



South African Reserve Bank

Financial Surveillance Department

2011-12-07

Exchange Control Circular No. 22/2011

Reclassification of inward listed shares on the JSE Limited

Authorised Dealers are referred to the 2011 Medium Term Budget Policy Statement when the Minister of Finance announced that all inward listed shares on the JSE Limited, traded and settled in Rand, will be classified as domestic for the purpose of trading on the exchange and will be included in its indices.

In order to provide clarity on the definition of “shares” and shed light on which inward listed instruments would qualify for the above-mentioned treatment, Authorised Dealers are advised that the following instruments will fall within the definition of “shares” for this dispensation:

Product	Details
Ordinary Shares/equities including A,B and N Shares	Shares which are listed on the JSE and settled in Rand.
Preference shares/ Debentures	If the company is already listed on the JSE and the debenture is compulsory convertible.
Linked Units/ Participatory Interest/ Real Estate Investment Trusts (REITS) and Loan Stock Companies	If the company is already listed on the JSE primary or secondary.

Exchange Traded Funds (ETFs)	An instrument which tracks a basket of shares, as long as they track an index or shares that is made up of companies already listed on the JSE. This must be valid for all the shares in the index.
Warrants	As long as they represent an underlying share or basket of shares already listed on the JSE.
Share Instalments	As long as they represent an underlying share or basket of shares already listed on the JSE.
Derivatives - Equities Indices	A Future or Option which is listed against an index that represents companies already listed on the JSE.
Derivatives – Single Stock Futures and Options	A Future or Option which is listed against a single security of a company which is already listed on the JSE.
Derivatives – Dividend Futures and Options	A Future or Option on a dividend of a company which is already listed on the JSE.
Krugerrand coins	Listed and traded on JSE in Rand.
Current Commodity Derivatives (i.e. White Maize)	Listed and traded on JSE in Rand.

Institutional investors and Authorised Dealers may now invest in such “shares” without affecting their permissible foreign exposure limits.

Requests for products to be offered to investors referencing these “shares” on an over-the-counter (“OTC”) basis, are excluded irrespective whether the shares are classified as domestic.

Foreign entities wishing to inward list their shares on the JSE Limited will still require prior approval of the Financial Surveillance Department.

In view of the aforementioned, amendments have been made to the Exchange Control Rulings.

Deputy General Manager