

## **JSE Junior Market Rules**

### **Amendment**

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## **JSE Junior Market Rule: Part 7 – Model Code for Securities Transactions by Directors and Senior Executives of Listed Companies**

### **Introduction – Basic Principles**

- 1.1 All directors or other officers of a listed company must comply with section 51 of the Securities Act and the rules set out in this Model Code are supplemental to and must be read as being subject to that provision.
- 1.2 For the avoidance of doubt a director or other officer of a listed company should not deal in any securities of the listed company at any time when he is in possession of unpublished price sensitive information in relation to those securities.
- 1.3 This Model Code sets out additional requirements to section 51 of the Securities Act that must be complied with by the listed company, its directors and officers in relation to dealings in the securities of such listed company and other listed companies.
- 1.4 Directors or other officers who deal or propose to deal in the securities of a listed company must notify the affected company in writing of such dealing in compliance with provisions set out in paragraphs 8 and 9 of this Model Code.
- 1.5 Where a director or other officer proposes to deal in any securities and entertains any doubt or uncertainty as to whether the dealing comes within the provisions of this Model Code, the director or officer must make disclosure of such proposed dealing to the Chairman, the company secretary or other designated officer appointed for the specific purpose of the affected company designated to receive such communication to enable a determination to be made as to whether the affected company ought to make disclosure to the Exchange.

- 1.6 The restrictions on dealings in securities by directors and officers of a listed Company as set out in this Model Code should be regarded as equally applicable to dealings by or on behalf of any spouse, child or connected person.
- 1.7 Any director or officer of a listed company who acts as trustee should ensure that his co-trustees are notified in writing of the identity of any company of which he is a director or officer so as to enable them to anticipate possible difficulties that may arise from any dealing in securities. Any director or officer of a listed company having funds under management should likewise notify the investment manager.
- 1.8 Any director or officer of a listed company who is a beneficiary but not a trustee of a trust which deals in securities should notify the trustees in writing of the companies of which he is a director or officer and he should use his best endeavours to ensure that the trustees promptly notify him of all dealings in the securities of such companies.
- 1.9 A trustee should notify the Chairman, the company secretary or other designated officer appointed for the specific purpose of the affected company designated of any dealings in securities.

## **Definitions**

2. For the purpose of this Model Code, unless the context otherwise requires:-
- (a) *“affected person”* means any director or officer that is referred to in paragraph 3;
  - (b) *“affected company”* means a listed company on whose board the Director sits or to which the Senior Executive is employed;
  - (c) *“child”* means a person under the age of eighteen years;
  - (d) *“closed period”* means any of the periods stipulated in subparagraphs 4(a), 4(b) and 4(c);
  - (e) *“connected persons”* meaning as defined in the JSE’s Rules;
  - (f) *“dealing”* includes any one or more of the following actions, whether undertaken as principal or as agent:-

- (i) acquiring or disposing of securities or any interest in securities;  
or
- (ii) subscribing for or underwriting securities;
- (iii) making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into:-
  - (aa) any agreement for or with a view to acquiring or disposing of securities or any interest in securities;
  - (bb) any agreement for or with a view to subscribing for or underwriting securities; or
  - (cc) any agreement the purpose or avowed purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the values of securities; and
- (iv) granting, accepting, acquiring, disposing of, exercising or discharging an option (whether by call or put or both) or any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of securities or any interest in securities, provided that :-
  - (aa) where the price payable for the securities is fixed at the time of the grant of the option, the dealing is to be regarded as having occurred at the time of grant,
  - (bb) where the price payable for the securities to be acquired by exercise of an option is to be fixed at the time of the exercise of the option or at some other future time, the dealing is to be regarded as having occurred at the time when the price of the securities becomes fixed.
- (g) “*deal*” shall be construed in accordance with the meaning of “*dealing*” as defined above;
- (h) “*designated officer*” means any other person other than the Chairman or Secretary;
- (i) “*one full market day*” refers to a normal business day on which securities are traded on the Exchange excluding the day on which an announcement is made. Therefore, for the purposes of paragraph 8(b), regardless of what time the Exchange receives an announcement on a

given day, dealings can only commence after one full market day has elapsed after the day on which the announcement is made;

- (j) “*price-sensitive information*” means information that is not generally available but, if it were would be likely materially to affect the price of the securities;
- (k) “*officer*”, in relation to a listed company, includes the chief executive officer who is not a director, the chief financial officer or any other employee who has access or is privy to price-sensitive information in relation to the listed company; and
- (l) “*securities*” means the securities of any listed company.
- (m) “*spouse*” means a single woman who has cohabited with a single man as if she were in law his wife for a period of not less than five years or a single man who has cohabited with a single woman as if he were in law her husband for a period of not less than five years; or a man or a woman who is party to a marriage to each other solemnized under the Marriage Act.

