

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**”) as part of its Annual Improvement Project.

The Annual Improvement Project mainly aims to propose amendments to the Requirements, where the JSE has determined that (i) certain provisions in the Requirements require more clarity/context and/or (ii) there is ambiguity in the interpretation which needs to be remedied.

The Financial Sector Conduct Authority (the “**FSCA**”) published the approval of the amendments to the Requirements in the *Government Gazette* through Board Notice 286 of 2022 No. 46471, with the effective date as 1 July 2022.

Introduction

General Principles

- (v) to ensure that all parties involved in the dissemination of information into the market place, whether directly to holders of relevant securities or to the public, observe the highest standards of care in doing so, which would include adherence to Section 81 of the FMA;

Section 1 – Authority of the JSE

General powers of the JSE

- 1.4 If an applicant issuer, director, sponsor, designated adviser, auditor, IFRS adviser, reporting accountant, reporting accountant specialist and/or depository, in respect of whom a decision (other than a decision in respect of which a specific appeal or review procedure is prescribed in these Listings Requirements, the Rules of the JSE and the FMA or any replacement legislation) is taken under these Listings Requirements, objects to such decision, such person must notify the JSE in writing within 48 hours of the decision, giving reasons for such objection. In such event the JSE shall consider the objection and shall be entitled, in its sole discretion, to consult with not less than three independent members of the Issuer Regulation Advisory Committee. After taking into account the views of those independent members, the JSE shall be entitled to reconsider and change its decision. A decision of the JSE made after following this procedure will be final.

Removal of securities

Removal at the request of the issuer

- 1.16 Where approval is required in terms of paragraph 1.15(a), at least 75% of the votes of all shareholders present or represented by proxy at the general meeting, excluding any offeror, their associates and any party acting in concert, must be cast in favour of such resolution.

Section 2 – Sponsors

Responsibilities of a sponsor

Nature of responsibilities

- 2.9 A sponsor, or in the case of more than one sponsor, the lead sponsor (as contemplated in paragraphs 2.5 and 2.6) must:
- (ii) that there are no material matters, other than those disclosed in writing to the JSE, that should be taken into account by the JSE in considering the submission;
 - (j) advise the JSE immediately if they are aware, or have reason to suspect, that any of their clients have or may have breached the Listings Requirements;
 - (k) adhere to the Sponsor Code of Ethics and Standards of Professional Conduct as contained in the appendix to Schedule 16; and
 - (l) implement and act in conformity with its written procedures manual as mandated pursuant to paragraph 16.23 of Schedule 16;

Disciplinary action

- 2.17 If the JSE determines, after taking account of written representations, that a sponsor or designated adviser, as the case may be, has breached any of its responsibilities under the Listings Requirements, the JSE is entitled to take any one or more of the following actions:
- (a) censure the sponsor/designated adviser;
 - (b) remove the sponsor/designated adviser from the Register of Sponsors/Designated Advisers maintained by the JSE;
- 2.18 Where the JSE has decided to take any action described –
- (a) in paragraphs 2.17(a), (c) and/or (d), the sponsor or designated adviser shall be entitled to object to such decision in accordance with the provisions of paragraph 1.4; and
 - (b) in paragraph 2.17(b), the sponsor or designated adviser shall be entitled to request that the decision be taken on appeal in accordance with the provisions of paragraph 1.5.

Section 3 – Continuing Obligations

General obligation of disclosure

- 3.4 (b) Trading statements
- (iii) Trading statements must provide specific guidance by the inclusion of the period to which it relates and include the comparative numbers for the previous corresponding published* period, and:
 - (1) a specific percentage and number to describe the differences; or
- The specific percentage as referred to in (1) to (3) above, need only be provided if less than 100%.
- * In respect of a new listing the provision will apply to the previous corresponding period notwithstanding that the financial results were not published.

