

CORPORATE & COMMERCIAL ALERT

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INCORPORATING
KIETI LAW LLP, KENYA

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More to come from the JSE and NYSE collaboration on dual listings

On 11 October 2022, the Johannesburg Stock Exchange (JSE) together with the New York Stock Exchange (NYSE) announced that they had signed a memorandum of understanding to collaborate on the dual listing of companies on both exchanges. The memorandum of understanding between the two exchanges also covers their agreement to explore the development of new products in relation to environmental, social and governance, exchange-traded funds and digital assets, as well as knowledge sharing on these topics.



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According to the Department of International Relations and Co-operation, the US is South Africa's third largest trading partner with more than 600 US companies operating within South African borders. The agreement between the JSE and the NYSE seeks to support this existing economic and trade relationship between South Africa and the US, and increase economic partnerships and trade opportunities. At the signing ceremony that was held in New York and attended by a South African delegation, the president of the NYSE, Lynn Martin, in particular mentioned that exploring the dual listings of companies on the two exchanges stands to increase opportunities for investors on both the African and North American continents, underscoring the value public companies and these capital markets generate in the global economy.

Although it is unclear at present exactly what the agreement between the JSE and the NYSE entails from a regulatory point of view and in terms of proposed amendments to relevant regulatory materials, it may be the case that any proposed changes will be in furtherance of the JSE's *Cutting Red Tape Project*, which aims to reduce red tape to facilitate a more enabling regulatory environment and entice more listings. Although the JSE consultation paper in respect of the *Cutting Red Tape Project* was published in March last year, the JSE has been actively reviewing its listings requirements (JSE Listings Requirements) on a regular basis since 2014 to allow for a more effective application of them. In the context of dual listings, the initiatives taken by the JSE include the simplification of the process for approval of secondary listed issuers' memoranda of incorporation and the introduction of a fast-track secondary listings framework for certain foreign exchanges, one of which is the NYSE.



More to come from the JSE and NYSE collaboration on dual listings

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The fast-track listing procedure was introduced in 2014 to simplify the listing process. It allows companies listed on major stock exchanges for a period of at least 18 months to place a secondary listing on the Main Board of the JSE. The NYSE is an exchange accredited by the JSE for the fast-track listing process and, as such, companies listed on the NYSE do not need to prepare a pre-listing statement in order to list on the Main Board of the JSE – the company can list on the JSE by merely publishing a pre-listing announcement. A pre-listing announcement needs to contain certain disclosures pursuant to the JSE Listing Requirements and details of the listing on the JSE, but far less than that which would be required in a pre-listing statement as the aim of the fast-track listing process is to reduce the time and costs associated with a secondary listing. Almost one-fifth of the companies listed on the Main Board of the JSE are dual listed.

More recently, the JSE published a consultation paper entitled “JSE Listings Review” in May 2022 and a corresponding response paper in August 2022, detailing a number of work-in-progress items, including its secondary listings framework review. In terms of its secondary listings framework review, the JSE is working on expanding its list of approved and accredited exchanges. The workings that are to come out of the agreement between the JSE and NYSE are yet to materialise as it is still early days, but we will keep our ears to the ground for further progress.

**AKHONA MGWABA AND
ANDRE DE LANGE**

2022 RESULTS

CHAMBERS GLOBAL 2021 - 2022

ranked our Corporate & Commercial practice in Band 1: corporate M&A and in Band 2 capital markets: Debt and capital markets: equity.

Ian Hayes ranked by **CHAMBERS GLOBAL 2022** in Band 1: corporate M&A.

David Pinnock ranked by **CHAMBERS GLOBAL 2022** in Band 1: corporate M&A: private equity.

Peter Hesseling ranked by **CHAMBERS GLOBAL 2022** in Band 2: corporate M&A.

Willem Jacobs ranked by **CHAMBERS GLOBAL 2022** in Band 2: corporate/M&A and in Band 3: corporate/M&A: Private equity.

Sammy Ndolo ranked by **CHAMBERS GLOBAL 2022** in Band 4: corporate/M&A, Kenya.

David Thompson ranked by **CHAMBERS GLOBAL 2022** in Band 4: corporate/M&A.



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BBBEE STATUS: LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

PLEASE NOTE

This information is published for general information purposes and is not intended to constitute legal advice. Specialist legal advice should always be sought in relation to any particular situation. Cliffe Dekker Hofmeyr will accept no responsibility for any actions taken or not taken on the basis of this publication.

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