issuer that the transaction is in fact in the ordinary course of business and that the transaction was concluded on an arm's length basis.

Section 11 – Circulars, Pre-listing Statements/Prospectuses and Announcements

Appendix 1 to Section 11

Notes

- 6. Interim reports, preliminary reports, provisional reports and annual financial statements, must be made available on the issuer's website.

Schedules

Schedule 2

Listing applications & other

Corporate Actions Timetables: Form H

Form H	Corporate Action Timetable
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Schedule 16

Eligibility criteria

16.5 The following criteria must be met by a sponsor in order to satisfy the JSE that it is competent to fulfil the role of sponsor:

(d) **Independence**

- (i) a sponsor must provide an undertaking, in respect of matters mentioned in paragraph 2.4, that it will not act as a sponsor to any issuer to the extent that it is not independent;
- (ii) a sponsor must, in respect of the matters mentioned in paragraph 2.4, provide confirmation of its independence as sponsor by completing Schedule 17 and submitting same to the JSE.;
- (iii) the question of a sponsor's independence in respect of the matters mentioned in paragraph 2.3 and 2.4 must be determined according to the following requirements:

Regards,

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