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SOUTH AFRICAN RESERVE BANK

Prudential Authority

DRAFT AMENDMENTS TO THE COMMERCIAL PAPER AND DEBT SECURITIES NOTICE

EXEMPTION NOTICE, 1994

Consolidated Comment Matrix
January 2026

Table 1: List of commentators

No.	Name of organisation	Acronym
1.	Absa Group Limited	Absa
2.	Association of Savings and Investments South Africa	ASISA
3.	Banking Association South Africa	BASA
4.	Bowmans	Bowmans
5.	Cape Town Stock Exchange	CTSE
6.	Debt Issuers Association	DIA
7.	Ernest & Young	EY
8.	Finbond Mutual Bank	Finbond
9.	JSE Limited	JSE
10.	KSK Bank	KSK
11.	Liberty Group	Liberty
12.	MOORE	MOORE
13.	Pheonix	Pheonix
14.	South African Securitisation Forum	SASF
15.	Strate	Strate

The Prudential PA (PA) consulted on the amended Commercial Paper and Debt Securities Exemption Notice (Notice), with the consultation ending on 12 August 2024. The consultation received over 328 comments (as well as 10 general comments which have been themed and addressed in Table 2 below) from 15 commentators, as listed in Table 1 above). All comments received as part of the public consultation process were considered and are set out in Section B below, together with the PA's response to the comments received. Following the public consultation process, a final round of consultation will take place on 26 January 2026. The public comments received predominantly related to the following:

Table 2: General account of issues

No	Main issue	Response
1.	There were concerns on the proposed definition of capital funding as well as the requirements relating to what qualifies as capital funding.	The PA noted the various comments related to the inclusion of capital funding as well as the associated requirements and therefore removed the definition – stating only the purposes for which debt securities may be issued in terms of the Notice. Therefore, the amendment is as follows: <i>Debt securities: The funds raised or obtained by the ultimate borrower, through the issuance of debt securities, must be raised or obtained for:</i>

		<ul style="list-style-type: none"> • <i>General corporate purposes ; and</i> • <i>any other purpose that is defined in the listing requirements of a licensed exchange.</i> <p>The PA acknowledges that money and its uses are fungible in nature. Debt securities can be viewed as permanent funding sources in the capital structure, and, as such, new debt securities are often issued to refinance existing instruments nearing maturity. Therefore, the PA has included 'general corporate purposes' in light of the above. The PA also noted the comments that the purposes for obtaining capital funding presented restrictions on the use of proceeds. However, the intention of the PA was not to be restrictive but rather to introduce an essential policy aspect in distinguishing between the use of proceeds for issuing commercial paper (CP) and the use of proceeds for issuing debt securities (DS).</p>
2.	Some commentators raised proposed amendments to the definition of debt security.	<p>The PA noted the comments that were related to the proposed definition of debt security and made amendments as follows:</p> <p><i>'debt security' for the purposes of this Notice means any of the instruments specified below, which are either interest-bearing or zero-interest-rate types, and that comply with the respective conditions specified in this Notice:</i></p> <p style="padding-left: 40px;">(a) <i>debentures;</i></p> <p style="padding-left: 40px;">(b) <i>bonds;</i></p>

		<p>(c) notes;</p> <p>and instruments which would otherwise constitute a “deposit” as defined in the Banks Act, but does not include –</p> <p>(i) trade credit;</p> <p>(ii) loan agreements concluded in either the bilateral or syndicated loan market;</p> <p>(iii) a bill of exchange, a banks draft, or a letter of credit; and</p> <p>(iv) a contract of insurance;</p>
3.	Some commentators provided proposals to the definition of general public and institutional investor. The main theme was that the PA should consider defining “institutional investor” to draw a clear distinction between an institutional investor and the general public. Some commentators suggested aligning the definition of institutional investor with section 96(1) of the Companies Act, 2008 (Act No. 71 of 2008).	The PA noted the proposals to clearly distinguish between “general public” and “institutional investor” and consequently introduced a definition for “institutional investor” that is broadly aligned with section 96(1) of the Companies Act, 2008 (Act No. 71 of 2008), listing the entities that qualify as “institutional investors”. The PA did not amend the definition of “general public” as the definition contained in the Banks Act, 1990 (Act No. 94 of 1990) suffices for the purposes of this Notice.
4.	Commentors proposed definitions for the terms “placing document” and “pricing supplement”.	<p>The proposed definitions for placing document and pricing supplement were noted and amended as follows:</p> <p>““placing document” means, whether by public or private placement, an offering circular,</p>

		<p><i>prospectus, a programme memorandum or any other any other placing document, as the case may be, including applicable issuer supplements as well as applicable transaction supplements and any analogous supplement, but excludes an applicable pricing supplement, pricing supplement, final terms or analogous document; issuer supplements, applicable transaction supplements;</i></p> <p>And</p> <p><i>“pricing supplement” means a supplement to a programme memorandum setting out additional and/or other terms and conditions as are applicable to a specific tranche of securities for which an application is made, including, an applicable pricing supplement, pricing supplement, final terms or analogous document;</i></p>
5.	Banks raised concerns over the implications of the requirements of this Notice on the issuance of regulatory instruments such as Flac, AT1 and Tier 2.	<p>The PA noted the concerns regarding the implications for instruments issued for regulatory purposes. The PA provided amendments to exempt issuances of regulatory capital issued in accordance with the Banks Act, 1990 and Directive 6 of 2017 as well as Flac instruments issued in accordance with section 30(1A) of the Financial Sector Regulation Act, 2017 (Act No.9 of 2017) and Prudential Standard RA03. The issuance of regulatory-related instruments will</p>

		not require full compliance with the provisions and conditions of this Notice.
6.	The were general and concerted adverse views about the implications of the proposed increase in the minimum denominations from the historic R1 million to R12.5 million for CP and R18.75 million for DS.	<p>The PA noted the comments and concerns regarding the increase in minimum denominations. The PA explained that policy decision to raise the minimum denominations for, in particular, debt securities was meant to align with Directive 8 of 2023, which states in par 9.2 that “the bank interprets retail exposure to mean any exposure to a person of less than R12.5 million”. Since the issuance of DS is marketed for wholesale funding purposes to predominantly institutional and sophisticated investors, the minimum denominations should therefore exceed what banks have agreed constitutes retail exposure. Additionally, the alignment with Directive 8 of 2023 (D8/2023), which interprets retail exposure as less than R12.5 million, was aimed to reduce regulatory confusion and arbitrage.</p> <p>Notwithstanding the above, the PA notes the concerns raised on this policy decision and has considered an amendment informed in part by benchmarking the minimum denominations applied in other comparable jurisdictions. The PA informally consulted stakeholders in August 2025 on increasing the minimum denomination of commercial paper from R1 million to R12.5 million. A questionnaire was sent to 15 market participants; 12 responses were received. The aim of the questionnaire was to assess the impact on market activity, liquidity, operations, and accessibility.</p> <p>The PA, following the final round of consultation, and the informal survey the PA has taken the policy decision to revise the definition of minimum</p>

		<p>denomination, so as to target as a prudential priority minimum issuance amount, as follows:</p> <p><i>“minimum denomination” for the purposes of this Notice, means the minimum aggregate nominal value of commercial paper or debt securities when originally issued to the general public by the issuer of commercial paper or debt securities. This provision shall not be construed to apply to any subsequent purchase, sale, or transfer of such commercial paper or debt securities;</i></p> <p>The aforementioned definition affirms that the policy stance of the PA is chiefly focused on the minimum issuance amount of commercial paper, rather than activities in the secondary market.</p> <p>Furthermore, the PA has included an impact assessment study that is constructed on the detail solicited in the informal survey that was conducted as part of this second round of consultations.</p>
7.	The were general concerns over the requirement to obtain a credit rating prior to the issuance of commercial paper (CP) and/or debt securities (DS).	The PA noted the comment and agreed to remove the requirement for credit ratings as a condition for issuing debt securities. Instead, a credit rating will now be an optional disclosure in placing documents and pricing supplements, as and when obtained.
8.	There was a general view that the requirement to ascertain the market value of CP or DS was impractical and would make the market more costly for issuers.	The PA acknowledged industry concerns about the difficulty and cost of obtaining accurate market values without an independent valuation service in South Africa. As a result, references to market value were removed from the Notice.
9.	Some auditors raised concerns over the role of the auditor and	The PA reviewed comments and suggestions from the audit industry concerning auditor requirements. As a result, the PA is considering an agreed-upon procedures framework with the

	made suggestions on how best to address those concerns.	audit industry, aligned with applicable auditing standards, to be developed collaboratively. This approach is consistent with regulatory instruments applied to banks and insurers.
10.	There were queries on the requirement to obtain approval from the PA to issue CP/DS as well as on the requirement to submit a return.	<p>The PA acknowledged the comments and concerns raised by stakeholders, which included areas such as the approval requirement from the PA and return submissions. The PA clarified the following points:</p> <p>The requirement to obtain approval from the PA for issuing CP/DS applies only to unlisted issuances. Issuers intending to list on a licensed exchange or entering into bilateral arrangements with institutional investors are not subject to this requirement.</p> <p>As outlined in paragraph 9(1), approval is needed only for the first-time issuance; subsequent issuances do not require additional approval from the PA. Additionally, changes to programmes do not necessitate a new submission unless they result in the creation of a new programme.</p> <p>All issuers must submit returns in the format specified in Annexure A. This submission requirement applies to all issuers of CP/DS, whether listed or unlisted, and also covers bilateral arrangements.</p> <p>As stated in Annexure A, returns are utilised for supervisory functions, enforcing the Banks Act, 1990, and compiling economic statistics.</p>

Detailed responses in this regard are set out below:

