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## BOARD NOTICE RAADSKENNISGEWING

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### NOTICE 113 OF 2001

#### STOCK EXCHANGES CONTROL ACT, 1985

#### AMENDMENT OF THE RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA

1. In terms of section 12 (6) of the Stock Exchanges Control Act, 1985 ( Act No. 1 of 1985), it is hereby notified that the JSE Securities Exchange South Africa has applied to the Registrar of Stock Exchanges for the approval to make amendments to its rules, as set forth in the Schedule hereto.
2. In terms of section 12 (7) of the said Act all interested persons (other than members of the Securities Exchange) who have any objections to the proposed amendments are hereby called upon to lodge their objections with the Registrar of Stock Exchanges, PO Box 35655, Menlo Park, 0102, within a period of 30 days from the date of publication of this notice.

**J VAN ROOYEN**  
Registrar of Stock Exchanges

#### SCHEDULE

General explanatory notes

1. Words underlined with a solid line (\_\_\_\_) indicate the insertions in the existing rules.
2. Words in square brackets ([ ]) indicate omissions from existing rules.

#### AMENDMENTS TO THE RULES OF THE JSE SECURITIES EXCHANGE SOUTH AFRICA

##### 1. PROPOSED ADDITION OF SECTION 15 – CORPORATE ACTIONS

##### 15.10 Applicability of Rule 15

15.10.1 Section 15 shall apply to corporate actions on STRATE approved securities.

15.10.2 Where the provisions of any rules are not expressly or impliedly amended by the provisions of section 15 or where section 15 does not exclude the applicability of any other rule, the rules, where appropriate, shall apply to corporate actions on STRATE approved securities in the same manner as the rules apply to incidental accruals.

15.10.3 Without limiting the generality of rule 15.10.2, rules 5.120 and 5.125 do not apply to corporate actions on STRATE approved securities.

##### 15.20 In this Rule 15 -

“beneficial owner” means a person or entity on whose behalf any security, recorded on a sub-register, is held by a CSD participant in the name of a nominee company owned by the CSD participant, a broking member (equities), a CSM or any other entity;

“circular” means any document sent to registered owners and beneficial owners of listed securities by an issuer of securities (including notices of meetings), but excluding listing particulars, reports, proxy forms and corporate action notices;

“client” shall have the same meaning as defined in section 14 of the rules;

“controlled client” shall have the same meaning as defined in section 14 of the rules;

“Companies Act” means the Companies Act, 1973 (Act No. 61 of 1973) and any subsequent amendments thereto;

“company” means a body corporate (wherever incorporated or established) and includes any other legal person, any undertaking, any association of persons or of entities and any trust or similar device (wherever established) that issues securities which are capable of being listed by the JSE;

“corporate action” means an action, taken by an issuer or any other entity or third party, which affects the registered owner and the beneficial owner of securities in terms of an entitlement;

“CSD participant” shall have the same meaning as defined in section 14 of the rules;

“CSD rules” shall have the same meaning as defined in section 14 of the rules;

“cum” means including or qualifying for an entitlement arising from a corporate action;

“day” shall have the same meaning as “business day” as defined in section 2 of the rules;

“Declaration Date” means the day determined by the issuer, on which the corporate action (including any condition precedent to which the action is subject) shall be announced and captured in SENS;

“election” means the exercise of any or all of the elective, voting, conversion, redemption or other rights attached to securities;

“Election Date” means the day by which an election in relation to a corporate action must be received by an issuer;

“election deadline” means the time, as determined by a Directive, on Election Day by which a broking member (equities) or, if applicable, its CSA must convey to a CSD participant an election;

“entitlement” means any one or more of the rights or benefits which flow in respect of the securities with which the rights or benefits are integrated and any other rights or benefits accruing in respect of such securities, other than the right to ownership of the securities themselves;

“event type” means a classification of a corporate action;

“ex” means excluding or non-qualifying for an entitlement arising from a corporate action;

“Finalisation Date” means the day determined by the issuer on which the details of a corporate action become unconditional in all respects and irrevocable;