### **Application of this Code to dealings**

3. The requirements in this Model Code apply to the following categories of dealings:-

- (a) dealings in the securities of a listed company by the following categories of persons:-
  - (i) a director of the listed company; and
  - (ii) an officer of the listed company; and
- (b) dealings in the securities of other listed companies by the following categories of persons:-
  - (i) a director of a listed company; and
  - (ii) an officer of a listed company, when by virtue of his position as such director or officer, he is in possession of price-sensitive information in relation to such securities.

## **General restriction on dealings**

4. Subject to paragraphs 6 and 8 below and the Securities Act (1993) Section 51, the directors and officers referred to in paragraph 3 (and hereafter referred to as “affected persons”) must not engage in dealings during the following closed periods:-
  - (a) during the period commencing from the time information is obtained, up to the date of announcement to the Exchange of a matter that involves price-sensitive information in relation to the securities concerned; and
  - (b) during the period commencing from 30 days prior to the due date of announcement to the Exchange of a listed company’s quarterly results up to the date of announcement of the quarterly results; and
  - (c) during the period commencing from 60 days prior to the due date of announcement to the Exchange of a listed company’s annual results, up to the date of announcement of the annual results.

## **Possession of price-sensitive information**

5. Notwithstanding paragraph 4 above, save as permitted by section 51 of the Securities Act affected persons must not deal in securities as long as they are in possession of price-sensitive information.

## **Exemptions**

6. The following categories of dealings are exempted from the restrictions in paragraph 4 (but not from the restriction in paragraph 5):-
  - (a) the exercise of options or rights under an employee share or share option scheme;
  - (b) the conversion of convertible securities;
  - (c) the acceptance of entitlements under an issue or offer of securities, where such issue or offer is made available to all holders of a listed company’s securities or to all holders of a relevant class of its securities, on the same terms;

- (d) the undertaking to accept, or the acceptance of a take-over offer; and
- (e) the undertaking to accept, or the acceptance of securities as part of a merger by way of scheme of arrangement.

### **Subsequent dealings**

7. For the avoidance of doubt, it is hereby stated that subsequent dealings in any securities obtained as a result of the dealings stated in paragraph 6 are not exempted from the restrictions in paragraphs 4 and 5.

### **Procedure for dealings during closed periods**

8. Notwithstanding the provisions of paragraph 4, ((but without derogating from the restriction in paragraph 5), affected persons may deal in securities during a closed period subject to such affected persons complying with the following conditions:-
- (a) Prior to the proposed dealing, an announcement must be made by the affected person to the designated officer of the Listed Company accompanied by notification in writing to the Chairman (or other director appointed for the specific purpose of receiving such notification). The announcement shall state, amongst other things:-
    - (i) the affected person' s current holdings of securities in the listed company whose securities are the subject of a proposed dealing, (hereafter referred to as the affected company”); and
    - (ii) the affected person' s intention to deal in the securities of the affected company during a closed period;
    - (iii) Affected persons who deal in securities during a closed period will be required to give a reason for the trade(s)
  - (b) the proposed dealing can only be effected after one full market day has elapsed following the announcement being made pursuant to subparagraph 8(a) above;

- (c) an immediate announcement must be made to the Exchange by the designated officer of the Listed Company, not later than one full market day following the dealing. The announcement shall state, amongst other things:-
  - (i) the date on which the dealing occurred;
  - (ii) the consideration for the dealing; and
  - (iii) the number of securities involved in the dealing, both in absolute terms and as a percentage of all issued securities of that class in the affected company;
- (d) the affected person must give notice of the dealing in writing to the company secretary of the affected company within one full market day after the dealing has occurred. The notice shall contain all such information as was given in the announcement made pursuant to subparagraph (c) above;
- (e) the affected company must maintain a proper record of all notices received by it pursuant to subparagraph (d) above; and
- (f) the company secretary of the affected company must, at each meeting of the board of directors, table a summary of all dealings notified since the last board meeting of the affected company.

#### Procedure for dealings outside closed periods

9. Where an affected person deals in the securities of any listed company outside closed periods, the affected person, the affected company and the company secretary must comply with the following requirements:-
- (a) the affected person should not deal in the securities of the listed company without first notifying the Chairman (or other director appointed for that specific purpose) and receiving acknowledgement;
  - (b) the affected person must, within 3 working days after the dealing has occurred, give notice of the dealing in writing to the company secretary of the affected company and the affected company must notify the Exchange no later than 5 days after such dealing. The notice and announcement shall include the information set out in paragraph 8(c);

- (c) the affected company must maintain a proper record of all notices received by it pursuant to subparagraph (b) above; and
- (d) the company secretary of the affected company must, at each meeting of the board of directors, table a summary of all dealings notified since the last board meeting of the affected company.

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**Amended: June 2015**