

Amendments to the JSE Debt Listings Requirements

Part 2 of 2018

30 April 2019

Introduction

The JSE embarked on a public consultation process on 28 September 2018 regarding the Part 2 of 2018 amendments to the Debt Listings Requirements (the “**Debt Requirements**”). The amendments were primarily aimed at advancing investor protection mechanisms through increased (i) transparency with additional compulsory disclosure in respect of applicant issuers and (ii) mandatory corporate governance provisions, whilst also ensuring the existence of a debt market for the efficient raising of primary capital by applicant issuers. During the review of the public comments received, the JSE noted that the interests of investors and issuers were far apart on certain of the proposed amendments to the Debt Requirements.

Given the above, the JSE took the unusual step of creating a platform where these differences could be discussed and actively debated. In this regard the JSE arranged a structured event on 17 January 2019, chaired by Professor Michael Katz, where interested parties were afforded the opportunity to verbally expand on their views/comments on the proposed amendments to the Debt Requirements (the “**Debt Indaba**”). The JSE has since carefully considered all these representations and in light of the significant reforms being proposed, decided to embark on a further public consultation process on the revised proposals for amendments to the Debt Requirements.

The JSE assessed all comments and views against four key principles being, (i) the objects of the Financial Markets Act No.19 of 2012 (the “**FMA**”), (ii) the statutory powers and limitations of the JSE pursuant the FMA, (iii) enforceability of the Requirements and (iv) the General Principles introduced by the JSE.

After careful consideration of all the views and comments expressed at the Debt Indaba, the following key changes to the previously circulated amendments must be highlighted:

- Restructure of the Debt Requirements: The JSE has heard the concerns raised that the proposed amendments do not clearly distinguish between different listed instruments and that certain requirements are not fit for purpose on specific debt instruments. The JSE therefore spent considerable time restructuring the Debt Requirements to make a clear distinction between different categories of listed debt securities being (i) Corporate Bonds, (ii) Securitisation, (iii) Asset Backed Securities, (iv) Green Bonds, (v) Structured Products, (vi) Project Bonds, (vii) Bonds issued by the South African Government, State-Owned Entities and Municipalities and (viii) debt securities issued by secondary registered issuers. The revised version of the Debt Requirements aim to make a clear distinction between the categories of listed debt securities/issuer and the specific requirements applicable to each under the following main sections:
 - Conditions of Listing;

- Listing Particulars
- Financial Information;
- Continuing Obligations and
- Corporate Governance (New Section).

In this regard, some paragraphs have been moved from one section to another without amending the provisions and as a consequence resulted in wholesale amendments to the general structure, sections and paragraphs of the Debt Requirements.

- Corporate Governance: There has been a focused approach by the JSE to align the sound and tested mandatory corporate governance provisions of the JSE Equity Listings Requirements with the Debt Requirements, where suitable. In this regard the majority of the mandatory corporate governance provisions of the JSE Equity Listings Requirements have now been included in the Debt Requirements, with further additional corporate governance measures which will significantly elevate the corporate governance standards of the debt market. These measures are essential for the protection of investors and ensuring a sound and transparent corporate governance foundation in the debt market. Due to concerns raised on the corporate governance regimes of state-owned entities and municipalities, additional mandatory corporate governance provisions apply to these debt issuers specifically in the following areas: (i) a policy on the treatment of domestic prominent influential persons, which includes a register of domestic prominent influential persons and the relationship with the applicant issuer, (ii) a policy dealing with the procurement of services and/or products, which includes a register of procurement partners and the basic terms of these arrangements and (iii) a policy on the treatment of loans and procurement with related parties and prescribed officers, which includes a register of such loans/procurement. Given the very strong focus on improved corporate governance standards for the protection of investors and the volume of new proposed corporate governance requirements, the JSE decided to introduce a specific standalone chapter in the Debt Requirements on corporate governance. The aim is to elevate the importance of governance and to make it clear and easy for stakeholders to assess what the specific governance requirements are for different categories of debt securities/issuers.
- Professional Debt Segment: In line with concerns raised on the place and purpose of the professional debt segment in the Debt Requirements, the JSE has removed the proposed section dealing with the professional debt segment and the requirements will now be clear as to what provisions apply to each type of debt securities/issuer. The use of virtual data rooms will now exclusively be available to (i) project bond and (ii) structured product issuers.

