**SPECIALIST SECURITIES (ETFs) – CHECKLIST**

**CLIENT:**

**JSE REFERENCE**:

This documentation will be subject to the turnaround times as stipulated in paragraph 16.3 in the Listings Requirements.

# Company name:

**Round of comments:**

**Introduction:**

My comments are given in the following ways

1. Under the heading “Principle issues and general comments” I will list all the principle issues you did not comply with as well as the general comments.
2. The checklist details all the requirements for the specific transaction. Comments on the checklist means the following:

* “Please note” – means that you don’t need to comply with the requirement. NB: the issuer may be required to comply with the requirement at a later stage, e.g. those sections that will be required in the Final pricing supplement.
* “N/A” means that you do not have to comply with that specific requirement in this circular.
* “√” means that the requirements has been complied with to the JSE’s satisfaction
* “Blank” means that you still have to comply with the specific requirement or advise that it is N/A.
* OS = Outstanding
* Any other comment on the checklist will be of a more specific nature.
* “Confirmed n/a” – Means that the advisors have confirmed this item to be not applicable.

1. Under the heading “Outstanding Documents” you will find details of documents that was not submitted.

Please don’t hesitate to call me if something is not clear.

**CFO:**

**Tel: 011 520 xxxx**

**General comments and principle issues:**

|  |  |  |  |
| --- | --- | --- | --- |
| **JSE Section 19 Listings Requirement** | **Sponsor’s 1st Comment** | **JSE Comments** | **JSE 2nd Comments** |
| **Criteria for the Issuer** |  |  |  |
| 19.1 – 19.7 and 19.9) Kindly take note of the requirements |  |  |  |
| **Market Making** |  |  |  |
| 19.11 – The Issuer must - |  |  |  |
| 1. Appoint a market maker and such duly appointed market maker must undertake to maintain a secondary market in the securities. |  |  |  |
| 1. Confirm that it will always in normal market circumstances, endeavour to provide and maintain a reasonable bid and offer. Circumstances when the JSE may relieve the issuer from its responsibility to maintain a reasonable bid and offer until the issue is resolved include, (but are not limited to), when there is no bid and offer in the underlying market, when in the opinion of the calculation agent an instrument can be reasonably shown to have no value, when an issuance is sold out and/or the issuer is experiencing difficulties. The JSE may, in its sole discretion, determine that an issuer be relieved of this responsibility for a specific period or issuance of securities. |  |  |  |
| **Requirements for the placing document** | | |  |
| 19.12) The JSE requires issuers to make use of a placing document that must comply with the following: |  |  |  |
| 1. the placing document must comply with the Listings Requirements. |  |  |  |
| 1. the placing document must be updated by the issuer and approved by the JSE where changes to the placing document are required. |  |  |  |
| 1. any supplementary documents submitted under the placing document must adhere to the Listings Requirements. The JSE may allow certain information that is of a generic nature to be included in the placing document which can then be cross referenced in the pricing supplement. |  |  |  |
| 19.13) The placing document must include the following - |  |  |  |
| 1. in respect of the issuer 2. its full name. |  |  |  |
| 1. its place and date of incorporation. |  |  |  |
| 1. the full names and addresses of its directors (or in the event that the issuer is not a company, the persons with corresponding duties and powers as a director in relation to the issuer) |  |  |  |
| 1. a description by the directors of any material changes in the financial or trading position of the issuer since the end of the last financial period for which annual financial statements have been published, or an appropriate negative statement. The board of directors must confirm that the aforementioned material change statement has been made after due and careful enquiry and that there has been no involvement by the auditors in making such statement. Where the auditors were involved, their exact involvement including their scope and conclusion must be clearly explained. |  |  |  |
| 1. information on any legal or arbitration proceedings, including any such proceedings that are pending or threatened of which the issuer is aware, that may have, or have had, a material effect on its financial position, or an appropriate negative statement. |  |  |  |
| 1. if the issuer obtained a credit rating for the issuer itself or for the placing document, such fact must be disclosed in the placing document. |  |  |  |
| 1. a description of the rights of the holders of securities in the event of the liquidation and business rescue proceedings of the issuer. |  |  |  |
| 1. a description of how the proceeds generated from the issuing of the securities will be used by the issuer; |  |  |  |
