**ACTIVELY MANAGED EXCHANGE TRADED FUNDS (“AMETF”) – LISTING CHECKLIST**

**PURPOSE**

This document will be used to facilitate the listing process of the AMETF Placing Document and/or JSE Supplement, under Section 19 of the Listings Requirements (the “Requirements”).

Please note that the checklist must be used with the applicable sections of the Requirements and must not be seen as a replacement.

**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** |
| **General** |  |  |  |
| 19.120 The provisions of paragraphs 19.1 to 19.9, 19.11 to 19.27 apply to AMETF in addition to the requirements set out in paragraphs 19.121 to 19.137 |  |  |  |
| **Market Making** |  |  |  |
| * 1. The Issuer must - |  |  |  |
| (a) Appoint a market maker and such duly appointed market maker must undertake to maintain a secondary market in the securities. |  |  |  |
| (b) 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. Notwithstanding paragraphs 19.11(a) and (b), the iNAV Provider must comply with the criteria stated in paragraphs 19.138(a) and (b) |  |  |  |
|  |  |  |  |
| **Requirements for the placing document** |  |  |  |
| 19.12 The JSE requires issuers to make use of a placing document that must comply with the following: |  |  |  |
| (a) the placing document must comply with the Listings Requirements. |  |  |  |
| (b) the placing document must be updated by the issuer and approved by the JSE where changes to the placing document are required. |  |  |  |
| (c) 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: |  |  |  |
| (a) in respect of the issuer |  |  |  |
| i) its full name. |  |  |  |
| ii) its place and date of incorporation. |  |  |  |
| iii) 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) |  |  |  |
| iv) 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. |  |  |  |
| v) 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. |  |  |  |
| vi) 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. |  |  |  |
| vii) a description of the rights of the holders of securities in the event of the liquidation and business rescue proceedings of the issuer. |  |  |  |
| viii) a description of how the proceeds generated from the issuing of the securities will be used by the issuer; |  |  |  |
| ix) 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. |  |  |  |
| x) 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) |  |  |  |
| xi) 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. |  |  |  |
| (b) the names and addresses of the advisors and transfer secretaries to the issuer. |  |  |  |
| (c) in respect of any guarantor, the matters listed in 19.13(a)(i) to (vi) |  |  |  |
| (d) details of the underlying asset/s in respect of which the securities will be issued, including  i) any relevant recently published information relating to the underlying asset/s; and  ii) any other information the JSE may deem appropriate. |  |  |  |
| (e) a statement that the placing document and pricing supplement are available on the issuer’s website |  |  |  |
| (f) 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.”* |  |  |  |
| (g) if applicable, the nature of the guarantee, security, and credit enhancement of the issuer |  |  |  |
| (h) disclosure to investors of all possible material risks and uncertainties facing the issuer, the industry in which it operates and the securities themselves |  |  |  |
| (i) 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”* |  |  |  |
| (j) a statement that upon exercise or settlement (as applicable), the issuer is responsible for settlement and not the JSE nor any other exchange; and |  |  |  |
| 19.127 In addition to the disclosure requirements set out in paragraph 19.13 above, an issuer must include the following in a placing document: |  |  |  |
| (a) a statement to the effect that investors must seek their own independent tax advice; |  |  |  |
| (b) details of all parties involved in the AMETF structure and the cost ratio applicable to the AMETF; |  |  |  |
| (c) the investment mandate applicable to the AMETF, under the terms and conditions section of the placing document; |  |  |  |
| (d) in relation to the investment mandate, the following additional details must be disclosed:  (i) the investment universe of eligible securities;  (ii) the investment strategy;  (ii) applicable benchmark for the performance of the AMETF; and  (iii) the investment theme and applicable sectors that the AMETF will invest in; |  |  |  |
| (e) in the event that the issuer makes any changes to the placing document or pricing supplement that affect the terms and conditions of AMETF, other than changes which are of a formal, minor or technical nature or are made to correct a manifest error or to comply with mandatory provisions of the law, the issuer must obtain the following approval from AMETF unitholders: (i) if the AMETF is a Collective Investment Scheme, the ballot process as described in the scheme’s trust deed and regulated by the Financial Sector Conduct Authority must be followed;  (ii) if the AMETF is an entity approved under Section 65 of CISCA (in the case of a collective investment scheme registered under foreign legislation), the process as described in the entity’s local legislation; or |  |  |  |
| (f) the procedures for AMETF unitholders to exercise their votes in terms of paragraph 19.127(e) to ensure that they are enabled to exercise their vote and for the issuer to release announcements and distribute circulars in terms of the Listings Requirements; |  |  |  |
| (g) the source for commodity and currency pricing, if applicable. If the source changes, an announcement must be made on SENS within 24 hours; |  |  |  |
| (h) the formula used to calculate the NAV and iNAV, if applicable, of the AMETF unit. |  |  |  |
| (i) details on how the liquidity requirements pursuant to paragraph 19.137 will be achieved and a statement that the issuer will issue a SENS announcement when the issuer changes the liquidity provision; and |  |  |  |
| (j) the location on the issuer’s website of the following information:  (i) NAV of the fund;  (ii) iNAV or daily fund composition file or both;  (iii) the details of the constituents of the creation and/or redemption basket;  (iv) if the daily fund composition file is not published, the monthly fact sheet and the quarterly fund composition file. |  |  |  |
