

Topic – Part 3: The Cutting Red Tape Project

1 June 2022 3 min read

Proposed amendments to the JSE Listings Requirements

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*". There was a vast interest received from stakeholders and the JSE allowed for extensions on input thereon on request from the public.

On 11 February 2022, the proposed amendments to the JSE Listings Requirements were issued in the Government Gazette (No. 45903) by the Financial Sector Conduct Authority (**FSCA**) for public comment and for all interested parties to lodge any objections.

On 29 April 2022, the FSCA gave notice under the Financial Markets Act of 2012 that the amendments to the JSE Listings Requirements have been approved and came into operation on 1 June 2022.

Section 9 of the JSE Listings Requirements

In respect of Section 9 of the JSE Listings Requirements, which was the focus of our articles in [part 1](#) and [part 2](#), the amendments (in summary) that have been approved under Section 9 include –

1. increasing the existing 10% limitation to 30% when categorising a transaction that falls within the ordinary course of business of an issuer, measured against the market capitalisation of such an issuer at the time. As a result, transactions that fall within the ordinary course of business will require shareholder approval if categorised above the now increased threshold;
2. the factors to be considered by the JSE when assessing whether a transaction is in the ordinary course of business have been expanded. These now include considering the size of the transaction measured against similar transactions which have been concluded, whether the transaction contributes to the issuer's existing revenue stream, whether the transaction contributes to costs that relate directly to such revenue and whether the transaction constitutes the ordinary course of business for both the issuer and the other transacting party;
3. transactions with a director and/or any associate of a director will not be classified by the JSE as an ordinary course of business for an issuer, and
4. transactions classified as an ordinary course of business must 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 governance processes that were followed by the board of directors of the issuer to approve and conclude the transaction. The JSE will not require the preparation of a fairness opinion, where related parties are involved (excluding the parties as contemplated in paragraph 3 above).

The JSE is aware of the need for it to be cognisant of an issuer's activities in the ordinary course of business while at the same time ensuring a fair and transparent market. It is their belief that these amendments will be welcomed by issuers seeking

operational flexibility when conducting business in the ordinary course, and a step in making the Listings Requirements more fit for business purposes.



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