“First Day to Trade” means the first day on which-

- (i) any new securities, arising from a corporate action, are listed and may be traded; and
- (ii) any mother securities are traded “ex”;

"holding company" means a company that has one or more subsidiaries;

"issuer" means any company, any class of whose securities has been admitted, or is the subject of an application for admission, in terms of the Listing Requirements;

"LDT" means Last Day to Trade;

"LDT+ (inserted number)" means the same number of days as the inserted number after the LDT;

"LDT- (inserted number)" means the same number of days as the inserted number before the LDT;

"Last Day to Trade" means the last day to trade in securities, which are subject to a corporate action, in order to ensure settlement on RD and to qualify for the entitlement;

"listed company" means a company, any class of whose securities are listed;

"Listing Requirements" means the JSE Listing Requirements;

"mother share" means the security on which the corporate action has been declared;

"notice" means any notification in writing (including electronic communications) to the registered owners and beneficial owners of securities by an issuer of securities for the purpose of informing such owners of a corporate action;

"non-controlled client" shall have the same meaning as defined in section 14 of the rules;

"odd lot" means a quantity of securities which is less than 100 shares. In certain circumstances, an odd lot may be defined by an issuer and approved in terms of the Listings Requirements as any quantity of securities less than a specified quantity;

"Payment Date" means the day on which an entitlement will be paid or distributed in cash or securities, as the case may be;

"projected holdings" means, for the purposes of an election, the total holdings of securities as at LDT adjusted for any unsettled transactions in the affected securities that are due to settle on or before RD;

"proxy form" means a document issued to the registered owners and beneficial owners of listed securities by an issuer of securities for the purpose of enabling registered owners to vote at a meeting of shareholders;

"RD" means Record Date;

"RD+ (inserted number)" means the same number of days as the inserted number after the RD;

"RD- (inserted number)" means the same number of days as the inserted number before the RD;

"Record Date" means the day determined by the issuer on which the holding, upon which the entitlement is based, is ascertained;

"ratio" means any basis of the entitlement reflected as a ratio. The ratio shall be depicted to five (5) decimal places;

"registered owner" means a person or entity which appears on the main register of an issuer kept in terms of the Companies Act, and a person or entity which appears on the sub-register of that issuer kept by a CSD participant in terms of the Companies Act.;

"reports" means annual or interim reports and financial statements;

"SENS" means The Stock Exchange News Service or any other communication mechanism which the JSE uses to communicate corporate action notices;

### **15.30 Event Types**

All corporate actions are classified into one or more of the following event types:

15.30.1 A Capital Reduction with Cash Payout is an event where a payment of cash is made to registered owners (and where applicable for the benefit of beneficial owners) when excess capital held in the company is distributed.

15.30.2 A Capital Reduction with Securities Payout is an event where a distribution of new securities or a new class of securities is made to registered owners (and where applicable for the benefit of beneficial owners) when excess capital held in the company is distributed.

15.30.3 A Capital Repayment (Full) is an event where the issuer repays the entire issued capital in respect of one or more classes of securities to the registered owners (and where applicable for the benefit of beneficial owners).

15.30.4 A Capital Repayment (Partial) is an event where the issuer repays a part of the issued capital in respect of one or more classes of securities to the registered owners (and where applicable for the benefit of beneficial owners).

15.30.5 A Capitalisation Issue (including a "Bonus Issue" and a "Capitalisation Award") is an event where fully paid shares, capitalised from an issuer's reserves, are issued to existing registered owners (and where applicable for the benefit of beneficial owners) in proportion to their holdings on RD.

15.30.6 A Cash Dividend is an event where an issuer distributes reserves in cash to the registered owners (and where applicable for the benefit of beneficial owners).

15.30.7 A Claw Back Offer is an event where an issuer issues securities for cash to a third party and that third party offers all or a portion of such securities to registered owners (and where applicable for the benefit of beneficial owners), in proportion to their holdings.

15.30.8 A Consolidation is an event where the number of issued shares of a class is consolidated into a lesser quantity of shares of the same class with a corresponding increase in the par value of the resultant number of issued shares of the same class. The effect of a consolidation is that the number of shares of the same class in issue reduces but the total

nominal value of the issued share capital in respect of that class remains the same.