SECTION B: COMMENTS ON DRAFT AMENDMENTS TO THE COMMERCIAL PAPER EXEMPTION NOTICE, 1994

No.	Commentator	Paragraph	Comment	PA response
	DEFINITIONS AND INTERPRETATION			
1.	Absa	"capital funding"	<p>With reference to 5(2)(a) – please clarify why particular mention/emphasis is made in respect of project finance and green financing bonds. Explicit mention of these specific types of bonds may cause interpretation issues when one considers the ejusdem generis rule (where general words or phrases follow a number of specific words or phrases, the general words will be construed as limited to the same kind or class as those expressly mentioned).</p> <p>With reference to 5(2)(b) and (c) – please clarify why finance companies within a group of companies are limited to using their proceeds to finance the acquisition of assets where treasury functions are not.</p> <p>We suggest that the use of proceeds restrictions across the notice be removed. We do not understand what risk this characterisation seeks to mitigate.</p>	<p>The PA noted the various comments related to the inclusion of capital funding as well as the associated requirements and therefore removed the definition – stating only the purposes for which debt securities may be issued in terms of the Notice. Therefore, the amendment is as follows:</p> <p><i>Debt securities: The funds raised or obtained by the ultimate borrower, through the issuance of debt securities, must be raised or obtained for:</i></p> <ul style="list-style-type: none"> • <i>General corporate purposes; and</i> • <i>any other purpose that is defined in the listing requirements of a licensed exchange.</i> <p>The PA acknowledges that money and its uses are fungible in nature. Debt securities can be viewed as permanent funding sources in the capital structure,</p>

Consolidated industry comments

No.	Commentator	Paragraph	Comment	PA response
				<p>and, as such, new debt securities are often issued to refinance existing instruments nearing maturity. Therefore, the PA has included 'general corporate purposes' in light of the above. The PA also noted the comments that the purposes for obtaining capital funding presented restrictions on the use of proceeds. However, the intention of the PA was not to be restrictive but rather to introduce an essential policy aspect in distinguishing between the use of proceeds for issuing commercial paper (CP) and the use of proceeds for issuing debt securities (DS).</p> <p>The PA notes the comment and maintains that these provisions are not restrictions on proceeds but rather serve as an essential distinction between the use of proceeds for the issuance of CP and for the use of proceeds for the issuance of DS.</p> <p>References to finance companies will be removed from the Notice.</p>

No.	Commentator	Paragraph	Comment	PA response
2.		"commercial paper"	Refers to "debt instruments" where the defined term is "debt security".	<p>Noted. The definition will be amended to the following:</p> <p><i>Commercial paper</i> for the purposes of this Notice means any issuance of <u>interest-bearing</u> debt securities with a maturity that does not exceed 366 days from its date of issue, including the repayment and refinancing of debt, and that complies with the respective conditions specified in this Notice.</p>
3.		"debt security"	<p>This definition includes bonds and notes but not commercial paper.</p> <p>Subsection (f) of the definition is a wide construct and could, for example, be read to encompass contracts of insurance and loans, promissory notes etc. Please consider the following carve out previously proposed by BASA -</p> <p><i>"and which would otherwise constitute a "deposit" as defined in the Banks Act, but does not include –</i></p> <p><i>(i) an instrument acknowledging or creating indebtedness for, or for money borrowed to defray, the consideration payable</i></p>	<p>The PA notes the comments related to the proposed definition of debt security and therefore amendments were made as follows:</p> <p><i>"debt security"</i> for the purposes of this Notice means any of the instruments listed below, which are either interest-bearing or zero-interest-rate types, and that comply with the respective conditions specified in this Notice:</p> <ul style="list-style-type: none"> (a) debentures; (b) debenture stock; (c) bonds; (d) notes;

No.	Commentator	Paragraph	Comment	PA response
			<p><i>under a contract for the supply of goods or services;</i></p> <p><i>(ii) a cheque or other bill of exchange, a banker's draft, or a letter of credit; and</i></p> <p><i>(iii) a contract of insurance."</i></p>	<p><i>(e) any other instrument creating or acknowledging indebtedness;</i></p> <p><i>and instruments which would otherwise constitute a "deposit" as defined in the Banks Act, but does not include –</i></p> <p><i>(v) trade credit;</i></p> <p><i>(vi) loan agreements concluded in either the bilateral or syndicated loan market;</i></p> <p><i>(vii) a bill of exchange, a banks draft or a letter of credit; and</i></p> <p><i>(viii) a contract of insurance.</i></p>
5.		"listed company"	This definition is not used in the operative provisions.	For the purposes of this Notice, the term "listed company" shall bear the meaning ascribed to it herein.
6.		"placing document"	<p>applicable issuer supplements, applicable transaction supplements" can be construed as analogous to pricing supplements. Please consider the following definition:</p> <p><i>"means an offering circular, prospectus, a programme memorandum or any other document accepted in markets as a placing</i></p>	The proposed definition is noted and will be incorporated in the amended definition of a "placing document" in the Notice.

No.	Commentator	Paragraph	Comment	PA response
			<i>document and any supplement (other than an applicable pricing supplement, pricing supplement, final terms or analogous document"</i>	
7.		"pricing supplements"	Please define to provide clarity. We propose the following definition: <i>"an applicable pricing supplement, pricing supplement, final terms or analogous document"</i> .	The proposed definition is noted and will be incorporated.
8.		"SPV"	Please define to provide clarity.	<p>The definition of SPV will be amended to SPI as per the Securitisation Exemption Notice. The amended definition will read:</p> <p><i>"special purpose institution"</i> for the purposes of this Notice means a company or trust that is insolvency remote, incorporated, created or used solely for the purpose of the implementation and operation of issuing commercial paper and/or debt securities in accordance with the conditions set out in this Notice.</p>
9.		"Issuer"	Please confirm why "commercial paper" is in capital letters.	The comment is noted. The PA agrees – <i>commercial paper and debt securities</i> will be amended to be written in lower case letters.

No.	Commentator	Paragraph	Comment	PA response
10.	Asisa	“commercial paper”	<p>We request that this definition be limited to interest-bearing instruments in order to avoid inadvertently including unintended instrument types.</p> <p>Consequently, we request the following alternative wording, with our addition underlined for easier reference:</p> <p>“commercial paper” for the purposes of this Notice, means any issuance of interest-bearing debt instruments having a maturity of not exceeding 365 days from its date of issue, and that complies with the respective conditions specified in this Notice;</p>	Noted refer to comment 2 above.
11.		“debt security”	<p>We request that this definition be limited to interest-bearing instruments in order to avoid inadvertently including unintended instrument types.</p> <p>Consequently, we request the following alternative wording, with our addition underlined for easier reference:</p> <p>“debt security” for the purposes of this Notice, means any of the instruments specified below, which are interest bearing, and that complies</p>	The proposal is noted. The definition will be amended to incorporate “ <i>interest-bearing</i> ”, as stated in comment 2 above.

Consolidated industry comments

No.	Commentator	Paragraph	Comment	PA response
			<p>with the respective conditions specified in this Notice:</p> <p>(a) debentures;</p> <p>(b) debenture stock;</p> <p>(c) loan stock;</p> <p>(d) bonds;</p>	
12.		<p>“debt security”</p> <p>(f) any other instrument creating or acknowledging indebtedness;</p>	<p>This creates confusion as bilateral and syndicated loans are also acknowledgement of debt</p>	<p>The comment is noted. The definition of “debt security” will be amended to eliminate the confusion.</p>

No.	Commentator	Paragraph	Comment	PA response
13.		<p>"general public"</p> <p>This definition should exclude institutions listed in section 96(1)(a)(i) - (vi) of the Companies Act.</p>	<p>96. (1) An offer is not an offer to the public— 40</p> <p>(a) if the offer is made only to—</p> <p>(i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents;</p> <p>(ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, 2004 (Act No. 23 of 2004); 45</p> <p>(iii) a person or entity regulated by the Reserve Bank of South Africa;</p> <p>(iv) an authorised financial services provider, as defined in the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002);</p> <p>(v) a financial institution, as defined in the Financial Services Board Act, 1990 (Act No. 97 of 1990); 50</p> <p>(vi) a wholly-owned subsidiary of a person contemplated in subparagraph (iii), (iv) or (v), acting as agent in the capacity of an authorised portfolio manager for a pension fund registered in terms of the Pension Funds Act, 1956 (Act No. 24 of 1956), or as manager for a collective investment</p> <p>Must reconcile with s 96(1)(a)(i)(vi)</p>	<p>Noted. The definition of “general public” will not be amended to reconcile with section 96(1) of the Companies Act. However, The PA will therefore introduce a definition for “institutional investors” in the Notice, which will reconcile with section 96(1) of the Companies Act.</p>
14.		<p>"listed company"</p>	<p>Definition refers to a company with issued securities that meet the listings requirements of a licensed exchange. In terms of the Financial Markets Act,</p> <p>"securities" includes shares, bonds, notes debentures, etc.</p>	<p>The comment is noted, please refer to comment 5 above.</p>

Consolidated industry comments

No.	Commentator	Paragraph	Comment	PA response
			However, the last part of the definition implies that a "listed company" is only one whose ordinary shares are listed.	
15.		"operating capital"	This definition should include the repayment and refinancing of debt.	<p>The PA will consider amending the definition to include the "repayment and refinancing of debt" as a day-to-day general corporate activity.</p> <p>The inclusion of these actions ensures that the definition of "operating capital" accurately reflects the typical activities undertaken by companies to maintain liquidity, manage obligations, and support business continuity.</p>
16.		<p>placing document"</p> <p>"placing document" means an offering circular, prospectus, a programme memorandum or any other document accepted in markets as a placing document, that includes, applicable issuer supplements, applicable transaction supplements, (but</p>	This is confusing.	Please refer to the response to comment 6 above.

Consolidated industry comments

No.	Commentator	Paragraph	Comment	PA response
		excludes the pricing supplement), whether by public or private placement;		
17.		SARB” means the South African Reserve Bank;	It is not clear why this definition has been added.	The comment is noted.
		“unlisted company” means a company whose securities are not kept by an exchange in terms of section 11 of the Financial Markets Act” (Act No. 19 of 2012);	Securities are both debt and equity – if there are listed debt instruments does that make a company “listed” even if equity securities are not – this is not a generally accepted concept.	The definition, while mentioning securities, is intended to apply specifically to the type of company rather than to the types of securities that the company holds or issues. Please refer to the response to comment 26 below.
18.	BASA	“Capital funding”	<ul style="list-style-type: none"> With reference to 5(2)(a) – We request clarification why particular mention/emphasis is made in respect of project finance and green financing bonds. Explicit mention of these specific types of bonds may cause interpretation 	Please refer to the response to comment 1 above.