- Investor Representative: The JSE carefully considered the various comments and verbal representations in respect of the appointment of an Investor Representative and in particular whether the introduction of such a requirement would be permissible in terms of the FMA. Given the nature of the comments and in order to get clarity, the JSE decided to obtain legal advice on the nature and purpose of such appointment pursuant to the provisions of the FMA and the Debt Requirements. Given the involvement of Prof. Michael Katz at the Debt Indaba, his extensive corporate legal experience and credentials and his knowledge and experience of the FMA, the JSE decided to obtain his opinion on the matter. The advice was clear that the JSE was not permitted pursuant to the provisions of the FMA to legislate in the Debt Requirements the appointment of an Investor Representative having the role contemplated as previously proposed by the JSE. The JSE is therefore not in a position to proceed with the original proposal.

In light of the opinion the JSE spent a considerable amount of time exploring further measures, within the JSE's statutory powers, aimed at investor protection. In this regard, it should be noted that the JSE aimed to enhance protection for investors through various measures as set out in the explanatory memorandum. In particular, the JSE has considered avenues to enable more transparency when applicant issuers deal with investors generally and specifically when comments have been raised on the placing document and/or security documents. A principle concern that was raised was that the only party having full access to all the comments raised by investors was the arranger. In order to ensure more transparency in investor communication when dealing with comments from investors (prior to any new issuance of debt securities and thereafter), the JSE has introduced the mandatory appointment of a compliance officer of the applicant issuer. This compliance officer will have specific and prescribed responsibilities owed to investors which will amongst other deal with (i) a transparent process dealing with comments from investors with an obligation to report to the JSE that these processes have been followed, (ii) monitoring compliance with the terms and conditions of the placing document and notifying holders of debt securities *via* SENS of any non-compliance, (iii) monitoring and announcing on SENS when all the conditions to the issue of debt securities have been fulfilled, waived or deferred, (iv) notifying holders of debt securities *via* SENS of any actual or potential default under the placing document and/or security documents and (v) allowing access to holders of debt securities to the register of holders of debt securities of the applicant issuer.

In addition and in support of greater transparency in investor engagement by investors with the applicant issuer, the JSE has introduced an enabling provision allowing holders of debt securities to demand a meeting of bond holders. Details of the meeting to be called must be announced on SENS to ensure that holders of debt securities are aware of the meeting to be held. Such meeting will be preceded by a meeting of holders of debt securities only (without the applicant issuer) in order to allow an opportunity for investors to engage with each other prior to meeting with the applicant issuer. The outcome/s of the meeting with holder of debt securities must also be announced on SENS.

In conclusion, the JSE believes that the new mandatory role of the compliance officer and the enabling provision to call a meeting of holders of debt securities will play a significant role in the improving applicant issuer and investor relations that may result in better contractual terms being negotiated between the parties.

Important Information:

The explanatory memorandums should be read with the revised Debt Listings Requirements.

Comments can be sent to alwynf@jse.co.za for the attention of Alwyn Fouchee: Head – Regulatory Compliance.

Comments may be submitted up to and including Friday, 14 June 2019.

All amendments have been marked-up and the main amendments have been explained below, accepting that certain paragraphs have been moved to align with the new structure of the Debt Requirements.

Transitional Provisions: The JSE acknowledges that certain of the proposed corporate governance amendments below will require a reasonable amount of time for applicant issuers to consume and adopt. The JSE wishes to obtain input on what transitional period would be considered reasonable to afford applicant issuers sufficient time to prepare for the adoption of the new corporate governance requirements (subject to public consultation).

Item	Proposed Amendment	Rationale
	Section 1: Authority of the JSE	
1	Introduction General Principles The JSE intends to amend the Debt Requirements to include the same general principles of the JSE Listings Requirements (the “ Equity Requirements ”) in the introduction section of the Debt Requirements.	The JSE wishes to introduce the general principles which are clear guiding principles for the JSE to ensure a transparent, efficient and orderly market place. The general principles are further sound governance principles for the protection of investors that underpin the public interest function of the JSE.
2	Section 1: Authority of the JSE Currently the Debt Requirements only apply to issuers. In line with the statutory powers afforded by the FMA, the JSE intends to amend the Debt Requirements to introduce requirements	The Debt Requirements must clearly record the regulated parties under the provisions of the Debt Requirements which parties will be subject to active regulation and enforcement by the JSE.

