

Proposed amendments to JSE Listings Requirements consider important BEE changes

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On 15 June 2023, the Johannesburg Stock Exchange (JSE) published an announcement proposing certain amendments to the JSE Listings Requirements (Listings Requirements), including a new section 23, which is a self-standing section containing the listing requirements relating to a listing on the Black Economic Empowerment (BEE) Segment of the JSE.



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Sections 23.1 to 23.3 mirror the current requirements for a listing of securities on the BEE Segment, as set out in sections 4.32, 4.32A, and 4.32B of the Listings Requirements. As a reminder, these requirements include that trading in BEE securities must be restricted to a BEE-compliant person pursuant to the use of either a BEE contract or a BEE verification agent.

Such requirements also provide for the terms that an applicant issuer must comply with in relation to the use of the BEE contract or BEE verification agent to regulate the ownership and trading in its securities by BEE-compliant persons.

In terms of the current requirements for a listing of securities on the BEE Segment, an applicant issuer must also meet the basic listing criteria in section 4, 15, 19, 20 or 21 of the Listings Requirements.

Section 23.1(a) makes provision for listing as a BEE SPV (defined as a "special purpose entity created with the specific objective of facilitating a black economic empowerment transaction") (BEE SPV) as an alternative to listing as an issuer that is capable of meeting such basic listing criteria.

A BEE SPV must have committed capital or subscribed capital of at least R10m prior to listing; and must have assets that are held by a trust, ringfenced entity or through an issuer that has insolvency remoteness from the arranger or issuer of the underlying assets, and which must be administered by trustees or directors in the interests of the shareholders of BEE SPV. The BEE SPV's assets may be listed or unlisted assets.

The BEE SPV does not have to have a financial history; it may be a newly incorporated entity without assets or historical financial information provided that its latest audited balance sheet is included in the its pre-listing statement.

The introduction of provisions to enable the listing of a BEE SPV is encouraging. The immediate benefit would be to enable the listing and trading in BEE securities from the outset of a BEE ownership transaction, thus potentially boosting participation by a broad section of public BEE shareholders in the transaction and providing them with access to liquidity. The issuer of the assets held by the BEE SPV will have the benefit of an evergreen BEE shareholder with a broad BEE-compliant shareholder base.

Section 23 contains more detailed requirements for the listing of securities of a BEE SPV; sets out the continuing obligations of a listed BEE SPV; and makes provision for the publishing of circulars and announcements by issuers listed on the BEE Segment.

The JSE has invited comments on the proposed amendments by close of business on Monday, 17 July 2023. Comments can be sent via [email here](#).

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