- 15.30.9 A Conversion – Auto (Full) is an event where all of the issued securities of a class are automatically converted into new securities of a different class by the issuer, without an election.
- 15.30.10 A Conversion – Auto (Partial) is an event where a portion of the issued securities of a class is automatically converted into new securities of a different class by the issuer, without an election.
- 15.30.11 A Conversion – Election (Full) is an event where the registered owners, where applicable acting on instructions of beneficial owners, are entitled to elect whether they wish to convert all of the issued securities of a class held by them into new securities of a different class.
- 15.30.12 A Conversion – Election (Partial) is an event where the registered owners, where applicable acting on instructions of beneficial owners, are entitled to elect whether they wish to convert a specified portion of the issued securities of a class held by them into new securities of a different class.
- 15.30.13 A Dividend Option is an event where an issuer distributes reserves to registered owners (and where applicable for the benefit of beneficial owners), and the registered owner, where applicable acting on the instructions of the beneficial owner, has the option to elect either capitalisation shares or cash.
- 15.30.14 An Interest Payment is an event where interest is paid to registered owners of interest bearing securities (and where applicable for the benefit of beneficial owners), at a fixed or variable rate.
- 15.30.15 A Liquidation Payment (Interim and Final) is an event where the payment of cash to registered owners (and where applicable for the benefit of beneficial owners) is made on the winding up of the company and subsequent termination of the securities. A liquidation payment can be made in stages (Interim and Final). In the case of an interim liquidation payment, the cash entitlement will be paid out whilst the securities are still listed. In the case of a final liquidation payment, once the payment has been made, the securities will be de-listed.
- 15.30.16 A Name Change is an event where the registered name of a company is changed.
- 15.30.17 A New Listing is an event where a new type or class of securities is to be issued by an issuer and listed on the JSE. A New Listing can occur as a result of -
- 15.30.17.1 a public offer: an offer to the public to subscribe for securities;
- 15.30.17.2 a private placing: a non-renounceable offer to specified persons or entities identified by the issuer (excluding an offer to the public or to existing holders of the issuer's securities) to subscribe for securities; or

- 15.30.17.3 a preferential offer: an offer to some or all directors, employees, pensioners and direct business associates of the issuer (including customers with whom there is a direct and enduring contractual relationship) to subscribe for securities.
- 15.30.18 An *Odd Lot Offer* is an event where a listed company offers all registered owners of odd lots (and where applicable for the benefit of beneficial owners) the option of either -
- 15.30.18.1 electing to retain their odd-lot holding;
- 15.30.18.2 electing to top up their holding to a round lot of securities; or
- 15.30.18.3 electing to sell their odd-lot holding;
- and failing an election, the odd lot will be sold for the benefit of registered owners (and where applicable for the benefit of beneficial owners).
- 15.30.19 A *Redemption with Election* is an event where an issuer repays the redeemable preference share capital or the debenture securities in full to the registered owners (and where applicable for the benefit of beneficial owners). The registered owner, where applicable acting on the instructions of the beneficial owner, has the option to elect either a cash repayment or new securities.
- 15.30.20 A *Redemption without Election* is an event where an issuer repays the redeemable preference share capital or the debenture securities in full to the registered owners (and where applicable for the benefit of beneficial owners), in cash or new securities, as stipulated by the issuer prior to the Finalisation Date.
- 15.30.21 A *Rights Offer* is an event where an offer is made by an issuer to registered owners (and where applicable for the benefit of beneficial owners), to subscribe for further securities, or purchase securities held by the issuer in other issuers, in proportion to their existing holdings. This offer is made either by means of the issue of a renounceable letter of right that may be sold, taken up or lapsed or by the issue of a non-renounceable letter which may only be taken up or lapsed.
- 15.30.22 A *Scheme of Arrangement* is an event where registered owners (and where applicable beneficial owners) are obliged to dispose of the relevant securities in terms of a scheme, for a consideration which may or may not be subject to an election as to its content and, if so, where the registered owner (where applicable acting on the instructions of beneficial owners) may exercise the election. The scheme shall have been proposed in terms of Section 311 of the Companies Act, which has been approved by registered owners, where applicable acting on instructions of beneficial owners, and which shall have been sanctioned by the High Court and where the sanctioning order has been registered by the Registrar of Companies.
- 15.30.23 A *Sub-Division* is an event where the number of issued shares of a class is split into a greater quantity of shares of the same class with a corresponding decrease in the par value of the resultant number of issued shares of the same class. The effect of a sub-division is that the

number of shares of the same class in issue increases but the total nominal value of the issued share capital remains the same.