	that make it clear that the Debt Requirements and enforcement measures are binding on issuers, their directors, officers, employees and agents. This enables the JSE to take disciplinary action in respect of all these regulated parties.	
3	<p>Section 1: Authority of the JSE</p> <p>The JSE intends to amend the Debt Requirements to remove any general discretion of the JSE in respect of the application of the Debt Requirements in order to entrench the standards with which issuers, their directors, officers, employees and agents must comply.</p>	<p>The provisions of the FMA do not invest the JSE with the discretion to decide when it will enforce its Debt Requirements and when it may choose not to. On the contrary, the existence of such far-reaching “discretion” would be in conflict with the well-established principles of legality, the principles of the Constitution and the provisions of the FMA.</p> <p>It is important for the integrity of the South African financial markets that the Debt Requirements adopted by licensed exchanges provide an effective and appropriate regulatory structure to ensure a fair, efficient and transparent market in the securities listed and traded on an exchange and that this is applied equitably in respect of all issuers and investors. These important principles and objectives would be rendered meaningless if employees of an exchange are permitted to use their personal judgement or subjective opinions in deciding when they will enforce the Debt Requirements and when not.</p>
	Section 2 : Debt Sponsor or Designated Persons	
4	<p>Section 2 : Debt Sponsor or Designated Persons</p> <p>Independent Debt Sponsor New paragraph 2.4(e)</p> <p>The JSE intends to amend the Debt Requirements to require the appointment of an independent debt sponsor where –</p> <ul style="list-style-type: none"> • the debt sponsor is also the applicant issuer or is a subsidiary, an associate or a division of the applicant issuer; or • the JSE believes, in its sole discretion, that the debt sponsor’s procedures to ensure and maintain independence and objectivity in professional dealings cannot be achieved or maintained. 	<p>In support of an enhanced debt sponsor oversight approach for the protection of investors, the JSE believes that an independent debt sponsor must be appointed where the debt sponsor is or could be conflicted.</p>

	<p>However, where an applicant issuer is listed on the Main Board or AltX of the JSE, an independent debt sponsor is not required to be appointed (refer to paragraph 2.16).</p>	<p>The JSE will not require the appointment of an independent debt sponsor where the debt issuer is already listed on the basis of enhanced governance and regulation already applicable to such issuer under the Equity Requirements.</p>
5	<p>Section 2: Debt Sponsor or Designated Persons</p> <p>Appointment of Designated Persons</p> <p>New paragraph 2.3</p> <p>The JSE intends to amend the Debt Requirements to clarify the position that only secondary registered issuers will be permitted to appoint a designated person. Applicant issuers with primary listings on the JSE must appoint a debt sponsor.</p>	<p>Due to the reliance placed on the primary accredited exchange, only secondary registered issuers will be permitted to appoint designated persons.</p>
6	<p>Section 2: Debt Sponsor and Designated Person</p> <p>Resignation of Debt Sponsor/Designated Person</p> <p>Paragraph 2.5</p> <p>The JSE intends to amend the Debt Requirements Requirement to require a SENS announcement when the debt sponsor resigns, which will mirror a similar obligation for a SENS announcement when the debt sponsor is removed pursuant to paragraph 2.6 of the Debt Requirements.</p>	<p>The role of the debt sponsor/designated person is paramount in the interpretation and application of the Debt Requirements and therefore a change in this role must be announced for the protection of investors.</p>
7	<p>Section 2: Debt Sponsor and Designated Person</p> <p>Director's Information Schedule: Schedule 5</p> <p>New paragraph 2.8</p> <p>The JSE intends to amend the Debt Requirements to include the obligation so submit certain details of the directors of the applicant issuer to the JSE. The schedule 5 information contains information dealing with (i) business contact details, (ii) education and (iii) experience/integrity.</p>	<p>The JSE believes that disclosure (i) on listing and (ii) on a continuing basis relating to the qualifications, experience and integrity of the directors of the applicant issuer contribute to sound corporate governance and the protection of investors.</p> <p>This approach mirrors the approach followed in the Equity Requirements.</p>