No.	Commentator	Paragraph	Comment	PA response
			<p>issues when one considers the ejusdem generis rule (where general words or phrases follow a number of specific words or phrases, the general words will be construed as limited to the same kind or class as those expressly mentioned).</p> <ul style="list-style-type: none"> • With reference to 5(2)(b) and (c) – We request clarification why finance companies within a group of companies are limited to using their proceeds to finance the acquisition of assets where treasury functions are not. • We propose that the use of proceeds restrictions across the notice be removed. ○ We do not understand what risk this characterization seeks to mitigate. 	
19.		<p>Commercial paper vs debt securities</p> <p>“Commercial paper” for the purposes of this Notice, means any debt instruments having a maturity not exceeding 365 days from its date of</p>	<p>We are of the view that the distinction between Commercial Paper (CP) and debt securities, and the conditions to each, is introducing unnecessary complexity without a clear objective.</p>	<p>The comment is noted. However, it is the policy view of the PA to make a distinction on the basis of tenure and purpose of issue. CP is generally viewed as a short-term debt instruments issued for a year, whereas debt securities (DS) are permitted to be issued for a longer-term maturity (maximum of 30 years).</p>

No.	Commentator	Paragraph	Comment	PA response
		<p>issue, and that complies with the respective conditions specified in this Notice, but does not include:</p> <p>(i) loan agreements concluded in the bilateral or syndicated loan market;</p> <p>(ii) an instrument acknowledging or creating indebtedness for, or for money borrowed to defray, the consideration payable under a contract for the supply of goods or services;</p> <p>(iii) a cheque or other bill of exchange, a banker's draft or a letter of credit; or</p> <p>(iiv) a contract of insurance.</p>	<ul style="list-style-type: none"> • We recommend doing away with the distinction and have one instrument governed under these Regulations. <ul style="list-style-type: none"> ○ The reason being is that all instruments issued under this regulation (be they long dated or with a maturity of less and 365 days (366 days if a Leap Year)) be governed by the same requirements. • We have proposed the following amendments below: <p>Proposed tracked changes to ensure that the excluded items are not inadvertently regarded as commercial paper, when read with the definition of "deposit" and the "business of a bank" in the Banks Act.</p> <p>In particular, the definition of "deposit" refers to "any written acknowledgement of debt...."</p>	<p>The purpose of issuance is also clearly distinguished for both CP and DS, within the Exemption Notice.</p> <p>The proposed wording is noted and will be considered in the amended definition.</p>

No.	Commentator	Paragraph	Comment	PA response
20.		<p>“Debt security” for the purposes of this Notice, means any of the instruments specified below, that complies with the respective conditions specified in this Notice:</p> <ul style="list-style-type: none"> a. debentures. b. debenture stock. c. loan stock. d. bonds. e. notes and. f. any other instrument creating or acknowledging indebtedness. <p>but does not include:</p> <ul style="list-style-type: none"> (i) loan agreements concluded in the bilateral or syndicated loan market; (ii) an instrument acknowledging or creating indebtedness 	<p>In particular, the definition of "deposit" refers to "any written acknowledgement of debt...."</p> <p>Subsection (f) of the definition is a wide construct and could, for example, be read to encompass contracts of insurance and loans, promissory notes etc.</p> <ul style="list-style-type: none"> • Please consider the following carve out previously proposed by BASA - <p><i>“and which would otherwise constitute a “deposit” as defined in the Banks Act, but does not include –</i></p> <p><i>(i) an instrument acknowledging or creating indebtedness for, or for money borrowed to defray, the consideration payable under a contract for the supply of goods or services;</i></p> <p><i>(ii) a cheque or other bill of exchange, a banker’s draft, or a letter of credit; and</i></p> <p><i>(iii) a contract of insurance.”</i></p>	<p>Noted. Please refer to the response to comment 3 above.</p>

Consolidated industry comments

No.	Commentator	Paragraph	Comment	PA response
		<p>for, or for money borrowed to defray, the consideration payable under a contract for the supply of goods or services;</p> <p>(iii) a cheque or other bill of exchange, a banker's draft or a letter of credit; or</p> <p>(iv) a contract of insurance.</p>		
21.		<p>"listed company" means a company with issued equity securities that meet the listing requirements of a recognised financial exchange"</p>	<p>We believe that the intention is that a listed company refers to one whose equity securities are listed.</p> <p>The definition of "recognised financial exchange" caters for securities listed on (i) a licensed financial exchange under the FMA and (ii) an external exchange.</p> <ul style="list-style-type: none"> We recommend that changes made to ensure that inward listings by foreign companies listed on an external exchange are properly captured. 	<p>The comment is acknowledged. The PA has added a definition of an external exchange in line with the Financial Markets Act.</p>

No.	Commentator	Paragraph	Comment	PA response
22.		"listed company"	This definition is not used in the operative provisions.	Noted. Please refer to the response to comment 5 above.
23.		"operating capital" means the capital or funds acquired pursuant to the issue of commercial paper or debt securities in terms of this Notice for the principal revenue producing activities of the ultimate borrower on a day-to-day basis;	<p>Proposed tracked changes</p> <ul style="list-style-type: none"> We also recommend the word "principal" to be removed as the capital or fund acquired by an entity is used for various revenue producing activities. We recommend that this definition should also include the repayment and refinancing of debt. 	<p>The comment has been duly acknowledged, and an amendment will be taken into consideration. The principle of money being fungible is recognised as a valuable factor in informing policy decisions on this matter.</p> <p>Please refer to the response to comment 15 above.</p>
24.		"placing document" means an offering circular, prospectus, a programme memorandum or any other document accepted in markets as a placing document disclosing information in relation to the issuer and the commercial	<p>"applicable issuer supplements, applicable transaction supplements" can be construed as analogous to pricing supplements.</p> <ul style="list-style-type: none"> We propose the following definition: <p><i>"Means an offering circular, prospectus, a programme memorandum or any other document accepted in markets as a placing document and any supplement (other than an applicable pricing supplement, pricing</i></p>	Noted. Please refer to the response to comment 6 above.

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No.	Commentator	Paragraph	Comment	PA response
		paper/debt securities, that includes, applicable, issuer supplements, applicable transaction supplements, (but excludes the pricing supplement or final terms), whether in relation to a public or private placement of commercial paper/debt securities;	<i>supplement, final terms or analogous document</i>	
25.		“pricing supplements”	We propose the following definition: “ <i>an applicable pricing supplement, pricing supplement, final terms or analogous document.</i> ”	Noted. Please refer to the response to comment 7 above.
26.		“unlisted company” means a company whose equity securities are not included in the list of securities kept by a recognised financial exchange;	<p>We think that the intention is that a listed company refers to one whose equity securities are listed (and an unlisted company as one whose equity securities are not listed)</p> <p>We recommend that change is made to ensure that inward listings by foreign companies listed on an external exchange are properly captured.</p>	<p>The comment is noted and an amendment will be considered.</p> <p>The PA has incorporated the definition of an external exchange to recognise companies listed on an external exchange.</p>

Consolidated industry comments

No.	Commentator	Paragraph	Comment	PA response
				<p>Additionally, the PA has introduced and provided clarity on the definition of an unlisted company as follows:</p> <p><i>“Unlisted company” means any company, other than a listed company, which, at a date not earlier than eighteen (18) months preceding the proposed action as contemplated in paragraph 2 of this Notice, possessed net assets—certified by its auditors and reflected in its audited financial statements—of a total value in excess of R100 million. For the purposes of this definition, the value of such net assets shall specifically exclude intangible assets that are not readily marketable and shall be reduced by the aggregate amount of the company’s off-balance-sheet liabilities</i></p> <p>Introducing this definition of an “unlisted company” achieves the following:</p> <p><u>Clarity and Consistency:</u> The definition provides clear criteria for what constitutes an unlisted company, reducing ambiguity and ensuring that all</p>

No.	Commentator	Paragraph	Comment	PA response
				<p>parties interpret the term consistently for the purposes of this Exemption Notice.</p> <p><u>Regulatory Alignment:</u> By specifying the Net Asset Valuation and the exclusion of certain intangible and off-balance-sheet assets, the definition aligns with financial best practices and ensures that only credible and financially sound entities can issue commercial paper.</p>
27.		"SPV"	Please include a definition for "SPV"	Please refer to the response to comment 8 above.
28.		"institutional investor"	<p>Please include a definition for "institutional investor"</p> <ul style="list-style-type: none"> Does the term "institutional investor" also include banks and insurers? 	The comment is noted. The definition will be amended to reconcile with section 96 of the Companies Act, as per the response to comment 13 above.
29.		"initial issuance"	We request clarification and provide a definition for "initial issuance", i.e. is it the first issue in a series of debt instruments or is it the first issue by an issuer	The comment is noted. The intent of the PA is to refer to " <i>the first issue by an issuer</i> ".
30.		"issuer"	Please confirm why "commercial paper" is in capital letters.	The comment is noted. The PA agrees – commercial paper and debt securities

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				will be amended to be written in lower case letters.
31.	CTSE	“debt security” and the inclusion of “loan stock” and “any other instrument creating or acknowledging indebtedness”	<p>“Loans” are not considered to be securities. Same applies to “any other instrument creating or acknowledging indebtedness”</p> <p>Also refer to definition of securities in terms of the Financial Markets Act and Companies Act.</p>	The comment is noted. Please refer to the response to comment 3 above.
32.		“general public”	Given that debt is not offered or advertised to the general public / retail market, it is not clear that debt issuances requires an exemption to the Banks Act if issuers only target the institutional market (e.g. the Companies Act requires that a prospectus is only required if capital is solicited from the public / retail market).	The comment is noted. Please refer to the response to comment 13 above.
33.	DIA	commercial paper ” for the purposes of this Notice, means any debt instruments having a maturity not exceeding 365 days from its date of	Tracked changes to ensure that the excluded items are not inadvertently regarded as commercial paper, when read with the definition of “deposit” and the “business of a bank” in the Banks Act. In particular, the definition of	Noted refer to the response to comment 2 above.