15.30.24 A Termination is an event where the listing status of securities on the JSE is withdrawn.

15.30.25 An Unbundling is an event where an issuer distributes in specie to the registered owners (and where applicable for the benefit of beneficial owners), whether by way of-

15.30.25.1 a dividend (including a liquidation dividend);

15.30.25.2 a total or partial reduction of capital (including any share premium);

15.30.25.3 a redemption of redeemable preference shares;

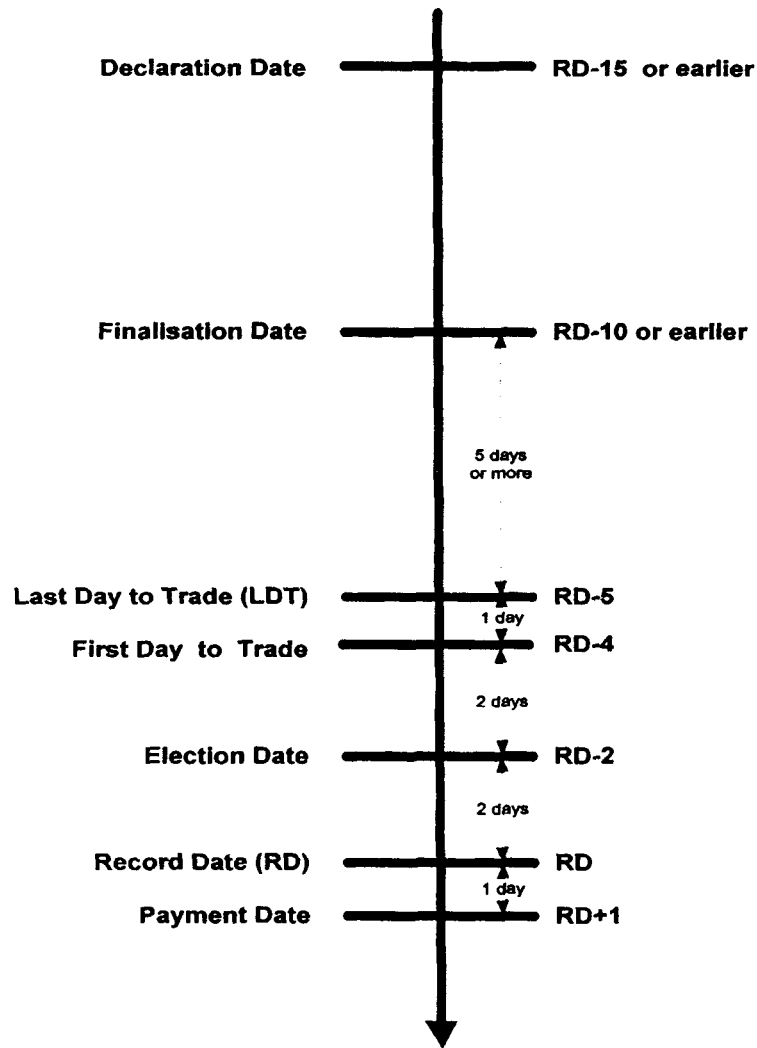
15.30.25.4 an acquisition of shares in terms of Section 85 of the Companies Act; or

15.30.25.5 all or any part of any securities in another issuer whose securities are, or are about to be, listed and which securities are held by the issuer or by a subsidiary of such issuer.

15.30.26 A Special Corporate Action is any event which varies from, or is not covered by, or is a combination of, any of the classifications of corporate actions set out in 15.30, provided such corporate action is first approved in writing by the Listings Advisory Committee of the JSE.