	<p>The following should be noted by the introduction of the directors' declaration:</p> <ul style="list-style-type: none"> • Positive obligations are placed on the debt sponsor and the designated person to obtain the required Schedule 5 from each director and to explain certain responsibilities/obligations to each director arising from the Debt Requirements. • The Schedule 5 forms in respect of each director must be submitted to the JSE and details of the Schedule 5 disclosures must be included in the placing document (refer to Section 4). • The amendments deal with the continuing obligation of the submission of the Schedule 5 to the JSE when changes to the board of directors occur. Further any amendments to the Schedule 5 must be announced by the applicant issuer immediately after it has been received from the director (refer to Section 6). • The Schedule 5 for each director must be submitted to the JSE as part of the formal approval process. • Foreign directors of applicant issuers are not required to sign the Schedule 5 provided all information in respect thereof has been considered and submitted to the JSE and included in the placing document as required. • The personal director's undertaking to be bound by the Debt Requirements has been removed as directors are regulated parties pursuant to the provisions of the FMA and the Debt Requirements. 	
8	<p>Section 2 : Debt Sponsor or Designated Persons</p> <p>Debt Sponsor Procedures Manual New paragraph 2.9</p> <p>The JSE intends to amend the Debt Requirements to require debt sponsor to prepare a procedures manual on certain items in relation to the debt sponsor itself and in respect of</p>	<p>In support of an enhanced debt sponsor oversight approach for the protection of investors, the amendments will ensure that debt sponsors apply themselves pursuant to a procedures manual to underpin the confirmations that are provided in the annual confirmation certificate and the debt sponsor responsibilities pursuant to paragraph 2.9 of the Debt Requirements.</p> <p>The procedures manual may be inspected by the JSE and the JSE may</p>

	<p>compliance as it relates to the advice and services provided to applicant issuers.</p> <p>It should further be noted that the JSE will arrange courses relating to the Debt Listings Requirements and all debt sponsor and designated persons must attend these, within the time periods prescribed by the JSE, in order to remain approved.</p>	<p>also request an explanation on how the procedures manual was applied on a specific instance.</p>
	Section 3: Conditions of Listing	
9	<p>Section 3: Conditions of Listing</p> <p>Discretion of the JSE Previous paragraph 3.3</p> <p>The JSE intends to amend the Debt Requirements to remove the discretion of the JSE in respect of the application of the Debt Requirements relating to conditions of listing in order to entrench the standards with which issuers and their directors must comply.</p>	<p>Refer to item 3 above.</p>
10	<p>Section 3: Conditions of Listing</p> <p>Corporate Governance Paragraph 3.10(f)</p> <p>The JSE intends to amend the Debt Requirements, as an additional condition of listing, the applicant issuer must comply with certain mandatory corporate governance provisions, which amongst others include the mandatory appointment of a (i) a CEO and chairman, (ii) financial director, (iii) company secretary, (iv) compliance officer and (v) audit committee. Additional specific responsibilities have further been placed on the audit committee.</p> <p>Please refer to Item 27 below and Section 7 (Corporate</p>	<p>Sound application of corporate governance provisions remain paramount for the protection of investors on listing and on an ongoing basis.</p>

	Governance) of the Debt Requirements for more details on the mandatory corporate governance provisions that must be complied with on listing and on an ongoing basis.	
11	<p>Section 3: Conditions of Listing</p> <p>Historical Financial Information Paragraph 3.10(g)</p> <p>The JSE intends to amend the Debt Requirements, as an additional condition of listing, that the financial history of the applicant issuer must have been reported on by the auditor of the applicant issuer <u>without</u> qualification, disclaimer, adverse audit opinion, the inclusion of a paragraph on material uncertainty relating to going concern or reference to an emphasis of matter</p>	The integrity of the historical financial information of the applicant issuer is paramount for the protection of investors and as such the audit opinion must contain no adverse findings.
	Section 4: Listing Particulars	
12	<p>Section 4: Listing Particulars</p> <p>Details of the Applicant Issuer Terms & Conditions Paragraphs 4.10, 4.11 and 4.12</p> <p>The JSE intends to amend the Debt Requirements to expand on the details of the applicant issuer/terms and conditions in the placing document:</p> <p>These details include:</p> <ul style="list-style-type: none"> • Inclusion of a brief CV of each director and a list of all other companies of which they are directors; • Inclusion of the contact details of the compliance officer introduced pursuant to Section 7 (Corporate Governance); • Inclusion of material risks which are specific to the applicant issuer and its debt securities; • Inclusion of a positive statement that the applicant 	Disclosure of the details of the applicant issuer is vital to investors and these additional disclosure items will be meaningful to investors when making an investment decision.