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		<p>issue, and that complies with the respective conditions specified in this Notice, but does not include:</p> <ul style="list-style-type: none"> (i) loan agreements concluded in the bilateral or syndicated loan market; (ii) an instrument acknowledging or creating indebtedness for, or for money borrowed to defray, the consideration payable 	<p>"deposit" refers to "any written acknowledgement of debt...."</p>	

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		<p>under a contract for the supply of goods or services;</p> <p>(iii) a cheque or other bill of exchange, a banker's draft or a letter of credit; or</p> <p>(iv) a contract of insurance</p>		
34.		<p>"Debt security" for the purposes of this Notice, means any of the instruments specified below, that complies with the respective conditions specified in this Notice:</p> <p>(a) debentures.</p> <p>(b) debenture stock.</p>	<p>Tracked changes to ensure that the excluded items are not inadvertently regarded as debt securities, when read with the definition of "deposit" and the "business of a bank" in the Banks Act. In particular, the definition of "deposit" refers to "any written acknowledgement of debt...."</p>	<p>Noted. Refer to the response to comment 3 above.</p>

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		<p>(c) loan stock.</p> <p>(d) bonds.</p> <p>(e) notes and.</p> <p>(f) any other instrument creating or acknowledging indebtedness.</p> <p>(g) but does not include:</p> <p>(i) loan agreements concluded in the bilateral or syndicated loan market;</p> <p>(ii) an instrument acknowledging or creating indebtedness for, or</p>		

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		<p>for money borrowed to defray, the consideration payable under a contract for the supply of goods or services;</p> <p>(iii) a cheque or other bill of exchange, a banker's draft or a letter of credit; or</p> <p>(iv) a contract of insurance.</p>		
36.		<p>"listed company" means a company with issued equity securities that meet the listing</p>	<p>We think that the intention is that a listed company refers to one whose equity securities are listed</p>	<p>Noted. Refer to the response to comment 5 above.</p>

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		requirements of a recognised financial exchange	<p>The definition of "recognised financial exchange" caters for securities listed on (i) a licensed financial exchange under the FMA and (ii) an external exchange.</p> <p>Change made to ensure that inward listings by foreign companies listed on an external exchange are properly captured</p>	
		"operating capital" means the capital or funds acquired pursuant to the issue of commercial paper or debt securities in terms of this Notice for the principal revenue producing activities of the ultimate borrower on a day-to-day basis;	Tracked changes	The comment is noted. The PA will consider an amendment.
37.		"placing document" means an offering circular, prospectus, a programme memorandum or any other document accepted in markets as a placing document disclosing information in	Tracked changes	Noted. Refer to the response to comment 6 above.

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		relation to the issuer and the commercial paper/debt securities, that includes, applicable, issuer supplements, applicable transaction supplements, (but excludes the pricing supplement), whether in relation to a public or private placement of commercial paper/debt securities;		
38.		“unlisted company” means a company whose equity securities are not included in the list of securities kept by a recognised financial exchange;	<p>We think that the intention is that a listed company refers to one whose equity securities are listed (and an unlisted company as one whose equity securities are not listed)</p> <p>Change made to ensure that inward listings by foreign companies listed on an external exchange are properly captured</p>	The comment is noted Please refer to the response to comment 26 above.
39.	EY	Definition: <i>Auditor</i>	The definition should provide clarity in the event of a joint audit relationship, specifically addressing whether both or only one of the firms engaged in the joint audit is accountable for fulfilling the obligations outlined in paragraph	The comment is noted. The PA will consider an agreed-upon procedures framework with the audit industry in

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			6(1)(f). In addition, provision has not been made in the definition for entities without the requirement to appoint an auditor.	<p>accordance with the applicable auditing standards.</p> <p>In essence, it is envisaged that any issuer of CP or DS must appoint an auditor to fulfil the obligations set out in par 6(1)(f).</p>
40.		Definition: <i>Companies Act</i>	The definition could potentially incorporate instances where the Companies Act is superseded or supplemented for ensuring that the legal framework remains current and comprehensive. It also helps to prevent any legal ambiguities or oversights that could arise from changes in the legislative landscape.	The comment is noted. However, the PA has limited the interpretation by listing in par 3(1)(a) which entities qualify as issuers for the purposes of this Notice.
41		Definitions: <i>Issuer</i>	The definition states: “means a person issuing Commercial Paper and/or debt securities in terms of the provisions of this Notice;” but is it correct to state a ‘person’? The issuer can include a company, a juristic person, an unlisted company, etc. We would suggest that the definition of an issuer be aligned to paragraph 3(1)(a) of the draft commercial paper regulations (the “ draft Regulations ”).	<p>The comment is noted. However, the PA argues that irrespective of the definition of “issuer”, the persons that may issue CP/DS are limited to the list that is provided in par 3(1)(a).</p> <p>The PA will amend the definition to provide clarity by inserting “<u>juristic person</u>”.</p>
42.		Definition: <i>Material / Materiality</i>	The draft Regulations does not define <i>material</i> or <i>materiality</i> for users to ensure uniform	The comment is noted. The PA will consider providing guidance on what

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			interpretation. Guidance should be provided on what is <i>material</i> .	constitutes a material adverse change for the purposes of this Notice. The proposed definition is as follows: <i>“material adverse change”</i> means that the financial conditions of the issuer have significantly negatively changed to the extent that a default event on the commercial paper or debt security in issue is reasonably foreseeable;
43.		Definition: <i>Material adverse change</i>	The draft Regulations does not define <i>material adverse change</i> for users to ensure uniform interpretation. Guidance should be provided on what constitutes a <i>material adverse change</i> .	The comment is noted. Refer to the response to comment 42 above.
44.	JSE	“capital funding”	With reference to our general comment 4, we recommend that this definition be deleted.	Refer to the response to comment 1 above.
45.		“commercial paper”	We are of the view that commercial paper is a subset of debt securities and the only distinguishing feature from other debt securities	The comment is noted and the proposed insertions relating to the term maturity will be considered. Refer to the response to comment 2 above.

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			<p>should be a short-dated maturity (i.e., not exceeding 365 days, or 366 days in a leap year). We recommend that the definition of commercial paper be amended as follows:</p> <p>“commercial paper” for the purposes of this Notice, means any issuance of debt instruments <u>securities</u> having a maturity of not exceeding 365 days, <u>or 366 days in a leap year</u>, from its date of issue, and that complies with the respective conditions specified in this Notice;</p> <p>In addition, we note that the Exemption Notice Relating to Securitisation Schemes (Notice 2172 of 14 December 1994) provides a different definition for “commercial paper” and we recommend that these definitions be aligned.</p>	<p>The comment is noted. However, the definition of “commercial paper” for this Notice is intended specifically for the purposes of this Notice. There are conditions that are set out within the definition of commercial paper in this Notice that are not applicable to the Securitisation Schemes (Notice 2172 of 14 December 1994). The PA will not align these two definitions as doing so may have unintended consequences for securitisation transactions.</p>
46.		“debt security”	<p>The definition of “debt security” is largely aligned to the definition of “debt securities” in the JSE’s Debt Listings Requirements, however the latter definition includes “structured</p>	<p>The comment is noted. The PA contends that the JSE Debt Listing Requirements are the prerogative of the JSE. The definition of “debt security”</p>

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			<p>products". It is unclear whether the PA considers hybrid investment products, such as exchange traded notes*, actively managed certificates and structured products that have both debt and derivative features, to be debt securities in terms of the Exemption Notice. These hybrid investment products are issued and tradable on the JSE equities market in denominations less than R1m and are designed for both retail and institutional investors.</p> <p>We request that the PA clarify its position in respect of hybrid investment products, and if applicable provide an exclusion from the definition of "debt securities" in the Exemption Notice (i.e., excluding hybrid investment products regulated by a licensed exchange).</p> <p>*An "exchange traded note" (ETN) is not the same instrument as a "note" or "note programme". An ETN is a listed, senior, non-bespoke, unsubordinated, uncollateralised investment product which represents a contractual obligation made by an issuer to pay the holder a return which is linked to the performance of underlying securities or benchmarks, such as the performance of one or more shares or bonds, an index, an exchange rate, asset or a commodity, and are backed by the creditworthiness of the issuer. An ETN</p>	<p>within the JSE Debt Listing Requirements specifies that <u>which are designated by the JSE as "debt securities" from time to time</u>. Therefore, it is the view of the PA that there is no need to exclude structured products for the purposes of this Notice. That would require the PA to amend the Notice each time the JSE designates a new type of "debt security" on the JSE Debt Listing Requirements.</p> <p>The comment is noted and will be considered by the PA.</p>

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			includes a derivative element as its value is directly linked to the value of the underlying assets, commodities, securities or benchmarks.	
47.		"listed company"	This definition is not used elsewhere in the Notice and introduces uncertainty regarding the terms "listed" or "unlisted" that are intended to refer to the status of commercial paper or debt securities and not the status of the issuer's ordinary shares. We recommend that this definition be deleted.	Noted. Please refer to the response to comment 5 and 26 above.
48.		"operating capital"	With reference to our general comment 4, we recommend that this definition be deleted.	The PA notes the comment but does not agree with the suggestion to delete this definition. As a matter of policy, it aligns with the intended understanding of commercial paper for the purposes of this Notice.
49.		"private company" and "public company"	It is entirely unnecessary and inappropriate to provide definitions for "private company" and "public company". These terms are implied in the definition of a company and are only used in a truncated form in paragraph 3(1)(a)(i) in the Notice. Consequently, defining the terms "private company" and "public company" introduces the necessity to clarify, throughout the Notice in every instance where the term "company" is used, whether private company or	<p>The comment is noted, and the amendment will be made.</p> <p>The intent of the Notice is not to exclude, either public/private companies from issuing CP/DS. Therefore, the definitions will not be deleted.</p>

No.	Commentator	Paragraph	Comment	PA response
			public company is meant, and it is our understanding that this distinction is not intended and would therefore be superfluous. We recommend that the definitions “private company” and “public company” be deleted.	
50.		“recognised financial exchange”	<p>The concept of “<i>an exchange that is recognised as a licensed exchange in terms of its listing requirements</i>” and the power to approve such exchange is not provided for in the Financial Markets Act (FMA). The FMA provides for recognition of foreign jurisdictions in respect of an equivalent regulatory framework, but not for the recognition of “<i>a licensed exchange in terms of its listing requirements</i>”.</p> <p>We recommend that this term is removed from the Exemption Notice and the term “external exchange” is used, where applicable and appropriate.</p>	<p>The comment is noted. However, the PA will amend this term to licensed exchange as defined in terms of the Financial Markets Act, 2012. References to “recognised financial exchange” will therefore be removed.</p> <p>The recommendation is noted. The term “external exchange” has been incorporated accordingly.</p>
51.		“SARB”	The acronym “SARB” has been defined but the term is not used in the revised Exemption Notice. We recommend that the definition “SARB” be deleted.	Please refer to the response to comment 17 above.
52.		Term not defined - “external exchange”	We recommend that “external exchange” is defined as “ <i>means an external exchange as</i> ”	The PA notes the comment. Please see the response to comment 50 above.