| 1. a statement that the JSE’s approval of the listing of the securities is not to be taken in any way as an indication of the merits of the issuer or of the securities, that the JSE has not verified the accuracy and truth of the contents of the listing documentation and that to the extent permitted by law, the JSE will not be liable for any claim whatsoever. |  |  |  |
| 1. a limitation of liability provision must be provided in the placing document, that the JSE takes no responsibility for the contents of the placing document, pricing supplements, or the annual report (as amended or restated from time to time) or the amendments to the annual report, makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of placing document, pricing supplements, or the annual report (as amended or restated from time to time) |  |  |  |
| 1. a statement that claims against the JSE Guarantee Fund may only be made in respect of trading in securities on the JSE and in accordance with the terms of the rules of the Guarantee Fund, and can in no way relate to a default by the issuer of its obligations in terms of the issue of securities by the issuer. |  |  |  |
| 1. the names and addresses of the advisors and transfer secretaries to the issuer. |  |  |  |
| 1. in respect of any guarantor, the matters listed in 19.13(a)(i) to (vi) |  |  |  |
| 1. details of the underlying asset/s in respect of which the securities will be issued, including 2. any relevant recently published information relating to the underlying asset/s; and 3. any other information the JSE may deem appropriate. |  |  |  |
| 1. a statement that the placing document and pricing supplement are available on the issuer’s website; |  |  |  |
| 1. a statement detailing the risks of investing in securities . This should include details of the trading risk as well as the risk of the issuer not being able to fulfill its obligations, notwithstanding the fact that the issuer will have been obliged to comply with the Listings Requirements. Every placing document (excluding issuers of ETFs, ABSs and DRs) must contain a similar risk statement to the following on the front of the document and may be amended as applicable   *“Prospective purchasers of any securities should ensure that they fully understand the nature of the securities and the extent of their exposure to risks, and that they consider the suitability of the securities as an investment in the light of their own circumstances and financial position.*  *Specialist securities involve a high degree of risk, including the risk of losing some or a significant part of their initial investment. Potential investors should be prepared to sustain a total loss of their investment in such securities. The securities represent general, unsecured, unsubordinated, contractual obligations of the issuer and rank pari passu in all respects with each other.*  *Purchasers are reminded that the securities constitute obligations of the issuer only and of no other person. Therefore, potential purchasers should understand that they are relying on the credit worthiness of the issuer.”* |  |  |  |
| 1. if applicable, the nature of the guarantee, security, and credit enhancement of the issuer |  |  |  |
| 1. disclosure to investors of all possible material risks and uncertainties facing the issuer, the industry in which it operates and the securities themselves |  |  |  |
| 1. the issuer must accept full responsibility for the accuracy of the information contained in the placing document. The placing document must include the following statement   *“The issuer certifies that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the placing document contains all information required by law and the JSE Listings Requirements, The issuer shall accept full responsibility for the accuracy of the information contained in the placing document, pricing supplements and the annual financial report, the amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein”* |  |  |  |
| 1. a statement that upon exercise or settlement (as applicable), the issuer is responsible for settlement and not the JSE nor any other exchange; and |  |  |  |
| 1. any other information that the JSE may deem appropriate. |  |  |  |
| **Financial Information** |  |  |  |
| 19.14) An issuer making application for the registration of a placing document must comply with the following |  |  |  |
| 1. the financial information shall either be included in the placing document or incorporated by reference in the placing document at the time of the listing of the security or registration of the placing document. Where information is incorporated by reference and is made available in electronic form:  * the documents shall be made easily accessible when accessing the issuer’s website * the documents cannot be modified * the website shall not contain hyper-links, with the exception of links to electronic addresses where information incorporated by reference is available * the investor shall have access to downloading and printing of the documents |  |  |  |