Directors

- 3.60 An issuer must submit to the JSE and its sponsor, the relevant director's declaration in respect of each of its appointed directors within 14 days of their appointment in the form specified in Schedule 13. Directors are required to disclose to the issuer all information that the issuer requires in order to comply with this paragraph 3.60. The issuer must also advise each of its directors of their obligations to disclose to it all information that the issuer requires in order to comply with this paragraph 3.60. Any director who is aware of any change in the statements contained in paragraphs 13 and 15 to 23 of Schedule 13 is required to disclose such information to the issuer without delay and, in any event, by no later than three business days after becoming aware of such change. Any such amendments to the statements contained in paragraphs 13 and 15 to 23 must be announced by the issuer through SENS, within one business

day after it has been received from the director. An issuer must further submit to the JSE via its sponsor an updated Schedule 13, if any change has occurred to the information as contained in paragraphs 13 and 15 to 23 of Schedule 13 in respect of any director within seven business days of such change coming to its attention. In the case of an appointment of a new company secretary the information as contained in Schedule 2 Form D2 must be submitted to the JSE within 14 days. The issuer must ensure that each of the appointed directors is free of any conflict of interest between the duties he owes to the company and his private interest.

Notification of change in auditor

3.75 An issuer must notify the JSE of:

(a) the termination/non-reappointment or the appointment of the auditor;

without delay, and by no later than the end of the business day following the decision by the issuer to terminate, not reappoint or appoint the auditor or after receipt of the auditor's resignation.

3.78 On notification to the JSE pursuant to paragraph 3.75, the issuer must publish an announcement addressing at least the following:

(a) whether the change of audit firm was initiated by the issuer or the audit firm;

(b) the reason(s) for the change in audit firm;

(c) the effective date of the change of audit firm; and

(d) the name of the newly appointed audit firm (if a decision has not yet been made on the appointment of a new audit firm this fact must be disclosed).

Corporate Governance

3.84 In addition to complying with paragraph 8.63(a), issuers must implement the following specific corporate governance practices and must disclose compliance therewith in their annual reports. (The effect of incorporating certain practices from the King Code in the Listings Requirements is to make their implementation mandatory, this is notwithstanding the fact that application of the corporate governance practices in the King Code is generally voluntary):

(k) the CEO and the financial director responsibility statement must be made by them after due, careful and proper consideration of same as follows:

(i) "Each of the directors, whose names are stated below, hereby confirm that–

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have* remediated the deficiencies / taken steps to remedy the deficiencies"; and

*Delete as applicable.

(f) Any fraud that involves directors was reported to the audit committee/We are not aware of any fraud involving directors.

*Delete as applicable.

(l) the appointment of all directors must be subject to shareholders' approval at any general/annual general meeting pursuant to paragraph 10.16(b) of Schedule 10 (in relation to Main Board issuers, the meeting may not be conducted in terms of Section 60 of the Act). The appointment of a director, to fill a casual vacancy or as an addition to the board, must be confirmed by shareholders at the next annual general meeting.

Disclosure of voting results of annual/general meetings

3.91 (a) An issuer must release an announcement on SENS within 48 hours after each annual/general meeting providing details of the voting results in respect of the resolution/s proposed at such meeting and/or passed by written resolution. The announcement must include the following:

- (i) the resolution/s proposed at the meeting;
- (ii) the shares voted in person or by proxy disclosed as a number and a percentage (in relation to the total issued share capital of that class of the applicant issuer);
- (iii) the shares abstained disclosed as a percentage (in relation to the total issued share capital of that class of the applicant issuer); and
- (iv) the votes carried for and against each resolution, disclosed as a percentage (in relation to the total number of shares voted at the meeting in respect of (ii) above).

To the extent that the number of shares in (ii) and (iii) differ for each resolution, details must be provided per resolution.

(b) The announcement pursuant to paragraph 3.91(a) above, must include details of any resolutions added or amended in respect of the annual/general meeting.

Section 4 – Conditions for Listing

Public shareholders

4.25 For the purposes of paragraph 4.28(e), securities will not be regarded as being held by the public if they are beneficially held, whether directly or indirectly, by:

- (b) an associate of the applicant issuer and/or of any of its major subsidiary/ies;

Section 5 – Methods and Procedures of Bringing Securities to Listing

Repurchase of securities

Description

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

- (a) A pro rata repurchase by the issuer or through its subsidiary of its securities from all its shareholders; and

Requirements for specific authority to repurchase securities (“specific repurchase”)

5.69 In respect of specific repurchases (which includes the grant of an option in terms of which an issuer may or will be required to repurchase its securities in future) and a specific offer (being an offer from securities holders specifically named) an applicant may only make a specific repurchase subject to the following:

- (h) a company or its subsidiary may not repurchase securities (including the convening of a general meeting to obtain the required shareholders' approval) during a prohibited period as defined in paragraph 3.67 unless they have in place a repurchase programme or involves the execution of an existing authority obtained from shareholders as contemplated above. The issuer must instruct only one independent third party, which makes its investment decisions in relation to the issuer's securities independently of, and uninfluenced by, the issuer, prior to the commencement of the prohibited period to execute the repurchase programme. The repurchase programme must be submitted to the JSE in writing prior to the commencement of the prohibited period and must include the following details:
 - (i) the name of the independent agent;
 - (ii) the date the independent agent was appointed;
 - (iii) the commencement and termination date of the repurchase programme; and
 - (iv) the quantities of securities to be traded during the relevant period which must be fixed (not subject to any variation).

Requirements for general authority to repurchase securities (“general repurchase”)

5.72 A company may only make a general repurchase of securities subject to the following:

- (h) an issuer or its subsidiary may not repurchase securities during a prohibited period as defined in paragraph 3.67 unless they have in place a repurchase programme. The issuer must instruct only one independent third party, which makes its investment decisions in relation to the issuer’s securities independently of, and uninfluenced by, the issuer, prior to the commencement of the prohibited period to execute the repurchase programme. The repurchase programme must be submitted to the JSE in writing prior to the commencement of the prohibited period and must include the following details:
 - (i) the name of the independent agent;
 - (ii) the date the independent agent was appointed by the issuer
 - (iii) the commencement and termination date of the repurchase programme; and
 - (iv) where the quantities of securities to be traded during the relevant period are fixed (not subject to any variation).

Section 7 – Listing Particulars

Borrowings

- 7.A.17 Details of all material commitments, lease payments and contingent liabilities stating:
- (a) the dates on which the obligations arose;
 - (b) to whom obligations are owed, particularly how they arose whether by the issuer or any of its subsidiaries;
 - (c) the interest and payment terms;
 - (d) if the interest payments are in arrears, the last date on which payment was made and the extent of the arrears;
 - (e) the period of the obligations;
 - (f) the nature of any/all security held for any/all of the obligations;
 - (g) the current fair value of such security and the method of valuation;
 - (h) if the obligation is unsecured, the reasons therefore; and
 - (i) if any obligation is owed to another company, the names and addresses of the directors of such company.

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:
- (j) the important events and dates, contained in the relevant corporate action timetable, applicable to the issue;
 - (k) whether or not the rights (if any) are renounceable;
 - (l) in the case of a capitalisation issue disclosure whether the issue is distributed from capital or income reserves (if applicable); and
 - (m) in the case of a dividend (including *in specie* dividend), as defined in the Income Tax Act, disclosure complying with paragraphs 11.17(a)(i) to (ix) and also indicate whether the distribution is made from capital or income reserves (if applicable).

7.G Documents and consents to be available for inspection

- 7.G.1 The following documents (or copies thereof), where applicable, relating to the applicant and its major subsidiaries, if any, must be able to be inspected at a place where the applicant has its registered office, and in Johannesburg, and/or through a secure electronic manner at the election of the person requesting inspection for a reasonable period of time (being not less than 14 days):

Section 8 – Financial Information

Minimum contents of annual financial statements

8.62 The annual financial statements must:

- (d) be in consolidated form if the listed company has subsidiaries, unless the JSE otherwise agrees, and the listed company's own financial statements must also be published;

Minimum contents of annual financial statements

8.65 The JSE and SAICA have formed a panel to be known as the Financial Reporting Investigations Panel (the "FRIP") to consider complaints and to advise the JSE in relation to compliance by issuers with IFRS and the JSE's required accounting practices (in terms of the Listings Requirements). The JSE may receive advice from the FRIP, as required by the JSE from time to time.

8.66 Where the JSE finds that an issuer has not complied with IFRS and/or the JSE's required accounting practices (in terms of the Listings Requirements), the JSE will be able, in its sole discretion:

- (a) to censure such issuer in accordance with the provisions contained in Section 1 of the Listings Requirements;
- (b) instruct such issuer to publish or re-issue any information the JSE deems appropriate; and/or
- (c) refer any such non-compliance to SAICA, the IRBA or any other relevant professional body.