	<p>issuer is in compliance with the Companies Act and acting in conformity with the provisions of its MOI;</p> <ul style="list-style-type: none"> • Disclosure of details of the qualifications, experience and integrity information contained in each director's information schedule pursuant to Schedule 5; and • Disclosure of details of the applicant issuer's ability to repurchase debt securities from the holders of debt securities. 	
13	<p>Section 4: Listing Particulars</p> <p>Offering Circular or Pricing Supplement Paragraph 4.18(z)</p> <p>The JSE intends to amend the Debt Requirements to include a positive statement that there has been no material change in the operations/activities and corporate governance of the applicant issuer compared to any previous information published. This statement must be repeated <i>via</i> SENS three business days before any auction date of debt securities</p>	<p>Notwithstanding the material change statement in the form detailed in paragraph 4.15(b) of the Debt Requirements, the applicant issuer must further provide details on any material change in the issuer's sphere of activities and governance in the offering circular/placing document. In order to ensure that this statement remains current, the issuer will be required to repeat the statement <i>via</i> SENS three business days before any auction date of debt securities.</p>
	Section 5: Financial Information	
14	<p>Section 5: Financial Information</p> <p>Financial Statements Paragraph 5.3(a)</p> <p>Currently an issuer may seek a listing with published audited annual financial statements of a period ended not more than 18 months before the date of the placing document.</p> <p>The JSE intends to amend the Debt Requirements to reduce this period to 15 months in line with the Equity Requirements. Also, currently no review opinion is required when interim financial statements are required. A review opinion will now be required on interim financial statements in line with the Equity Requirements.</p>	<p>The integrity of the historical financial information of the applicant issuer is paramount for the protection of investors and as such the period in paragraph 5.3(a) must be reduced and a review opinion must be obtained in respect of interim financial statements (when required).</p> <p>This approach mirrors the approach followed in the Equity Requirements.</p>

15	<p>Section 5: Financial Information</p> <p>Contents of Financial Information Paragraphs 5.7(c) and (d)</p> <p>The JSE intends to amend the Debt Requirements to include two additional items that must be disclosed in the financial information of the applicant issuer:</p> <ul style="list-style-type: none"> • Disclosure of interest held by directors in securities of the applicant issuer; and • Disclosure of repurchases by an applicant issuer of its debt securities or a purchase by a subsidiary of debt securities in its holding company during the period under review. 	<p>Interests held by directors and the repurchase of debt securities is meaningful information to investors and must therefore be disclosed in the financial information of the applicant issuer.</p> <p>This approach mirrors the approach followed in the Equity Requirements.</p>
16	<p>Section 5: Financial Information</p> <p>Interim Financial Statements New paragraph 5.18</p> <p>The JSE intends to amend the Debt Requirements to introduce a requirement for mandatory interim financial statements in certain instances. To the extent that the conclusion reached on the audited annual financial statements contains a qualification, disclaimer or adverse audit opinion, the applicant issuer must going forward prepare interim financial statements in accordance with IAS 34, which must be reviewed by the applicant issuer's auditors.</p>	<p>The integrity of the historical financial information of the applicant issuer is paramount for the protection of investors and therefore it is important that investors have access to interim financial statements when there is an adverse audit opinion.</p>

	Section 6: Continuing Obligations	
17	<p>Section 6: Continuing Obligations</p> <p>Covenants Paragraphs 6.4 - 6.6</p> <p>The JSE intends to amend the Debt Requirements to make it clear to investors that the covenant has been tested in accordance with the placement document.</p>	<p>It has come to the attention of the JSE that certain applicant issuers are not adhering to financial covenant testing or calculation definitions in accordance with the placing documents.</p> <p>The requested amendment will make it clear to investors that the covenant has been tested in accordance with the placement document (and can be relied upon by investors) as the issuer would be required to make a public declaration in this regard <i>via</i> SENS.</p>
18	<p>Section 6: Continuing Obligations</p> <p>Confidentiality New paragraphs 6.10 - 6.13</p> <p>The JSE intends to amend the Debt Requirements to include confidentiality provisions in order to ensure that applicant issuers are clear that price sensitive information cannot be shared save as provided for in the Debt Requirements and the FMA.</p>	<p>Aimed at the protection of investors, applicant issuer must be aware on what basis price sensitive information may be published/shared to ensure the equal/timeous dissemination of price sensitive information.</p> <p>This approach mirrors the approach followed in the Equity Requirements.</p>
19	<p>Section 6: Continuing Obligations</p> <p>Non-Compliance – Publication of Financial Statements</p> <p>Paragraphs 6.18 New paragraph 6.20</p> <p>The Debt Requirements currently only deals with non-compliance in respect of the publication of annual financial statements.</p> <p>The JSE intends to amend the Debt Requirements to also address non-compliance in respect of the publication of interim financial statements (if applicable).</p>	<p>The aim of the approach is to provide clarity in the event of non-compliance as it relates to the preparation and publication of (i) annual financial statements <u>and</u> (ii) interim financial statements (if applicable).</p> <p>This approach substantially mirrors the approach followed in the Equity Requirements.</p>