| 1. an issuer making application for the registration of a placing document must have published and submitted financial statements to the JSE which –   Please confirm paragraphs (b)(i – iii) |  |  |  |
| 1. Notwithstanding the provisions of paragraph 19.14(b)(i), financial statements of an issuer relating to a period shorter than three years may be accepted provided the JSE is satisfied that – Please see paragraphs (i) and (ii) |  |  |  |
| 1. Where the placing document or issuance of securities is guaranteed, the financial information of the guarantor must be prepared in accordance with 19.14(b). Such financial information must be made available for inspection at the registered office of the issuer for as long as securities are issued and outstanding under the placing document. The applicant issuer and guarantor must publish a notice of availability announcement on SENS stating when and where such financial information will be available for inspection. |  |  |  |
| 1. Financial information referred to in paragraphs 19.14 (b) and 19.14 (c) must be prepared in accordance with IFRS. |  |  |  |
| **Ancillary documents** | | |  |
| 19.15) The placing document must be accompanied by: |  |  |  |
| 1. a formal application substantially in form and in accordance with Schedule 1 of the Listings Requirements; |  |  |  |
| 1. the pricing supplement (if applicable); |  |  |  |
| 1. certified copies of the guarantee and/or the credit enhancement agreement (if applicable); |  |  |  |
| 1. the general undertaking by the applicant issuer in the form of a resolution of the Board, certified by the chairman complying with Schedule 3 of the Listings Requirements (or the relevant authorised governing body of the applicant issuer); |  |  |  |
| 1. the memorandum of incorporation of the issuer (if applicable); |  |  |  |
| 1. the annual financial report of the issuer and guarantor (if applicable) in respect of the periods referred to in paragraphs 19.14(b) and 19.14(c) above |  |  |  |
| 1. the experts’ consent letters (if applicable); |  |  |  |
| 1. exchange control approval (if applicable); |  |  |  |
| 1. 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; |  |  |  |
| 1. a draft of the announcement referred to in paragraph 19.27 |  |  |  |
| 1. index license agreement (if applicable); and |  |  |  |
| 1. such other information as may be required by the JSE. |  |  |  |
| **Requirements for Pricing Supplement** | | |  |
| 19.16) The pricing supplement must include the following terms of the issue: |  |  |  |
| (a) the initial price level and issued amount (if applicable); |  |  |  |
| (b) the strike price and strike ratio (if applicable); |  |  |  |
| (c) the expiry date; |  |  |  |
| (d) the procedure to be followed in the event of an exercise of a security (if applicable); |  |  |  |
| (e) the procedure in the event that a holder of security fails to exercise its rights prior to the expiry date; |  |  |  |
| (f) in the event of the issuer providing for a cash payment where any one or more holders of securities fail to exercise their rights under the securities prior to the expiry date, a statement that payment will be made through Strate on the payment date; |  |  |  |
| (g) how corporate actions in the underlying asset or assets or affecting the underlying asset or assets will influence the rights of the holders of securities; |  |  |  |
| (h) any tax implications; |  |  |  |
| (i) whether or not the holders of securities will receive any distributions receivable on the underlying asset/s and the frequency thereof; |  |  |  |
| (j) the effect of any corporate actions or restructuring by the issuer; |  |  |  |
| (k) a statement that any change in the terms of the securities must be approved by extraordinary resolution, excluding the votes of the issuer, any guarantor and their associates; and |  |  |  |
| (l) a directors’ responsibility statement in compliance with paragraph 19.13(i) above. |  |  |  |
| 19.17 The contents of the pricing supplement relating to an index and index product securities must include: |  |  |  |
| (a) a description of the index, including the name of the publisher of the index, its date of establishment and how it is compiled; |  |  |  |
| (b) the identity of the party that sponsors and/or calculates the index; |  |  |  |
| (c) an explanation of the computation of the index; |  |  |  |
| (d) the frequency with which the index is updated and published; |  |  |  |
| (e) the provisions in the event of modification and discontinuance of the index; |  |  |  |
| (f) the historic highs and lows of the index for the last five years; |  |  |  |
| (g) the closing spot level or closing price at the last practicable date; and |  |  |  |
| (h) authority to use the index from the party that sponsors and/or calculates the index |  |  |  |
| **Submission process** |  |  |  |
| 19.18) Kindly take note of the requirement |  |  |  |
| 19.19) Kindly take note of the requirement |  |  |  |
| **Continuing Obligations** |  |  |  |