Section 9 – Transactions

General

9.1 References in this section to a transaction by a listed company:

- (c) excludes:
 - (ii) a transaction to raise finance that does not –
 - (aa) in either case involve the acquisition or disposal of any asset of the listed company or of its subsidiaries; and
 - (bb) involve a related party pursuant to paragraph 10.1(b);

Aggregation of transactions

9.11 The JSE will require transactions (other than transactions in terms of paragraph 9.1(d)) entered into during the 12 months prior to the date of the latest transaction to be aggregated with the latest transaction for the purpose of determining the categorisation to apply to the latest transaction. Aggregation must be applied by adding the categorisation percentage/s at the time of the previous transaction/s with the categorisation percentage of the latest transaction. Category 1 transactions that have been entered into during this period will not be taken into account for purposes of the aggregation unless it will result in a reverse take-over when taken into account, in which case the reverse take-over requirements will be applicable. In cases of doubt, the JSE must be consulted at an early stage in order to discuss the details of the transaction and, where necessary, to obtain a ruling from the JSE.

Category 2 requirements

9.15 In the case of a Category 2 transaction, the issuer must publish an announcement containing the following details of such transaction immediately after the terms have been agreed. Notwithstanding the fact that it may not be possible to include all the details required (such as the financial effects) and that there may be outstanding conditions precedent, this should not prevent issuers from immediately publishing the announcement as required:

- (a) particulars of the transaction, including the names or details of:
 - (ii) if an acquisition, the vendors including details of beneficial owners;
 - (iii) if a disposal, the purchasers including details of beneficial owners;

Section 10 – Transactions with Related Parties

Definitions

10.1 For the purposes of this section, the following definitions apply:

(b) “related party” means:

(iii) any person that falls within the definition of “family cross holdings test” of a director of the issuer;

Small related party transactions

10.7 In the case of a transaction with a related party where one or both of the percentage ratios referred to in paragraph 9.6 are less than or equal to 5%, but exceed 0.25%, the usual requirements for a transaction with a related party set out in paragraph 10.4 do not apply and, instead, the issuer must, prior to completing the transaction:

(c) publish details of the proposed transaction in accordance with paragraph 10.4(a), including a statement that paragraph 10.7(b) has been complied with, that the transaction has been declared to be fair and that the fairness opinion can be inspected at the issuer’s registered office and/or through a secure electronic manner at the election of the person requesting inspection for a period of 28 days from the date of announcement; and

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

Incorporation by reference

11.61 Information which has been prepared pursuant to the provisions of the Listings Requirements may be incorporated in circulars and pre-listing statements by reference, provided that any information incorporated by reference:

(bb) the information is available for inspection at the registered office or other designated office of the applicant issuer and the offices of the sponsor/DA and/or through a secure electronic manner at the election of the person requesting inspection, that such inspection is available to shareholders and/or prospective investors at no charge, during business hours for a reasonable period (being not less than 14 days).

Circulars and notices of annual general meetings

11.64 In instances where the Listings Requirements require an applicant issuer to send a circular to its securities holders (including but not limited to general issues of shares for cash, general repurchases and general payments), the JSE will allow the circular to be substituted by the required disclosure being made in the applicant issuer’s annual report/annual financial statements provided all the required information is either:

(a) included in the notice of annual general meeting; or

(b) clear cross references are included in the notice of annual general meeting indicating where in the annual report/annual financial statements the information can be obtained.

Material objections

11.65 The sponsor and the applicant issuer must immediately inform the JSE in writing of any material objections which have been reported/notified to the sponsor or applicant issuer, regarding the listing of the applicant issuer during the period from the release date of the announcement pursuant to paragraphs 11.3, 11.6 or 11.7 above and up to the submission of the Part II documents pursuant to paragraph 16.12.

Section 16 – Documents to be Submitted to the JSE

Change of name of a listed company

16.29 An application must then be submitted to the JSE together with the circular (refer to paragraph 11.36) and a specimen of the proposed new share certificate, for approval of:

Section 18 – Dual Listings and Listings by External Companies

Pre-listing statements

18.20 The applicant issuer must disclose on the pre-listing statement the following differences between the applicable provisions of the Listings Requirements and the regulatory/legislative framework of the exchange where it has its primary listing:

- (a) pre-emptive rights, ranking of securities in the same class, and expropriation rights in respect of securities;
- (b) transferability of securities and transfer of securities;
- (c) preferences, rights, limitations and other share terms;
- (d) special voting rights in respect of securities;
- (e) process dealing with amendment/s to the constitutional document of the issuer;
- (f) appointment and removal of directors;
- (g) authority to issue shares or other securities (general and specific);
- (h) disclosure of changes in beneficial ownership of securities;
- (i) regulation in respect of director's interests in transactions;
- (j) regulation in respect of transactions (acquisitions and disposals) and related party transactions;
- (k) mandatory corporate governance provisions and the corporate governance code applied;
- (l) the pro-active monitoring process (if any) dealing with the review of financial statements of the issuer by the listing authority or any other relevant regulatory body. Further, confirmation will be required whether the applicant issuer has been subject to such review or not;
- (m) takeover laws applicable to the issuer; and
- (n) special disclosure requirements dealing with mining companies, such as the preparation of special reports dealing with reserves, life of mine and valuation of mining activities.

It should be noted that additional disclosure may be required where matters not covered in above are significant to providing an understanding of the differences between the regulatory and legislative frameworks applicable to an applicant issuer.

Continuing obligations

18.22 In respect of an applicant issuer with a primary listing on an exchange not approved by the JSE, the applicant issuer must submit to the JSE, together with the applicant issuer's annual financial statements pursuant to paragraphs 3.19 and 3.21(a) or by no later than four months from the financial year-end of the applicant issuer, details of the volume and value of securities traded (over the previous 24 months), on all exchanges where it has a listing, in order for the JSE to consider the applicant issuer's continued secondary listing status.

Appendix to Section 18

- (s) disclosure of the differences between the regulatory and legislative frameworks applicable to the applicant issuer pursuant to paragraph 18.20 above.

Schedules

Schedule 5

Independent fairness opinions

Scope of this schedule

- 5.5 Before issuing a fairness opinion, the independent professional expert must perform a valuation of the issuer and/or the subject of the transaction. Where a valuation has been prepared by a competent third party (in respect of assets such as property or mineral reserves and rights, for example), the independent professional expert should set out the manner in which he has satisfied himself that he can rely upon the valuation. In relation to related party agreements (other than disposals and acquisitions) pursuant to Section 9 and 10 of the Listings Requirements, the JSE may waive the requirement for a valuation on the basis that the subject matter of the related party agreement cannot be valued. The issuer must discuss the basis of the fairness opinion, as it applies to the related party agreement/s, with the JSE at an early stage for the JSE to determine whether a valuation is indeed required (the “**related party agreement exemption**”).
- 5.8 The content of the fairness opinion is at the discretion of the independent professional expert, but must include at least the following basic elements:
- (n) confirmation that a valuation has been performed and identification of the valuation methodologies applied and, where there has been reliance upon a third party valuation, confirmation that the independent expert is satisfied with this valuation, save where the related party agreement exemption has been granted by the JSE in which case alternative disclosures must be provided as agreed with the JSE;

Schedule 10

Requirements for the MOI

MOI for subsidiary companies of applicant issuers

10.22 Provisions applicable to secondary listed issuers

The following provisions in Schedule 10 must be brought to the attention of the JSE as applied to the constitution of a secondary listed applicant issuer:

The JSE will require additional disclosure(s) in the listing document regarding the applicable provisions in the constitution of the applicant issuer as applied to the above Schedule 10 provisions (i) in the event of material differences or (ii) if dealt with outside the scope of the constitution of the applicant issuer (e.g. local legislation).

Schedule 13

Directors declaration

Integrity

19. Have you ever been found guilty in disciplinary or other proceedings or a judgement made against you, by an employer, regulatory body or court of law? If yes, provide details.

Schedule 14

Requirements for share incentive schemes

- 14.9 With regards to the trading of shares on behalf of schemes, the following requirements apply:
- (e) a scheme may not purchase securities during a prohibited period as defined in paragraph 3.67 unless it has in place a purchase programme. The issuer must instruct only one independent third party, which makes its investment decisions in relation to the issuer’s securities independently of, and uninfluenced by, the issuer, prior to the

commencement of the prohibited period to execute the repurchase programme. The repurchase programme must be submitted to the JSE in writing prior to the commencement of the prohibited period and must include the following details:

- (i) the name of the independent agent;
- (ii) the date the independent agent was appointed;
- (iii) the commencement and termination date of the repurchase programme; and
- (iv) where the quantities of securities to be traded during the relevant period are fixed (not subject to any variation).

Regards,

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