**15.40 Corporate Actions Timeline**

A diagrammatical representation of the generic corporate actions timeline is set out below for illustrative purposes.





**15.50 General Principles**

- 15.50.1 On Declaration Date, the corporate action will be captured into SENS. This announcement will be made at least fifteen days before RD.
- 15.50.2 The Finalisation Date shall not be less than 10 days before RD and shall not be less than 5 days before the LDT. On the Finalisation Date the issuer shall procure that there is announced and captured on SENS that:
- 15.50.2.1 the details of the corporate action have become unconditional in all respects and are irrevocable;
  - 15.50.2.2 no further changes can be made to any of the pertinent details of the corporate action which may only thereafter be cancelled by agreement between the JSE Listings Advisory Committee and the issuer; and
  - 15.50.2.3 an RD for the corporate action has been selected, and, as a consequence, the LDT, the First Day to Trade, the Election Date (if applicable) and the Payment Date are determinable.
- 15.50.3 Dematerialisation or re-materialisation of the affected securities shall not be permitted during the period RD-9 to RD.
- 15.50.4 Due to the five-day rolling settlement cycle in respect of transactions in STRATE approved securities on the JSE, LDT will always occur at least five days after Finalisation Date. LDT is the last day to trade *cum* the corporate action.
- 15.50.5 The First Day to Trade must be the day following the LDT (LDT+1) and any existing securities will be treated *ex* the corporate action entitlement from this day. The maximum number of new securities (if any) possible for issue in terms of the relevant corporate action will be listed by the JSE on the First Day to Trade with an adjustment to the actual number listed being made on the RD.
- 15.50.6 The Election Day must be the third day after the LDT (LDT+3) and must be two days before the RD (RD-2) and affected parties are required to make an election, if applicable, on or before this date.
- 15.50.7 If applicable, a beneficial owner and a broking member (equities) or that member's CSA is required to base their election on the projected holdings as at RD.
- 15.50.8 Any elections not made before the election deadline by a broking member (equities) or that member's CSA will result in the default provisions set out in the conditions applicable to the relevant corporate action being applied by the CSD participant in respect of those securities for which no election was made.
- 15.50.9 The RD must be-
- 15.50.9.1 at least 15 days after the announcement of the corporate action made on Declaration Date;

15.50.9.2 at least 10 days after the Finalisation Date;

15.50.9.3 5 days after the LDT; and

15.50.9.4 on the day before Payment Date.

All entitlements will be allocated to beneficial owners based on their holdings as at the RD.

15.50.10 On Payment Date (RD+1) the dematerialisation and re-materialisation of affected securities may re-commence.

15.50.11 No cash payments will be made in lieu of fractional shares. The published ratio for the calculation of the securities entitlement will be applied to the beneficial owners' holdings on RD and the resultant number of securities will be rounded up or down in terms of 15.50.12.

15.50.12 Fractions resulting from the calculations in 15.50.11 will be rounded down to the nearest whole number if they are less than 0.5 and will be rounded up to the nearest whole number if they are equal to or greater than 0.5. Where an entitlement has been rounded down, the fraction will therefore be forfeited.

15.50.13 Any issuer must procure that any circular, listing particulars, report, proxy form and notice issued by that issuer must be submitted to every registered owner and to such beneficial owners as may at the time of the issue of the relevant document be recorded on the BDA system as requiring to receive the relevant document.

15.50.14 A broking member (equities) and, where applicable that member's CSA, shall by not later than the relevant deadline, convey the election decision to that member's CSD participant, whether in terms of a standing mandate applicable in terms of 15.70.1 or otherwise, or in terms of a specific mandate conveyed by the beneficial owner in the manner prescribed by the written arrangements referred to in 15.70.1.