| 19.20)(a) – (i) Kindly take note of the requirements |  |  |  |
| **Application for additional listing** |  |  |  |
| 19.21) All Applications for the listing of additional securities shall be - |  |  |  |
| (a) In the case of a subsequent issue of securities under placing document, made by submitting a draft pricing supplement prior to the issue date (if material amendments are made to the terms of the placing document, a revised placing document must be submitted to the JSE) |  |  |  |
| (b) In the case of a further issue of securities made under an existing issue (tap issue), the issuer will advise the JSE in writing of the terms of such further issue. |  |  |  |
| (c)Supported by a duly executed resolution of the board, the legal authority, specifically authorising the subsequent issue and further issue and listing. |  |  |  |
| (d) Announced on SENS prior to the issue date of securities. |  |  |  |
| **Changes to existing securities or placing document** |  |  |  |
| 19.22) Kindly take note of the requirement. |  |  |  |
| 19.23) Kindly take note of the requirement. |  |  |  |
| 19.24) Any corporate action proposed by an issuer is to be undertaken in accordance with the Listings Requirements, read with the corporate action timetables contained in Schedule 18 unless otherwise agreed to by the JSE. |  |  |  |
| **Circulars** |  |  |  |
| 19.25) An issuer must comply with the following provisions of Section 11 with regard to circulars - |  |  |  |
| Paragraphs - |  |  |  |
| 11.1) Contents of all circulars and pre-listing statements |  |  |  |
| 11.2) Approval |  |  |  |
| 11.43) Embargo placed on company announcements/circulars |  |  |  |
| 11.44) Name and logo of a sponsor |  |  |  |
| **Signing and Dating** |  |  |  |
| 19.26) The placing document and pricing supplements (if applicable) must be signed by the authorised directors or an appropriate legal authority. The signatories shall be deemed to have authorised the publication of the placing document. Every signature to the placing document shall be dated, and the latest of such dates shall be deemed to be the date of the placing document. |  |  |  |
| **Announcements** |  |  |  |
| 19.27) Kindly take note of the requirement and ensure compliance. |  |  |  |
| 19.28) Kindly take note of the requirement. |  |  |  |
| 19.29) Kindly take note of the requirement. |  |  |  |
| **Basic parameters for securities that track or reference an index** |  |  |  |
| 19.30) If the securities to be listed will track or reference an index it must be issued over an index or index product acceptable to the JSE in accordance with paragraphs 19.31 to 19.42 relating to index disclosures and acceptable index calculators. |  |  |  |
| **Index disclosures and acceptable index calculators** |  |  |  |
| **General** |  |  |  |
| 19.31) Issuers wishing to list any instruments where an index in referenced must ensure that the ground rules comply with paragraph 19.35 and index calculators must comply with paragraphs 19.36 to 19.41. |  |  |  |
| 19.32) As per the JSE’s website. |  |  |  |
| 19.33) Issuers must submit an application to the JSE illustrating full compliance with paragraphs 19.35 to 19.41 prior to the listing of any instrument with an index as underlying. |  |  |  |
| 19.34) Issuers will not be permitted to make use of an index without a valid index license agreement obtained from the index sponsor. |  |  |  |
| **Transparency** |  |  |  |
| 19.35) The construction of the index, including the treatment of various corporate actions (where applicable), must be clearly documented in a ground rule summary document and this document must be publicly available on the issuer’s website to ensure full transparency. |  |  |  |
| The JSE will have regard to the following principles in considering whether the comprehensive ground rules document is acceptable - |  |  |  |
| (a) – (n) |  |  |  |
| **Experience** |  |  |  |
| 19.36) The index calculator must satisfy the JSE that it has adequate experience in calculating indices. The JSE will have regard to the following principles in considering whether an index calculator has the required experience - |  |  |  |
| (a) The index calculator will be expected to have sufficient staff with considerable relevant experience. Experience could include the calculation of in-house benchmarks, custom indices or having worked with or been employed by an acceptable index calculator for a considerable period. |  |  |  |
| (b) The index calculator must prove that it has enough knowledge and experience in dealing with the impact of corporate actions (where applicable) on indices. This will be achieved by displaying a track record of handling corporate actions (where applicable) that it has dealt with. |  |  |  |
| **Independence** |  |  |  |
| 19.37) Kindly ensure compliance |  |  |  |
| **Continuity** |  |  |  |
| 19.38) Kindly ensure compliance |  |  |  |
| **Technology** |  |  |  |
| 19.39) Kindly ensure compliance |  |  |  |
| **Continuing Obligations** |  |  |  |