20	<p>Section 6: Continuing Obligations</p> <p>Restatement of previously published results New paragraph 6.21</p> <p>The JSE intends to amend the Debt Requirements to include disclosure to the JSE where an applicant issuer restates previously published results.</p> <p>Such notification to the JSE must containing details of the restatement and the reasons therefor, and must be submitted pursuant to the provisions of Practice Note 3/2017 of the Equity Requirements.</p>	<p>The integrity of the historical financial information of the applicant issuer is paramount for the protection of investors and therefore it is important to have disclosure on the restatement of previously published results.</p>
21	<p>Section 6: Continuing Obligations</p> <p>Modified audit report New paragraph 6.30(b)</p> <p>The JSE intends to amend the Debt Requirements to add an additional annotation when the auditor's report contains a paragraph on material uncertainty relating to going concern.</p> <p>The issuer's listing on the JSE trading system will be annotated with a "G".</p>	<p>The integrity of the historical financial information of the applicant issuer is paramount for the protection of investors and therefore the additional annotation is added. Annotation is a measure that draws attention, <i>via</i> the JSE trading system, that there is an adverse finding in the auditor's opinion and therefore providing additional transparency so that investors can make better informed decisions.</p> <p>This approach mirrors the approach followed in the Equity Requirements.</p>
22	<p>Section 6: Continuing Obligations</p> <p>Repurchase of Debt Securities New paragraphs 6.36 - 6.38</p> <p>The JSE intends to amend the Debt Requirements to introduce certain obligations and disclosures on the repurchase of debt securities by the applicant issuer.</p> <p>An applicant issuer may not repurchase debt securities during</p>	<p>The JSE believes that the process and disclosures regarding the repurchase of debt securities by the applicant issuer must be transparent for the benefit of holders of debt securities.</p> <p>This approach substantially mirrors the approach followed in the Equity Requirements.</p>

	any period where the applicant issuer is in possession of inside information pursuant to the provisions of the FMA, unless it is an automatic repurchase pursuant to a credit-linked note resulting from a credit event being called.	
23	<p>Section 6: Continuing Obligations</p> <p>Changes to Directors, Company Secretary and Compliance Officer New paragraphs 6.39 and 6.41</p> <p>The JSE intends to amend the Debt Requirements to include the publication of an announcement and notification to the JSE when there is a change to the board of directors, the company secretary or compliance officer of the applicant issuer. Reasons for the change must also be included in the announcement.</p>	<p>The JSE views these events as material and as such the JSE and the market should be informed.</p> <p>This approach mirrors the approach followed in the Equity Requirements.</p>
24	<p>Section 6: Continuing Obligations</p> <p>Dealings in Securities New paragraphs 6.42 to 6.53</p> <p>The JSE intends to amend the Debt Requirements to include the publication of an announcement if a director, his/her associates or the company secretary of the applicant issuer transacts in the applicant issuer's securities.</p> <p>The amendment will further include details regarding the process to be followed for dealings in securities by –</p> <ul style="list-style-type: none"> • The directors; • The company secretary; and • Their associates. <p>Also refer to the new definitions of:</p> <ul style="list-style-type: none"> • “<i>associate</i>” and “<i>immediate family</i>”; and 	<p>The JSE views these events as material and as such the JSE and the market should be informed.</p> <p>This approach mirrors the approach followed in the Equity Requirements.</p>