## 15.60 Principles Applying to Specific Event Types

15.60.1 On the First Day to Trade (RD-4), the new securities referred to in 15.50.5 arising from the corporate events listed below, are listed and may be traded, and, if applicable, the price of the affected securities and any indices in which the securities are included is adjusted:

15.60.1.1 Capital Reduction with Securities Payout

15.60.1.2 Capitalisation Issue

15.60.1.3 Claw Back Offer

15.60.1.4 Conversion – Auto (Full)

15.60.1.5 Conversion – Auto (Partial)

15.60.1.6 Conversion – Election (Full)

15.60.1.7 Conversion – Election (Partial)

15.60.1.8 Dividend Option

15.60.1.9 Name Change

15.60.1.10 Odd Lot Offer

15.60.1.11 Rights Offer

15.60.1.12 Scheme of Arrangement

15.60.1.13 Unbundling

15.60.2 At the commencement of business on the First Day to Trade (RD-4), the mother share will be delisted and may not be traded in respect of the following corporate events:

15.60.2.1 Capital Repayment (Full)

15.60.2.2 Conversion – Auto (Full)

15.60.2.3 Conversion – Election (Full)

15.60.2.4 Liquidation (Final)

15.60.2.5 Name Change

15.60.2.6 Redemption With Election

15.60.2.7 Redemption Without Election

15.60.2.8 Scheme of Arrangement

15.60.2.9 Termination

15.60.3 On the First Day to Trade (RD-4), the mother share in respect of the following corporate events will continue to be listed and may be traded, and the price of the mother share and any indices in which it is included is adjusted:

15.60.3.1 Capital Repayment (Partial)

15.60.3.2 Capital Reduction with Cash Payout

15.60.3.3 Capital Reduction with Securities Payout

15.60.3.4 Capitalisation Issue

15.60.3.5 Cash Dividend

15.60.3.6 Conversion Auto (Partial)

15.60.3.7 Conversion Election (Partial)

15.60.3.8 Dividend Option

15.60.3.9 Interest Payment

15.60.3.10 Unbundling

15.60.4 A broking member (equities) and, where applicable that member's CSA, is required to make an election and convey the election decision to the relevant CSD participant by the election deadline for *inter alia* the following corporate events:

15.60.4.1 Claw Back Offer

15.60.4.2 Conversion – Election (Full)

15.60.4.3 Conversion – Election (Partial)

15.60.4.4 Dividend Option

- 15.60.4.5 Odd Lot Offer
- 15.60.4.6 Proxy for voting at any meeting of the issuer
- 15.60.4.7 Rights Offer
- 15.60.4.8 Redemption With Election
- 15.60.4.9 Schemes of Arrangement (with election)

### **15.70 Controlled Client and Broking Member (Equities) Corporate Action Obligations**

15.70.1 The arrangement between a broking member (equities) and a controlled client regarding issues pertaining to corporate actions shall be recorded in writing (including electronic communications).

15.70.2 The written arrangement referred to in 15.70.1 shall, as a minimum, incorporate the instructions from the controlled client and the terms and conditions which will apply to the following issues pertaining to corporate actions:

- 15.70.2.1 whether the controlled client wishes to receive all reports, proxy forms, notices, circulars, listing particulars and any other issuer communications, in respect of listed securities of which such client is a beneficial owner;
- 15.70.2.2 whether the broking member (equities) shall be entitled and obliged to utilise its discretion in electing particular options in respect of all or certain corporate action events which require such an election to be made;
- 15.70.2.3 whether the broking member (equities) shall utilise its discretion in exercising voting rights on behalf of the controlled client;
- 15.70.2.4 the means of communication between the broking member (equities) and the controlled client if the broking member (equities) is not granted discretion to act in respect of the issues referred to in 15.70.2.2 and 15.70.2.3. This will apply to the communication of the relevant issues to the client by the broking member (equities) as well as the controlled client's response thereto;
- 15.70.2.5 the date and time by which the controlled client is required to make an election, if applicable; and
- 15.70.2.6 the option which the broking member (equities) shall elect if the client fails to advise the broking member (equities) of their election before the deadline specified in 15.70.2.5, if applicable. This could be either the default for election or the broking member (equities) may be entitled to utilise its discretion in electing a particular option.

### **15.80 Management of Claims by the Settlement Authority**

All claims in respect of corporate actions, where the Settlement Authority has instituted lending arrangements or failed trade procedures, shall be managed by the Settlement Authority in terms of 14.150.1.3, 14.170.3 and the conditions set out in the directives from time to time.