No.	Commentator	Paragraph	Comment	PA response
			<i>defined in section 1 of the Financial Markets Act, 2012 (Act No. 19 of 2012);”</i>	
53.		Term not defined - “pricing supplement”	We recommend that the term “pricing supplement” is defined as <i>“means the final terms of each issue of securities under a programme memorandum or a supplement to a programme memorandum setting out additional and/or other terms and conditions as are applicable to a specific tranche of commercial paper or debt securities;”</i>	Please refer to the response to comment 7 above.
54.		Term not defined – “SPV”	<p>The acronym SPV has not been defined in paragraph 1. Definitions and interpretations of the revised Exemption Notice.</p> <p>The term special-purpose institution is defined in the Exemption Notice Relating to Securitisations Schemes (Notice 2172 of 14 December 1994) as <i>“a company or trust, insolvency remote, incorporated, created or used solely for the purpose of the implementation and operation of a traditional or synthetic securitisation scheme;”</i>.</p> <p>We recommend that a common term is used in both Exemption Notices and that the definition is aligned.</p>	Please refer to the response to comment 8 above.

No.	Commentator	Paragraph	Comment	PA response
55.	Liberty	"commercial paper"	<p>We request that this definition be limited to interest-bearing instruments in order to avoid inadvertently including unintended instrument types.</p> <p>Consequently, we request the following alternative wording, with our <u>addition underlined</u> for easier reference:</p> <p><i>"commercial paper" for the purposes of this Notice, means any issuance of <u>interest-bearing</u> debt instruments having a maturity of not exceeding 365 days from its date of issue, and that complies with the respective conditions specified in this Notice;</i></p>	Please refer to the response to comment 2 above.
56.		"debt security"	<p>We request that this definition be limited to interest-bearing instruments in order to avoid inadvertently including unintended instrument types.</p> <p>Consequently, we request the following alternative wording, with our <u>addition underlined</u> for easier reference:</p> <p><i>"debt security" for the purposes of this Notice, means any of the instruments specified below, <u>which are interest bearing</u>, and that complies with the respective conditions specified in this Notice:</i></p>	Please refer to the responses to comments 3 and 11 above.

No.	Commentator	Paragraph	Comment	PA response
			<p>(a) debentures;</p> <p>(b) debenture stock;</p> <p>(c) loan stock;</p> <p>(d) bonds;</p>	
57.	Pheonix	“debt security” for the purposes of this Notice,	<p>This definition seems to be at odds with the generally accepted market norms and other legislations. It would in effect make any instrument of indebtedness a security this may have wide ranging unintended consequences. Companies Act and FMA already define securities, there should be to be clear alignment between all regulations with regards to all definitions.</p> <p>FMA definition</p> <p>“securities” means—</p> <p>(a) listed and unlisted—</p> <p>(i) shares, depository receipts and other equivalent equities in public companies, other than shares in a share block company as defined in the</p>	<p>The comment has been acknowledged. The PA does not plan to define “securities” as they are described in the Financial Markets Act, 2012. This Notice is intended to establish the definition of a new instrument called a “debt security,” which may be issued according to the conditions outlined in this Notice.</p> <p>A clear distinction must be observed between “securities” as defined by the FMA and “debt security” as defined by this Notice. To align these two definitions would defeat the purpose of this exemption notice. The FMA is a primary law that regulates the financial markets industry as a whole, whereas this Notice is aimed at regulating a subset of the financial markets.</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>Share Blocks Control Act, 1980 (Act No. 59 of 1980);</p> <p>(ii) debentures, and bonds issued by public companies, public state-owned enterprises, the South African Reserve Bank and the Government of the Republic of South Africa;</p> <p>(iii) derivative instruments;</p> <p>(iv) notes;</p> <p>(v) participatory interests in a collective investment scheme as defined in the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), and units or any other form of participation in a foreign collective investment scheme approved by the Registrar of Collective Investment Schemes in terms of section 65 of that Act; and</p> <p>(vi) instruments based on an index;</p> <p>(b) units or any other form of participation in a collective investment scheme licensed or registered in a country other than the Republic;</p>	<p>Therefore, the PA does not agree with the proposal made in this comment.</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>(c) the securities contemplated in paragraphs (a)(i) to (vi) and (b) that are listed on an external exchange;</p> <p>(d) an instrument similar to one or more of the securities contemplated in paragraphs (a) to (c) prescribed by the registrar to be a security for the purposes of this Act;</p> <p>(e) rights in the securities referred to in paragraphs (a) to (d), but excludes—</p> <p>) money market securities, except for the purposes of Chapter IV; or if prescribed by the registrar as contemplated in paragraph (d);</p> <p>(ii) the share capital of the South African Reserve Bank referred to in section 21 of the South African Reserve Bank Act, 1989 (Act No. 90 of 1989); and</p> <p>(iii) any security contemplated in paragraph (a) prescribed by the registrar;</p>	

No.	Commentator	Paragraph	Comment	PA response
58.		<p>general public” means the general public as defined in section 1 of the Banks Act;</p>	<ul style="list-style-type: none"> a. Banks Act definition: "general public" does not include a bank. b. The public is commonly defined as all the people in a given area, country, or society. It encompasses ordinary individuals who are not part of specific groups, officials, experts, or politicians. Essentially, it represents the broader population rather than any specialized subset. c. Generally, Debt Issuance is not offered or advertised to the general public. It may not be advertised at all, not be available to or may specifically exclude the general public from participating. Debt issuance and the business of a bank are generally entirely different activities. d. This would be a good opportunity to distinguish between activities aimed at the general public (retail securities or 	<p>Noted. Please refer to the response to comment 13 above.</p>

No.	Commentator	Paragraph	Comment	PA response
			bonds) and the professional and institutional investment market.	
59.		“Capital funding”	<p>The use of proceeds restrictions across the notice do not seem to mitigate any risks (these Issuers are not taking retail deposits or functioning as banks), with reference to 5(2)(a), (b) and (c).</p> <p>We suggest that the use of proceeds restrictions are removed to allow for a well-functioning capital market that is able to service the needs of all market players from banks, corporate and Institutional Investors.</p>	<p>The PA notes the comment. However, the policy decision to include par 5(2) was essentially to distinguish between the issuance of commercial paper and the issuance of debt securities.</p> <p>The provision is not meant to be restrictive. The PA accepts that industry may propose additional scenarios for the use of proceeds. Alternatively, the PA may amend par 5(2) in order to provide for additional scenarios for the use of proceeds.</p>
60.		Commercial paper and debt securities	<p>It remains unclear why there is any perceived need to have a distinction between debt less than 265/366 days and longer dated debt.</p>	<p>The PA notes the comment. However, one of the key policy positions that this Notice seeks to address is the distinction between CP and DS, a distinction made explicit through the maturity term as well as the use of proceeds. CP is regarded as a short-term debt instrument whereas DS is viewed as a long-term (and more flexible) debt instrument.</p> <p>The distinction between retail and wholesale investors will be clarified</p>

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			It does however make sense to have a distinction between retail bonds vs debt instruments sold to Institutional, professional or Wholesale Investors	further. Please refer to the response to comment 13 above.
61.		SPV	Please include a definition for SPV	Please refer to the response to comment 8 above.
62.		Institutional investor	Please include a definition for Institutional Investor vs retail investor	The comment is noted. Institutional investors will be expressly defined in accordance with the Companies Act. Please refer to the response to comment 13 above.
63.	SASF	"commercial paper"	Should this be "debt instrument" or "debt security". Debt instrument is not defined. In addition, the definition should exclude items that are not inadvertently regarded as commercial paper such as conventional loan agreements granted in the ordinary course of business for example	The comment is noted. Please refer to the response to comment 2 above.
64.		"debt security"	This definition should exclude items that are not inadvertently regarded as debt securities such as conventional loan agreements granted in the ordinary course of business for example	The comment is noted. Please refer to the responses to comments 3 and 11 above.

No.	Commentator	Paragraph	Comment	PA response
65.		"general public"	This definition should exclude institutions listed in section 96(1)(a)(i) - (vi) of the Companies Act	Noted. Please refer to the response to comment 13 above.
66.		unlisted company"	The definition refers to "securities" which in terms of the Financial Markets Act, includes shares, bonds, notes and debentures. We assume that the intention is that a listed company refers to one whose equity securities are listed (and an unlisted company as one whose equity securities are not listed).	The assumption is correct. However, those securities that are not listed are required to "be dematerialised and settled on a licensed central securities depository". Additionally, please refer to the response to comment 26 above
67.		"debt security"	<p>This definition includes bonds and notes but not commercial paper.</p> <p>Subsection (f) of the definition is a wide construct and could, for example, be read to encompass contracts of insurance and loans, promissory notes etc. Please consider the following carve out previously proposed by BASA</p> <p><i>"and which would otherwise constitute a "deposit" as defined in the Banks Act, but does not include –</i></p> <p><i>(i) an instrument acknowledging or creating indebtedness for, or for money borrowed to defray, the consideration payable under a contract for the supply of goods or services;</i></p>	Noted. Please refer to the responses to comments 3 and 11 above.

No.	Commentator	Paragraph	Comment	PA response
			<p>(ii) a cheque or other bill of exchange, a banker's draft, or a letter of credit; and</p> <p>(iii) a contract of insurance."</p>	
68.		"institutional investors"	If the PA still opt to refer to this class of investors, it should be defined. For example, does this include banks and insurers?	Banks and insurers will be classified as institutional investors. In addition, amendments will be made to the definition of "institutional investor" to provide clarity about which investors classes are included.
69.		"Listed company"	<p>Definition refers to a company with issued securities that meet the listings requirements of a licensed exchange. In terms of the Financial Markets Act, "securities" includes shares, bonds, notes debentures, etc. However, the last part of the definition implies that a "listed company" is only one whose ordinary shares are listed.</p> <p>This definition is not used in the operative provisions.</p>	Noted. Please refer to the response to comment 5 above.
70.		"operating capital"	This definition should include the repayment and refinancing of debt	Noted. Please refer to the response to comment 15 above.