	<ul style="list-style-type: none"> • “closed period”. 	
25	<p>Section 6: Continuing Obligations</p> <p>Demand to call a meeting New paragraphs 6.74 and 6.75</p> <p>The JSE intends to amend the Debt Requirements to provide the holders of debt securities with the ability to call a meeting of holders of debt securities. An applicant issuer will be required to call a meeting and investors meeting where it receives a demand to call a meeting of holders of debt securities of a specific class of debt securities, holding not less than 10% of the value of all outstanding debt securities or of the specific class of debt securities.</p> <p>The provisions deal with the announcements to be made, the timeframes for (i) the notice of meeting and (ii) meeting date/venue of the meeting and investors meeting.</p>	<p>A vital measure for the protection of investors is the ability of the holder of debt securities to be able to call a meeting. Provided the minimum support is obtained to send a notice to the applicant issuer, this enabling provision will play a vital role in promoting engagement and communication with the applicant issuer by holders of debt securities.</p>
26	<p>Section 6: Continuing Obligations</p> <p>Specific responsibilities to investors New paragraph 6.76</p> <p>The JSE intends to amend the Debt Requirements to introduce specific responsibilities to investors on the applicant issuer through the mandatory appointed compliance officer (pursuant to Section 7: Corporate Governance) dealing with treatment of comments from investors, monitoring general compliance with placing document, notification of event/s of default and providing access to register of holders of debt securities.</p>	<p>A vital measure for the protection of investors is having the mandatory appointed compliance officer of the applicant issuer tasked with specific responsibilities owed to investors.</p>
	New Section 7: Corporate Governance	

<p>27</p>	<p>New Section 7: Corporate Governance</p> <p>The JSE intends to amend the Debt Requirements to introduce certain mandatory corporate governance provisions to applicant issuers, which must be applied on listing and on a continuing basis. Disclosure in the annual financial statements of the applicant issuer will also be required.</p> <p>The corporate governance provisions include:</p> <ul style="list-style-type: none"> • The King Code application disclosure in the placing document and annual financial statements; • Policy on balance of power; • Mandatory appointment of CEO and chairman; • Mandatory appointment of audit committee; • Inclusion of a brief CV of each director in the annual financial statements and notice of the general meeting or annual general meeting (election or re-election); • Capacity of each director; • Mandatory responsibilities of the audit committee; • Mandatory appointment of company secretary; • Policy dealing with the evaluation of directors; • Disclosure of restrictive funding arrangements; • Mandatory appointment of compliance officer; • Policy of conflicts of interest; • Policy nomination of directors; • Policy on treatment of domestic prominent influential persons; • Policy on procurement; and • Policy on loans and procurement where related parties and prescribed officers are involved. <p>The Section 7 corporate governance provisions are self-explanatory and should be considered against the Appendix to Section 7 on how each of the corporate governance provisions must be applied depending on the type of debt</p>	<p>The JSE believes that disclosure of entrenched mandatory corporate governance arrangements contribute to sound corporate governance.</p> <p>This approach substantially mirrors the approach followed in the Equity Requirements.</p>
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	<p>securities/issuer.</p> <p>Certain of the corporate governance provisions are addressed in more detail below:</p>	
<p>27.1</p>	<p>Audit Committee</p> <p>Paragraph 7.3(g)</p> <p>The JSE intends to amend the Debt Requirements to expand on the responsibilities of the audit committee, notwithstanding its duties pursuant to Section 94 of the Companies Act, whereby the audit committee must:</p> <ul style="list-style-type: none"> • consider and satisfy itself, on an annual basis, of the appropriateness of the expertise and experience of the financial director; • ensure that the issuer has established appropriate financial reporting procedures and that those procedures are operating; • the audit committee must, notwithstanding its duties pursuant to Section 94 of the Companies Act, request from the audit firm (and if necessary, consult with the audit firm on) the information detailed in paragraph 22.15(h) of Section 22 of the JSE Listings Requirements in their assessment of the suitability for appointment of their current or a prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment as well as, in the instance of a new issuer, prior to registration of the programme; and • notwithstanding the provisions of Section 90(6) of the Companies Act, ensure that the appointment of the auditor is tabled as a resolution at the annual general meeting of the issuer pursuant to Section 61(8) of the 	<p>These additional measures support the integrity of the financial information of the applicant issuer for the benefit of investors.</p>

