

JSE efforts to reduce red tape in Section 9 of the Johannesburg Stock Exchange Listing Requirements: Part 2

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Johannesburg Stock Exchange Listing

On 5 March 2021, the Issuer Regulation Division of the [JSE](#) issued a Market Notice on a JSE Consultation Paper titled “*Cutting Red Tape Aimed at Effective and Appropriate Regulation: Request for Comments*”. The call for comments closed on 9 April 2021, however, due to the vast interest received from stakeholders, the JSE allowed extensions on request from the public. Please see our [initial points](#) which we discussed previously.

Taking into account the comments received from market participants and stakeholders, the JSE has proposed amendments to the JSE Listings Requirements, which will now be subject to further public consultation processes pursuant to the provisions of the JSE Listings Requirements and the Financial Markets Act No 19 of 2012.

Section 9 of the JSE Listings Requirements

In respect of Section 9 of the JSE Listings Requirements, the proposed amendments include –

1. increasing the existing 10% limitation to 30% when categorising a transaction which falls within the ordinary course of business of an issuer, measured against the market capitalisation of such an issuer at the time;
2. increasing the factors to be considered by the JSE when assessing whether a transaction is in the ordinary course of business;
3. a new provision excluding any transactions with directors and/or their associates from the ordinary course of business exemption; and
4. a new provision in terms of which transactions classified as ordinary course of business be announced through SENS immediately after the terms have been agreed and where the categorisation is equal to 5% or more. The announcement must deal with the salient details of the ordinary course of business transaction (excluding pricing information as it may be commercially sensitive) and the corporate approvals obtained by the issuer to conclude the ordinary course of business transaction. The announcement must also include “*an opinion from the independent members of the board of directors of the issuer that the transaction is in fact in the ordinary course of business and that the transaction was concluded on an arm's length basis*”. Without getting into a detailed exposition of this requirement, what this essentially means is that independent directors must be able to disclose pertinent insights and observations on the transaction in making such an opinion.

The JSE has invited comments to be sent directly to Alwyn Fouchee at AlwynF@jse.co.za on the proposed amendments to the JSE Listings Requirements by no later than 13 September 2021.

Read part of one of the [JSE efforts to reduce red tape in Section 9 of the Johannesburg Stock Exchange Listing Requirements](#).

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