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71.		“placing document”	<p>applicable issuer supplements, applicable transaction supplements” can be construed as analogous to pricing supplements. Please consider the following definition:</p> <p><i>“means an offering circular, prospectus, a programme memorandum or any other document accepted in markets as a placing document and any supplement (other than an applicable pricing supplement, pricing supplement, final terms or analogous document”</i></p>	Noted. Please refer to the response to comment 6 above.
72.		“pricing supplements”	<p>Please define to provide clarity. We propose the following definition: <i>“an applicable pricing supplement, pricing supplement, final terms or analogous document”</i>.</p>	Noted. Please refer to the response to comment 7 above.
73.		“SPV”	<p>Please define to provide clarity.</p>	Noted. Please refer to the response to comment 8 above.
74.		“state-owned company”	<p>The definition “state-owned company”, which references Section 1 of the Companies Act is too narrow in that it would exclude State-Owned Entities such as the TCTA and the Rand Water Board, which have borrowing powers under the PFMA and have traditionally issued Commercial Paper under the 1994 regulations.</p>	<p>The comment is noted. However, the PA does not agree with the comment. Instead, the PA argues that the Trans-Caledon Tunnel Authority (TCTA) and Rand Water Board would still be permitted to issue as a state-owned company and a company respectively,</p>

No.	Commentator	Paragraph	Comment	PA response
			The PFMA in S66(3) gives Borrowing Powers to Public Entities, the draft as it stands would limit the borrowing powers given to public entities, <i>which are not companies as defined in the Companies Act</i>	<p>as provided for under 3(1)(a)(i) and (iv) of this Notice.</p> <p>The TCTA and Rand Water Board are registered as a state-owned company and company respectively. Furthermore, both the TCTA and Rand Water Board are already issuers of commercial paper under the 1994 Exemption Notice. The proposed Notice does not restrict issuers that were issuers in the 1994 Exemption Notice. The proposed Notice expands the scope of eligible issuers, making the list even broader.</p>
CONDITIONS OF THE NOTICE				
75.	Absa	3(1)(a) General conditions for the issue of commercial paper and/or debt securities	Since a listed company, an unlisted company, a public company, a private company, and a state-owned company are all companies as defined in section 1 of the Companies Act, we recommend that these separate terms are deleted and replaced with a reference to "a company". The term "juristic person in the Companies Act includes trusts both local and	<p>The comment is noted. The amendment will be considered as it relates to a company.</p> <p>This was an oversight by the PA. Paragraph 3(1)(a) should refer to both listed and unlisted companies and will therefore be amended.</p>

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			foreign. Please confirm why the issuance is only to be issued by unlisted companies.	
76.		3(1)(a)(xi) General conditions for the issue of commercial paper and/or debt securities	<p><i>“Any person, institution or entity backed by an explicit Central Government guarantee, [or any other central government specified in writing by the Authority.]”</i></p> <p>The square bracketed portion should be its own bullet point i.e. a new 3(1)(a)(xii).</p>	The comment is noted. The PA will amend the paragraph to provide clarity at 3(1)(a)(xi).
77.		3(1)(b) (ii) General conditions for the issue of commercial paper and/or debt securities	<p>Please confirm why the use of proceeds of commercial paper is restricted. We are not aware of any other jurisdiction that restricts this use, other than the United States of America.</p> <p>Please confirm how the minimum reference amount of ZAR12.5mn was determined. This is a minimum denomination. Please clarify what the position would be if R10m is required to be transferred.</p>	<p>The PA notes the comment. However, the policy decision to include wording that provides for the use of proceeds was essentially to distinguish between the issuance of commercial paper and the issuance of debt securities.</p> <p>The PA noted the comments and concerns regarding the increase in minimum denominations. The PA explained that policy decision to raise the minimum denominations for, in particular, debt securities was meant to align with Directive 8 of 2023, which states in par 9.2 that “the bank interprets retail exposure to mean any exposure to</p>

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				<p>a person of less than R12.5 million". Since the issuance of DS is marketed for wholesale funding purposes to predominantly institutional and sophisticated investors, the minimum denominations should therefore exceed what banks have agreed constitutes retail exposure. Additionally, the alignment with Directive 8 of 2023 (D8/2023), which interprets retail exposure as less than R12.5 million, was aimed to reduce regulatory confusion and arbitrage.</p> <p>Notwithstanding the above, the PA notes the concerns raised on this policy decision and has considered an amendment informed in part by benchmarking the minimum denominations applied in other comparable jurisdictions. The PA informally consulted stakeholders in August 2025 on increasing the minimum denomination of commercial paper (CP) from R1 million to R12.5 million. A questionnaire was sent to 15 market participants; 12 responses were received. The aim of the questionnaire</p>

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				<p>was to assess the impact on market activity, liquidity, operations, and accessibility.</p> <p>The PA, following the final round of consultation, and the informal survey the PA has taken the policy decision to revise the definition of minimum denomination, so as to target as a prudential priority minimum issuance amount, as follows:</p> <p><i>“minimum denomination”</i> for the purposes of this Notice, means the minimum aggregate nominal value of commercial paper or debt securities when originally issued to the general public by the issuer of commercial paper or debt securities. This provision shall not be construed to apply to any subsequent purchase, sale, or transfer of such commercial paper or debt securities;</p> <p>The aforementioned definition affirms that the policy stance of the PA is chiefly</p>

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				<p>focused on the minimum issuance amount of commercial paper, rather than activities in the secondary market.</p> <p>Furthermore, the PA has included an impact assessment study that is constructed on the detail solicited in the informal survey that was conducted as part of this second round of consultations.</p>
78.		3(1)(c) General conditions for the issue of commercial paper and/or debt securities	Debt security is generally defined as an instrument, and then also defined at 3(1)(c). Please clarify.	The PA agrees that debt security is generally defined as a debt instrument. However, paragraph 3(1)(c) prescribes the general conditions for the issue of debt securities and does not define debt security. The definition is provided for in paragraph 1 of the Notice.
79.		3(1)(c)(ii) General conditions for the issue of commercial paper and/or debt securities	“Capital funding” doesn’t seem to contemplate regulatory capital (AT1 / Tier 2) or Flac which is required to be issued out of bank holding companies. Accordingly, one must rely on the CP Exemption Notice since bank holding companies are not licensed as banks.	The PA notes this comment and will provide for amendments to allow for the issuance of regulatory capital in accordance with the Banks Act and Directive 6 of 2017 as well as Flac instruments in accordance with section

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			We suggest that the use of proceeds restrictions across the notice be removed. We do not understand what risk this characterization seeks to mitigate.	30(1A) of the FSR Act and Prudential Standard RA03. The issuance of regulatory-related instruments will not require full compliance with the provisions and conditions of this Notice.
80.		3(1)(c) (iii) General conditions for the issue of commercial paper and/or debt securities	<p>Please confirm how the minimum reference amount of ZAR18.75mn was determined.</p> <p>Given the lack of clarity on the reasoning for the minimum denomination, we propose reverting to the R1m minimum denomination as per the existing CP Regulations. Currently, purchasers of this paper allocate investments in smaller increments across differing portfolios and a change to this threshold will impede established market practice and exclude smaller institutional investors (and their clients) from the market.</p>	<p>The PA notes the comment. Please refer to the response to comment 77 above.</p> <p>The PA has made amendments by removing “transferred” and only referring to “issued” in paragraph 3(1)(c)(iii).</p>
81.		3(1)(iv) General conditions for the issue of commercial paper and/or debt securities	This seems to be a prohibition on the issuance of unlisted bonds where commercial paper (CP) does not have a similar limitation. This is a significant limitation of the current market practice without an indication as to the risk being mitigated in doing so.	The PA does not agree that paragraph 3(1)(iv) is a prohibition on issuance. This provision merely requires that unlisted bonds/notes would need to “be dematerialised and settled on a licensed central securities depository” which ensures sufficient record-keeping and is

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				aligned with the PA's mandate of safety and soundness. The same requirement has been placed on the issuance of CP.
82.		3(1)(c) (v) General conditions for the issue of commercial paper and/or debt securities	Please confirm why the debt security needs to be "rated" to qualify. Unrated debt securities should be allowed to be issued especially where the underlying borrowers do not have credit ratings and investors rely on their own credit analysis. This creates a cost barrier to entry into the capital markets. The provision also specifically refers to the rating of the debt security, but it is often the issuer that is rated and not the debt security.	The PA notes the comment and intends to amend the provision by removing the requirement for credit ratings as a condition to issue debt securities, instead making credit ratings an optional disclosure requirement in placing documents and pricing supplements.
83.		4(1)(b)(i) Specific conditions related to the ultimate borrower	Please clarify why this is restricted to only wholly owned subsidiaries and why the ultimate borrower cannot be a group company that has common shareholding with the issuer.	The PA's policy perspective is to simplify the structures of these transactions in order to easily identify the ultimate borrower.
84.		5(1) Specific conditions related to the purpose of issuance	Please reinstate safe harbour from the CP Exemption Notice in relation to customary credit for the sale of goods and services. Most corporate issuers would be impacted by this to the extent that they offer payment terms on invoices as a part of their ordinary business.	The PA notes the comment and will consider reinstating the wording relating to "customary credit".

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			Please confirm whether a finance company can issue commercial paper.	<p>The PA has, in light of this comment, introduced trade credit, which is defined as follows:</p> <p><i>“trade credit” means an instrument acknowledging or creating indebtedness for, or for money borrowed to defray, the consideration payable under a contract for the supply of goods or services.</i></p> <p>If such a finance company satisfies the conditions set out in paragraph 3(1)(a) and paragraph 4, they are permitted to issue commercial paper. However, the Notice has now removed references to finance companies.</p>
85.		5(2) Specific conditions related to the purpose of issuance	We suggest that the use of proceeds restrictions across the notice be removed. We do not understand what risk this characterization seeks to mitigate	<p>The PA notes the comment. However, the policy decision to include paragraph 5(2) was essentially to distinguish between the issuance of commercial paper and issuance of debt securities.</p> <p>The provision is not intended to be restrictive. The PA accepts that industry may propose additional scenarios for the use of proceeds. Alternatively, the PA may amend paragraph 5(2) to provide for additional scenarios for the use of</p>

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				<p>proceeds, based on the outcomes of the final consultation.</p> <p>The PA acknowledges that money is fungible and therefore it would be superfluous and restrictive to prescribe conditions for the use of proceeds. Thus, the PA will amend paragraph 5(2) to provide for flexibility in the use of proceeds and only prescribe conditions where it relates to project finance (i.e. ring-fencing of the development project to which the funds are raised).</p>
86.		5(2)(d) Specific conditions related to the purpose of issuance	Please confirm why a debt security cannot be issued to finance pooled or repackaged or securitised assets.	The PA notes this comment and will amend the provision to remove specific provisions for the use of proceeds.
87.		6(1)(a)(iv) Disclosure in placing documents	<p>placing document” is defined to exclude pricing supplements. The use of “in a placing document relating to such issuance of commercial paper and/or debt securities” in 6(1) seems at odds with this definition since one would not prepare a placing document with a particular issuance in mind. That would be catered for in a pricing supplement.</p> <p>6(1)(a)(iv) requires disclosure of use of proceeds and given the level of specificity required in the CP Exemption Notice, an issuer</p>	The comment is noted. Please refer to the amended definition of placing documents as well as pricing supplements. Further, refer to the responses to comments 6 and 7 above.