	Companies Act.	
27.2	<p>Mandatory Compliance Officer</p> <p>Paragraph 7.3(k)</p> <p>The JSE intends to amend the Debt Requirements to require all applicant issuers to appoint a compliance officer which must either be (i) a director, (ii) prescribed officer, (iii) company secretary or (iv) employee of the applicant issuer ensuring compliance with the specific responsibilities to investors pursuant to paragraph 6.76 of the Debt Requirements.</p> <p>The board of directors must consider and satisfy itself on the competence, qualifications and experience of the compliance officer. The applicant issuer must confirm by reporting to holders of debt securities in its annual report that the board of directors has executed this responsibility and that the compliance officer has executed his/her responsibilities.</p>	<p>The mandatory appointment of the compliance officer will ensure that there is specific focus and attention by the issuer on specific responsibilities owed to investors. The appointment of the compliance officer will ensure that there is a dedicated person that has specific JSE regulatory duties to investors in terms of the Debt Requirements. The JSE has the ability to intervene should these responsibilities to investors not be performed by the compliance officer and take the necessary action.</p>
27.3	<p>Domestic Prominent Influential Person</p> <p>New Definition – “Domestic Prominent Influential Person” Paragraphs 7.9 - 7.11</p> <p>Only applicable to State-Owned Entities and Municipalities</p> <p>The JSE intends to amend the Debt Requirements to require the applicant issuer to have a policy dealing with the disclosure and treatment of domestic prominent influential persons at board level of directors of the applicant issuer and in respect of any transactions/dealings by the applicant issuer with domestic prominent influential persons.</p> <p>Please refer to the definition of domestic prominent influential person pursuant to Schedule 3A of the Financial Intelligence</p>	<p>The requirement to have a policy and to have same open for inspection will enhance transparency and investor protection when dealing with the disclosure and treatment of domestic prominent influential persons at board level of directors of the applicant issuer, and in respect of any transactions/dealings with the applicant issuer.</p>

	<p>Centre Act 2011 (Act No.38 of 2001).</p> <p>A register of such domestic prominent influential persons and the relationship with the applicant issuer must be maintained by the applicant issuer and must be made available of the website of the applicant issuer when the applicant issuer publishes its annual report.</p> <p>Any amendments to the policy dealing with disclosure and treatment of domestic prominent influential persons must be announced immediately</p> <p>A summary of the policy dealing with domestic prominent influential persons must be disclosed in the placing document and may be incorporated by reference.</p> <p>The policy dealing with the disclosure and treatment of domestic prominent influential persons must be a document open for inspection.</p>	
27.4	<p>Procurement</p> <p>Paragraphs 7.12 and 7.14</p> <p>Only applicable to State-Owned Entities and Municipalities</p> <p>The JSE intends to amend the Debt Requirements to require the applicant issuer, if a quasi-governmental entity (most commonly provincial and local authorities/municipalities and state owned entities) to disclose its policy on the procurement of services and/or products (if it has one) on the applicant issuer's website.</p> <p>A register of procurement of services and/or products representing 10% or more of the annual procurement spend must be maintained and must be made available on the</p>	<p>The requirement to have a policy and to have same open for inspection will enhance transparency and investor protection when dealing with procurement of services and or products.</p>

	<p>website of the applicant issuer when the applicant issuer publishes its annual financial statements. Certain minimum disclosure items of these agreements will be required. A negative statement must be made if there are no such procurement partners at that level.</p> <p>Any amendments to the policy dealing with procurement must be announced immediately.</p> <p>A summary of the policy dealing with procurement must be disclosed in the placing document and the policy may be incorporated by reference.</p> <p>The policy dealing with procurement must be a document open for inspection.</p>	
27.5	<p>General: Loans and Procurement</p> <p>Only applicable to State-Owned Entities and Municipalities</p> <p>Paragraphs 7.15 – 7.17</p> <p>The JSE intends to amend the Debt Requirements to require the applicant issuer to have a policy dealing with the disclosure and treatment of loans and procurement with related parties and prescribed officers of the applicant issuer.</p> <p>A register of these agreements must be maintained and must be made available on the website of the applicant issuer when the applicant issuer publishes its annual financial statements. Certain minimum disclosure items of these agreements will be required. A negative statement must be made if there are no such procurement partners at that level.</p> <p>Any amendments to the policy dealing with the disclosure and</p>	<p>The requirement to have a policy and to have same open for inspection will enhance transparency and investor protection when dealing with loans and procurement with related parties and prescribed officers.</p>

	<p>treatment of loans and procurement with related parties and prescribed officers must be announced immediately.</p> <p>A summary of the policy dealing with the disclosure and treatment of loans and procurement with related parties and prescribed officers must be disclosed in the placing document and may be incorporated by reference.</p> <p>The policy dealing with the disclosure and treatment of loans and procurement with related parties and prescribed officers must be a document open for inspection.</p>	