| (k) if iNAV is provided –  (i) a statement confirming that the issuer has appointed an iNAV provider pursuant to paragraph 19.137 and the iNAV provider has the required experience in providing an iNAV, having regard for the following: |  |  |  |
| (a) the iNAV provider has sufficient staff with considerable relevant experience. Experience could include the calculation of iNAV, in-house benchmarks, indices or having worked with or been employed by an acceptable iNAV provider for a considerable period; and |  |  |  |
| (b) in relation to effective continuity on the calculation of iNAV, the iNAV provider has arrangements in place to ensure that a sufficient number of experienced staff are available to properly discharge the iNAV provider’s responsibilities at all times; |  |  |  |
| (ii) a statement that the iNAV provider has a robust iNAV calculation system in place having regard for the following principles in considering whether the system is acceptable: |  |  |  |
| (a) a process must be in place to prevent manipulation of the iNAV calculation system; |  |  |  |
| (b) the iNAV provider must have full disaster recovery for the calculation system and the recovery process must be tested at least twice a year; |  |  |  |
| (c) the technology being used must ensure continuity with proper automation and data feeds; |  |  |  |
| (d) data in the system must be secured; |  |  |  |
| (e) the system must have audit logging in place; and |  |  |  |
| (f) intraday revisions must be possible; |  |  |  |
| (l) if iNAV is published and the daily fund composition file is not published, the conditions under which the publication of iNAV will be halted. This must include disclosure that the publication of the iNAV will be halted if 10% of the listed underlying portfolio’s pricing; and |  |  |  |
| (m) the basis upon which the AMETF units are redeemable from the fund. |  |  |  |
| **Financial Information** |  |  |  |
| 19.14 An issuer making application for the registration of a placing document must comply with the following |  |  |  |
| (a) 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 |  |  |  |
| (b) 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) |  |  |  |
| (c) 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) |  |  |  |
| (d) 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. |  |  |  |
| (e) 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: |  |  |  |
| (a) a formal application substantially in form and in accordance with Schedule 1 of the Listings Requirements; |  |  |  |
| (b) the pricing supplement (if applicable); |  |  |  |
| (c) certified copies of the guarantee and/or the credit enhancement agreement (if applicable); |  |  |  |
| (d) 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); |  |  |  |
| (e) the memorandum of incorporation of the issuer (if applicable); |  |  |  |
| (f) 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 |  |  |  |
| (g) the experts’ consent letters (if applicable); |  |  |  |
| (h) exchange control approval (if applicable); |  |  |  |
| (i) 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; |  |  |  |
| (j) a draft of the announcement referred to in paragraph 19.27 |  |  |  |
| (k) index license agreement (if applicable); and |  |  |  |
| (l) such other information as may be required by the JSE. |  |  |  |
| **The Pro Forma Pricing Supplement to include the following:** |  |  |  |
| 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 |  |  |  |
| 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. |  |  |  |
| 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. |  |  |  |
| **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. |  |  |  |
|  |  |  |  |
| 19.121 The following must be included in the name of AMETF, to distinguish the securities from other exchange traded funds listed on the JSE: |  |  |  |
| (a) Short name: “AMETF”; and |  |  |  |
| (b) Long name: “Actively Managed ETF” |  |  |  |
| **Criteria for AMETF** |  |  |  |
| 19.123 The management company of AMETF must evidence to the JSE that it has the relevant expertise to issue securities or has access to such expertise. |  |  |  |
| 19.124 AMETF must be registered as a Collective Investment Scheme under CISCA, or approved under Section 65 of CISCA (in the case of a collective investment scheme registered under foreign legislation), and must obtain approval from the FSCA before formal application for listing is made. |  |  |  |
| 19.125 The underlying assets or securities of the AMETF must comply with the requirements as determined by the FSCA from time to time. These assets or securities must be sufficiently liquid for robust pricing. |  |  |  |
| 19.126 The issuer must adhere to the liquidity requirements pursuant to paragraph 19.137. Please indicate whether a market maker or agent will be appointed. |  |  |  |
| **Liquidity provider** |  |  |  |
| 19.137 The issuer must appoint a market maker or an agent subject to meeting the requirements below. The issuer must confirm to the JSE that the necessary procedures are in place to ensure that the market maker or agent will only provide liquidity in the market based on information available in the public domain to comply with the provisions of the FMA. |  |  |  |
| (a) Appointment of a market maker as principal  The market maker must be appointed pursuant to paragraph 19.11. The market maker must be independent from the AMETF and the iNAV provider. If the market maker is not independent from the AMETF, the JSE will have regard to the criteria set out in paragraph 19.37 in considering whether to allow the market maker to act as such for the issuer. If the market maker is not in a position to provide liquidity based on the iNAV only, the issuer must |  |  |  |
| (b) Appointment of agent  The issuer may only appoint an agent where no fund composition file is published on a daily basis. If an issuer elects to publish the fund composition file on a daily basis, then it must immediately appoint a market maker referred to in (a) above |  |  |  |