

Finance Standing Committee: Progress Update

Nicky Newton-King - CEO

March 2019



Recap: Steinhoff International on the JSE



Ordinary shares
Primary listing - FSE
Secondary listing - JSE

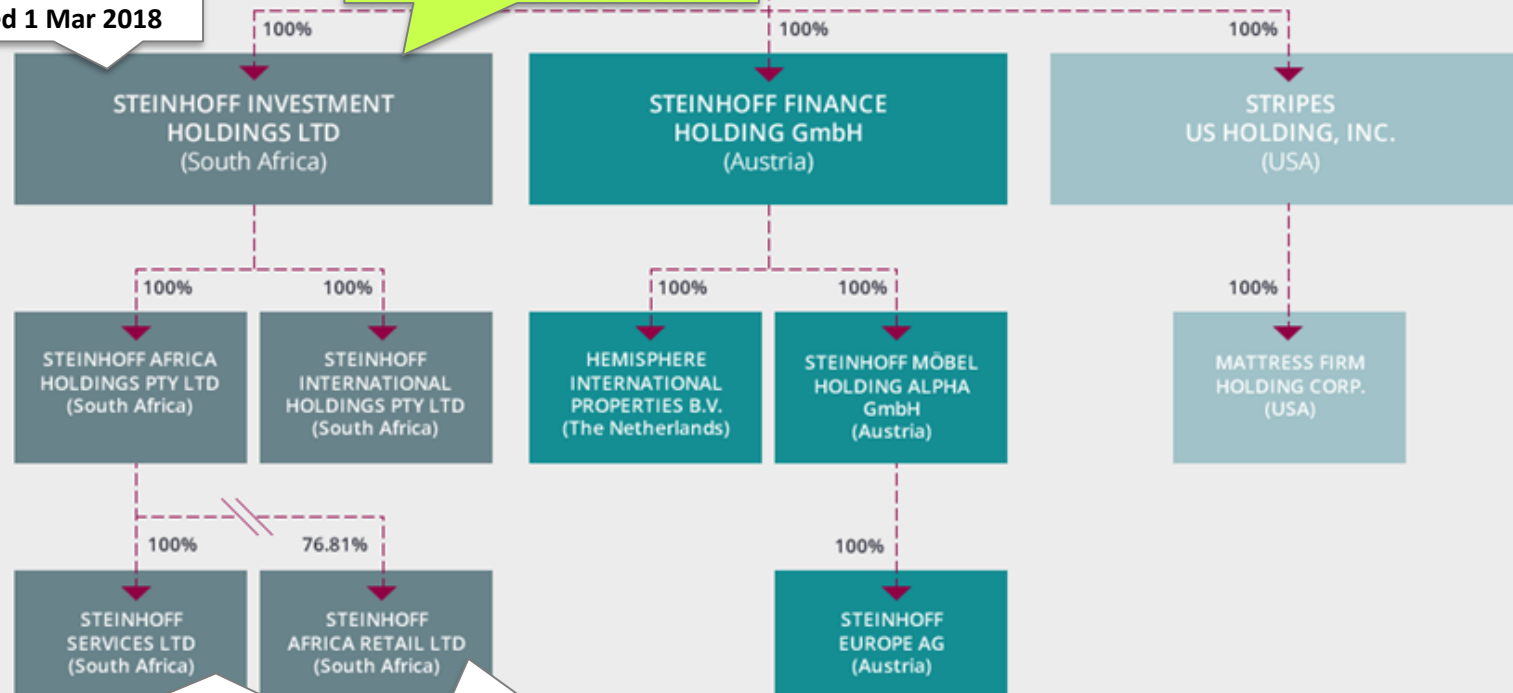
FSCA investigating:
• 3 cases of insider trading; and
• 2 cases of misleading reporting



STEINHOFF INTERNATIONAL HOLDINGS N.V (The Netherlands)

JSE: Public censure and R1m fine

Preference shares
Primary listing - JSE
Suspended 1 Mar 2018



DMTN bonds
Primary listing - JSE
Suspended 1 Mar 2018
Programme deregistered – 7 March 2018

Ordinary shares
Primary listing - JSE

Issued September 2018

Purpose

- Obtain input on proposals to strengthen JSE's regulatory approach to new and existing listings
- Inform on initiatives being undertaken to enhance investor confidence in the secondary market trading in JSE listed securities

Response

- 74 responses
- Generally supportive
- Some practical issues raised which will impact changes finally introduced
- Draft Listings Requirements to be released in Q2 followed by one month consultation

Primary listings



- Entry Criteria
 - Increase amount required
 - Not to be obtained through listing
- Public spread
 - Clarification re who is public
 - Confirmation of spread by Board
- Longer Market Notice
 - 10 days (not 5)
- Positive statement by Board re compliance with applicable laws
- Mandatory training for Audit Committees and Company Secretaries
- Non-binding advisory vote on Corporate Governance Report
- Dealings in securities by Directors
 - Expanded to include transactions where shares used as collateral
 - Announce when entered into and when perfected
- Non binding vote on Board policy on Board diversity (currently only applies to race and gender)

Secondary listings



- Selection of equivalent exchanges
 - Pre approved list
 - Strengthen exchange relationships
- Pro-active monitoring applied to secondary listings
- Expanded powers for ensuring ongoing compliance
- Move of primary listing
 - Shareholder approval required
 - JSE right to impose enhanced secondary regulation if significant SA register
- No vote to avoid enhanced secondary regulation

Initiatives in secondary market



- More regular reporting on investigations
- Short selling disclosure proposals released by FSCA

Guardians of governance



Including

- Boards
- Auditors
- Sponsors
- Lawyers
- Analysts
- Large investors
- Pension Fund trustees