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			can only do this in the pricing supplement. We would suggest that this disclosure requirement is moved to 6(1)(b).	
88.		6(1)(a)(v) Disclosure in placing documents	With reference to the parenthesis “ <i>as may be determined by the Authority</i> ”, please confirm when the Authority would make this determination, especially for issuances that don’t require the approval of the Authority.	Noted. Paragraph 6(1)(a) merely sets out minimum disclosures. In particular, paragraph 6(1)(a)(v) stipulates minimum risk factors that the issuer must disclose in its placing document. The determination stated in that paragraph will be made on a case-by-case basis as and when required by the PA.
89.		6(1)(b)(i) Disclosure in placing documents	Please confirm how market value will be determined, particularly in respect of unlisted notes.	The comment is noted. References to market value will be removed.
90.		6(1)(c) Disclosure in placing documents	Please confirm whether references to “security” are intended to refer to credit enhancement security or the debt securities regulated by the CP Exemption Notice. We propose that credit enhancement security be separately defined.	<p>The comment is noted. So as to not conflate this Notice with the Securitisation Exemption Notice, which addresses credit enhancements, the PA holds the below policy position:</p> <p><i>This requirement is intended to apply to instances where funds are raised for the acquisition of assets, in which those</i></p>

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				<i>assets may serve as a security or guarantee.</i>
91.		6(1)(d)(bb)(C) Disclosure in placing documents	In the context of the remainder of the provision which relates to a Responsibility Statement. The statement being requested from there is not clear.	<p>The responsibility statement is merely a statement that places ultimate accountability on the issuer (as the ultimate borrower) and thereby requires the issuer to state in writing in the placing documents that the issuer accepts accountability for the information enclosed in the placing documents.</p> <p>The PA will consider removing the requirement under paragraph 6(d)(bb)(C) as it is not practically feasible to ascertain from an issuer perspective. Such information would ideally be captured by a trade repository or central counterparty.</p>
92.		7(1)(q) Additional disclosures on the terms and conditions of commercial paper and/or debt securities instrument for investors	With reference to “ <i>Value of total notes in issue and outstanding (including each series)</i> ” – we propose adding “before this issuance” to provide clarity.	The comment is noted.

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93.		7(1)(t) Additional disclosures on the terms and conditions of commercial paper and/or debt securities instrument for investors	Please confirm what is being referred to here.	The PA notes the comment. The wording will be amended to “business day convention”.
94.		9(1) Returns by issuers of commercial paper and/or debt securities	<p>Please confirm:</p> <ul style="list-style-type: none"> • what the envisaged PA turnaround time is expected to be once a submission has been made and all relevant documents shared. • whether this submission is only for initial approval and the first issuance or can commercially paper or debt securities be issued without pre-approval thereafter <p>whether changes to the Programme Documentation requires a new submission.</p>	<p>The PA notes these comments and concerns on approvals and returns.</p> <p>The PA’s response is as follows:</p> <ul style="list-style-type: none"> • The requirement to obtain approval from the PA to issue CP/DS will only apply to unlisted issuances. Therefore, this requirement will not apply to issuers who intend to list on a licensed exchange. The requirement will also not apply to bilateral arrangements between an issuer and institutional investors. • As stated in paragraph 9(1), approval is only required for the first time issuance and all subsequent issuances do not require approval from the PA. In addition, changes to the programme do not require a new submission to the PA, unless the

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				<p>changes amount to a new programme.</p> <ul style="list-style-type: none"> • All issuers are still required to submit returns in the form and manner of Annexure A. The requirement to submit returns applies to all issuers who issue CP/DS, whether listed or unlisted. The requirement also applies to bilateral arrangements. • As stated at the outset of Annexure A, the return is used for supervisory purposes and enforcement of the Banks Act, 1990. The return is further used for the collation of economic statistics.
95.		9(2) Returns by issuers of commercial paper and/or debt securities	Banks and Holding Companies are issuing Flac, AT1 and T2 in debt security format under the CP regs. These issuances already require pre-approval from the SARB, and post-issuance the applicable pricing supplements are provided. In addition, on a quarterly basis banks provide a register of their capital instruments. Requiring an additional return in the form proposed would be an additional administrative burden given	<p>The comment is noted. However, the PA disagrees as the returns are not similar and the use of those returns vary from department to department.</p> <p>This Notice is separate from other regulatory instruments and serves a different purpose.</p>

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			that this information is already being provided to the PA.	In addition, banks are regulated financial institutions, whereas issuers of CP/DS are not. This Notice is not intended for banks only, but is also intended for corporates, which are not regulated financial institutions.
96.		10(1) Authorisation for SPVs to issue commercial paper and/or debt securities	<p>Please confirm:</p> <ul style="list-style-type: none"> • what the envisaged PA turnaround time is expected to be once a submission has been made and all relevant documents shared. • whether this submission is only for initial approval and the first issuance or can commercially paper or debt securities be issued without pre-approval thereafter; and <p>whether changes to the Programme Documentation requires a new submission.</p>	Noted. Please see the response to comment 94 above.
97.	Asisa	2. Designated Activity	We request that bilateral arrangements between an issuer and a single investor be specifically excluded from the scope of this Notice and submit that the rights of parties to such private contractual arrangements between two parties be protected and permitted to continue.	The comment is noted. The PA will make amendments to allow bilateral transactions between institutional investors for the purpose of issuing CP or DS.

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			For the purposes of clarity, we request that a definition be included for an "institutional investor".	The comment relating to institutional investor is noted. Please refer to the response to comment 28 above.
98.		3. General Conditions for the issue of commercial paper and/or debt securities 3(1)(a) (1) Commercial paper and/or debt securities may- (a) be issued only by – (i) a company (whether public or private); (ii) a juristic person (iii) an unlisted company; (iv) state-owned company; (v) wholly owned subsidiary;	Reference to “listed company” as an entity that can issue commercial paper or debt securities has been removed. As such the defined term “listed company” is no longer used in the notice and, on strict interpretation (and especially with “unlisted company” specifically being listed), this may imply that a listed company may not issue commercial paper or debt securities”	The comment is noted. Please refer to the responses to comments 5 and 75 above.

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		(vi) municipality; (vii) a trust registered with the Master of the High Court under the Trust Property Control Act, (viii) an offshore trust established under the laws of any other jurisdiction; (ix) SPVs - subject to the approval process set out in Annexure B of this Notice;		
99.		3(1)(a)(iii)	This paragraph lists "an unlisted company" as one of the entities that may issue commercial paper and/or debt securities. It is unclear why this distinction is made from paragraph 3(1)(a)(i) which includes "a company (whether public or private	The comment is noted. Please refer to the response to comment 26, 75 above.
100.		3(1)(a)(ix)	This paragraph lists "special purpose vehicles (SPVs) as one of the entities that may issue commercial paper and/or debt securities. It is	The comment is noted. Please refer to the response to comment 8 above.

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			unclear what the meaning of a "special purpose vehicle" is as it is not defined.	
101.		3(1)(b)(ii)	The relevance/origin of the denomination of "R12.5 million" is unclear. Further, the specified denomination cannot apply to the "transfer" of commercial paper. An issuer of commercial paper cannot control the transfer of commercial paper.	The comment is noted. Please refer to the response to comment 77 above.
102.		3(1)(c)	It is not clear if these conditions are AND/OR In which case (iv) is confusing – if its listed and dematerialised and settled through CSD then can anyone issue debt securities ?	The PA notes the comment and interprets the provision to mean that the issuance of debt securities would need to be either listed on a licensed exchange or dematerialised through a licensed central securities depository (CSD). Only those persons listed in 3(1)(a) may issue debt securities. The conditions under which debt securities may be issued is as stated in 3(1)(c).
103.		3(1)(c)(i) (1) Commercial paper and/or debt securities may- (c) in the case of debt securities:	It is not clear why a minimum maturity date of 366 days is being prescribed.	The 366-day maturity date is prescribed as a means to distinguish between commercial paper (CP) and debt securities (DS) for the purposes of this Notice. Essentially, one of the key

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		(i) be issued with a maturity from date of issue ranging from a minimum of 366 days to a maximum of 30 years;		differences between CP and DS is the maturity term prescribed.
104.		3(1)©(i)	AT1 securities issued by bank holding companies are perpetual with synthetic maturities – are synthetic maturities acceptable ?	The comment is noted. Please refer to the response to comment 79 above.
105.		3(1)(c)(ii)	Reference to "capital funding" should be changed to "operating capital".	<p>The comment is noted but is not accepted by the PA as both terms are fundamental to the Notice and are clearly defined in the Notice as follows:</p> <p><i>operating capital</i> means the capital or funds acquired in terms of this Notice for revenue-producing activities of the issuer on a day-to-day basis, including repayment and refinancing of debt.</p> <p><i>“capital funding”</i> means funding as contemplated in paragraph 5(2) of this Notice.</p> <p>Nonetheless, the PA has removed the concept of “capital funding” in the Notice.</p>

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106.		3(1)(c)(iii)	The relevance/origin of the denomination of "R18.75 million" is unclear. Further, the specified denomination cannot apply to the "transfer" of commercial paper. An issuer of commercial paper cannot control the transfer of commercial paper.	Noted. Please see the response to comment 80 above.
107.		3(1)(c)(v)	The requirement that a debt security can only be issued if a credit rating has been assigned to that debt security should be deleted. This will place an undue financial burden on issuers. Further, the time period for obtaining a credit rating is long and costly and will result in issuers foregoing market opportunities that may arise during short window periods.	Noted. Please see the response to comment 82 above.
108.		3(1)(c)(v)	We submit that a debt security only be required to be rated when issuances pertain to the general public and request that this requirement be excluded for the following: a) Institutional investors, b) Bilateral arrangements between an issuer and a single investor.	Noted and agreed. Please see the response to comment 82 above.
109.		4. Specific conditions related to the ultimate borrower	Please clarify that this paragraph is not intended to apply where funds are obtained from institutional investors.	The paragraph applies to institutional investors. The PA mistakenly omitted reference to institutional investors at 4(1).