| 19.40) The index calculator is approved based on the information presented to the JSE with the initial application and in order to maintain standards on a continuing basis the issuer of any securities after due and careful inquiry must notify the JSE in February each year of any significant changes including - |  |  |  |
| (a) |  |  |  |
| (b) |  |  |  |
| (c) |  |  |  |
| **Other** |  |  |  |
| 19.42) Kindly confirm whether this is applicable |  |  |  |
| **Fees** |  |  |  |
| 19.43) Kindly take not of the requirement. |  |  |  |
| **Exchange Traded Funds (“ETFs”)** |  |  |  |
| 19.60) This section sets out the requirements for the listing of exchange traded funds as defined. The provisions of paragraphs 19.1 to 19.7, 19.9, and 19.11 to 19.43 above apply to ETFs in addition to the requirements set out in paragraphs 19.61 to 19.71 below. |  |  |  |
| **General** |  |  |  |
| 19.61) The underlying asset or security tracked by the ETF must be sufficiently liquid to satisfy the JSE that there will be proper price formation in the ETF. |  |  |  |
| **Criteria for ETF’s** |  |  |  |
| 19.62) ETFs must |  |  |  |
| 1. Be open ended in nature unless otherwise determined by the JSE |  |  |  |
| 1. Have a NAV that is calculated in a transparent manner and published on the issuer’s website |  |  |  |
| 1. Be issued over an asset as referred to in paragraph 19.61. |  |  |  |
| 19.63) The arranger or management company of the ETF must prove to the JSE that it has the relevant expertise to issue securities or has the access to such expertise. |  |  |  |
| 19.64) The legal structure and mechanics of the ETF must be satisfactory to the JSE. The JSE must be consulted at an early stage before formal application for listing is made. An ETF structured as a CIS must also obtain registration as a CIS Structure from the FSB before formal application for listing is made. |  |  |  |
| 19.65) In the case of ETFs that make provision for distributions to security holders, such distributions must be made on at least an annual basis. Such distributions must be announced in accordance with the requirements stipulated in Section 3 relating to dividends and in accordance with the requirements stipulated in Schedule 18. |  |  |  |
| 19.66) The ETF must be fully covered by the underlying asset or assets that the ETF references at all times. |  |  |  |
| **Continuing obligations** |  |  |  |
| 19.67) An ETF issuer may make written application to the JSE for the removal of the listing of any of its securities from the list and/or the deregistration of the placing document stating the time and date it wishes the removal of listing to be effective. The JSE may grant the request for removal, provided that the following procedures have properly been applied and perfected - |  |  |  |
| 1. The assets underlying the ETF have been liquidated for the benefit of the investors. |  |  |  |
| 1. An in-specie pro rata distribution of the assets underlying the ETF is made to investors. |  |  |  |
| 19.68) The applicant issuer is required to comply with Section 3 to the extent applicable under paragraph 19.20. |  |  |  |
| **Placing documents** |  |  |  |
| 19.69) In addition to the disclosure requirements set out in paragraph 19.13 above, an applicant issuer of ETFs must include the following in a placing document - |  |  |  |
| 1. A statement to the effect that investors must seek their own independent tax advice. |  |  |  |
| 1. Details of all parties involved in the ETF structure and an indication of the cost ratio applicable to the ETF. |  |  |  |
| 1. If applicable, a description of the index, including the name of the publisher of the index, its date of establishment and how it is compiled. |  |  |  |
| 1. A description of the constituent stocks/assets (if applicable). |  |  |  |
| 1. The identity of the party that sponsors and/or calculates the index. |  |  |  |
| 1. An explanation of the computation of the index. |  |  |  |
| 1. The frequency with which the index is updated and published. |  |  |  |
| 1. The provisions in the event of modification and discontinuance of the index. |  |  |  |
| 1. The authority to use the index from the party that sponsors and/or calculates the index |  |  |  |
| **Daily publication** |  |  |  |
| 19.70) The issuer must publish the following details on its website each day - |  |  |  |
| 1. The NAV of the security, showing the fair value based on the index level from the preceding day. |  |  |  |
| 1. The accrued reserves distributable to ETF holders (If applicable) |  |  |  |
| 1. The index lever (if applicable) for the preceding day. |  |  |  |
| 1. The accrued costs incurred in the ETF (if applicable) |  |  |  |
| 1. The index constituents (if applicable) |  |  |  |
| 1. Constituent shares applicable to index for creation and redemption purposes. |  |  |  |
| **Creations and redemptions of existing ETF securities** |  |  |  |
| 19.71) Applicant issuers may increase or decrease the issue size of existing ETFs, subject to the submission of a memorandum detailing the specific terms of the increase or decrease in issue size. |  |  |  |