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		(d) a juristic person of which the board of directors is not a company, of which the board of directors customarily acts in accordance with the issuer.	Not sure what this means ?	
110.		5. Specific conditions related to the purpose of issuance		No comment and no response.
111.		5(1) “except for customary credit”	With the removal of the exception under 5(1), it appears that a business that is sourcing funding via CP for securities-based lending to clients, would be non-compliant as it would be “granting credit to the general public in relation to the... provision of services by the issuer”. We would hope this is not the intention of this provision.	Noted. Please see the response to comment 84 above.
112.		5(2)(a)	The proceeds of the issuance of debt securities should also be used for the purpose of operating capital, including the repayment or refinance of debt.	The PA notes the comment and will consider adding “repayment or refinance of debt” as part of operating capital.
113.		5(2)(a) capital expenditure, including project finance and green financing bonds.	<p>Project finance and green financing bonds are not defined.</p> <p>What about sustainability bonds ?</p> <p>And note that ESG bonds do not necessarily finance capex.</p> <p>In addition, AT1, T2 and Flac issued by Bank HoldCos do not necessarily fund capex.</p>	Noted. The PA will consider removing references to specific finance initiatives, such as green bonds and sustainability bonds. The PA will instead only refer to and set a condition of project bonds.

No.	Commentator	Paragraph	Comment	PA response
				With respect to regulatory capital, please see the response to comment 79 above.
114.		5(2)(c)	<p>We request that a definition of "finance company" be included for the purposes of clarity.</p> <p>We request that funds raised for the purposes of origination also be included.</p> <p>Consequently, we request the following alternative wording, with our addition underlined for easier reference:</p> <p><u>"(c) a finance company within a group of companies to finance the acquisition or origination of assets"</u></p>	Noted. Please see the response to comment 1 above.
115.		5(2)(d)	<p>The meaning of "repacked note programmes" is unclear. Further, the meaning of the wording "provided that they are not pooled, repackaged and securitised is unclear"</p> <p>We request that funds raised for the purposes of origination also be included.</p> <p>Consequently, in line with this request and our request immediately above, we suggest the</p>	Noted. Please see the response to comment 86 above.

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			<p>following alternative wording, with our addition underlined for easier reference:</p> <p>“(d) secured note programmes and/or repacked note programmes to acquire or originate single assets, provided that they are not pooled and securitised.”</p>	
116.		6(1)(a)(ii)	In terms of the Companies Act, only a public company is required to appoint a company secretary	Noted. The PA will amend the provision accordingly.
117.		6(1)(b)(i)	The "market value" of commercial paper/debt securities cannot be stated in the pricing supplement if they have not traded at that date.	Noted. Please see the response to comment 89 above.
118.		6(1)(d)(bb)(c)	<p>The term "institutional investors" is not defined, therefore the obligation on the issuer is unclear.</p> <p>Note that its Companies Act cl 96, for the public to be involved, a prospectus would be required</p>	Noted. Please see the response to comment 28 above.
119.		6(1)(e)(i)(aa)	12 months is unusually long and would not comply with Companies Act	The comment is noted.
120.		6(1)(f)(i)(aa)	Reference to the "issuer" to comply with the Regulations is unclear. The issuance must comply with Regulations not the issuer.	The comment is noted.

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121.		7. Additional disclosures 7(1)(e)	See comments above, it is not clear how the "market value" of the commercial paper/debt securities will be determined if the pricing supplement in relation to listed commercial paper/debt securities must be issued prior to the issue date.	Noted. Please see the response to comment 89 above.
122.		8.(1) Statutory returns	Redundant as already contained in other legislation/regulation.	Noted. Please see the response to comment 95 above.
123.		9. Returns by issuers of commercial paper and/or debt securities	It is not clear why issuers and arrangers of commercial paper and/or debt securities other than those listed on the JSE should obtain prior approval from the Authority. Approval from the Authority should not be required for any issuer or arranger if the issuance will comply with the Notice. It is unacceptable to single out the JSE.	<p>The comment is noted. The exception will be extended to all licensed exchanges.</p> <p>The policy intent from the PA is to capture all unlisted issuances as well as private placements, in order for the PA to maintain a repository of those transactions.</p>
124.		10. Authorisation for SPVs to issue commercial paper and/or debt securities	<p>For the purposes of clarity, we request that a definition be included for a "SPV".</p> <p>We submit that authorisation in this regard only be required where the issuance is made to the general public.</p>	<p>Noted. Please see the response to comment 8 above.</p> <p>The PA notes the comment and will consider amending the provisions to clearly distinguish issuances to</p>

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			<p>Accordingly, we request that issuances by SPVs to the following be excluded from the application of this paragraph:</p> <p>a) Institutional investors,</p> <p>b) Bilateral arrangements between an SPV and a single investor.</p> <p>It should be made clear that prior approval from the Authority should be obtained prior to the initial issuance and not for each issuance thereafter.</p>	<p>institutional investors from issuances to the general public.</p> <p>Special purpose vehicles (SPVs) will be required to apply to the PA to issue commercial paper (CP) and debt securities (DS), except those SPVs that intend to list CP or DS on a licensed exchange or in cases involving bilateral arrangements between an SPV and institutional investors.</p> <p>As stated in paragraph 9(1), approval is only required for the first time issuance; all subsequent issuances do not require approval from the PA. The issuer is still required to submit returns in the form and manner of Annexure A.</p>
125.	BASA	Designated activity	The inclusion of institutional investors is unnecessary, as they are already covered as a subset of the market which comprises the general public.	Noted and agreed. Please see the response to comment 28 above.

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			<ul style="list-style-type: none"> We recommend removing this term through the regulations as it draws a distinction which is not necessary. Does the term “institutional investor” also include banks and insurers? 	
126.		General Conditions for the issue of commercial paper and/or debt securities	We recommend that the redundant clauses can be deleted: 3(1)(iii), (iv), (v) are all incorporated in (i) as a company (whether public or private).	The comment is noted. However, the PA does not agree to a deletion.
127.		“a listed or an unlisted company”	We request clarification why is a specific distinction made to an unlisted company, because it should include both listed and unlisted companies?	Noted. Please see the response to comment 26, 75 above.
128.		wholly owned subsidiary”	<ul style="list-style-type: none"> We request clarification as to what does wholly owned subsidiary relate to. We recommend that this is deleted. It contradicts 3(1)(a)(i) as it is still a company. 	The comment is noted. However, the PA does not agree with the deletion, as a wholly owned subsidiary may be a company that is owned by a holding company within a group of companies.
129.		General Conditions for the issue of commercial	a. <i>any person, institution or entity backed by an explicit Central Government guarantee, [or any other central</i>	Noted. Please see the response to comment 76 above.

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		paper and/or debt securities	<p><i>government specified in writing by the Authority.]”</i></p> <ul style="list-style-type: none"> We propose that the square bracketed portion should be its own bullet point i.e., a new 3(1)(a)(xii). 	
130.		<p>3.(1)(b) in case of commercial paper:</p> <p>3.(1)(b)(i) only be issued to acquire operating capital;</p>	<ul style="list-style-type: none"> We request clarification on the restriction on use of proceeds to only operating capital. <p>Per prior recommendations, we recommend combining both instrument types.</p> <p>It is normal corporate practice to fund a variety of a company’s business (including fixed assets) with a portion of shorter dated debt as part of a company’s capital structure. This Notice should not (in)directly determine how a company can design its capital structure to give companies the opportunity to create the most efficient capital structure.</p> <p>We recommend that this definition should include repayment and refinancing of debt.</p>	Noted. Please see the responses to comments 59, 77 and 112 above.

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131.		only be issued or transferred in minimum denominations equal to or greater than ZAR12.5 million”;	<p>The denomination of ZAR12.5 million creates an inconsistency with the Companies Act that refers to a denomination of ZAR1 million.</p> <p>We request clarification why there is a limit to the investment and trading of debt securities given the advancement in the financial industry worldwide to a select few investors based on the denomination size.</p> <p>There are sufficient safeguards with regards to the information to be made available if a company or its debt securities are listed for an investor to avail himself of the risk and given the opportunity to invest. Currently there are no denomination limits on equities that are listed.</p> <p>Given that debt securities rank higher in the capital structure of a company and hence less risky than equity, it is nonsensical to limit participation by investors that can participate in the equity in a lower denomination value.</p> <ul style="list-style-type: none"> ○ An issuer of commercial paper cannot control the transfer of commercial paper. <p>We therefore recommend that the requirement of ZAR12.5 million to be replaced with:</p>	The comment is noted. Please refer to the response to comment 77 above regarding minimum denominations.

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			<p>Debt securities may be issued or transferred only in minimum denominations equal to or greater than ZAR1 million unless:</p> <ol style="list-style-type: none">1. the issuer is a listed company; or2. the debt securities are listed on a recognised financial exchange; or3. the debt securities are issued by the central government; or4. the debt securities are backed by an explicit central government guarantee; or5. the debt securities are issued by a municipality or state-owned company that complies with the MFMA or PMFA and have 24 months prior to the proposed issue of the debt securities and while the debt securities are in issue, an unqualified or qualified audit report. <ul style="list-style-type: none">• We would also request clarification whether the intention when referencing "denomination" should not be to "issue amount".	

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			<ul style="list-style-type: none"> ○ Is it the intention to regulate the amount each investor subscribes for rather than the denomination of the bond? ○ e.g. (10 bonds with a denomination of R12,500,000 each = an issue amount of R120,500,000 vs 1 bond with a denomination of R12, 500,000 = an issue amount of R12,500,000). 	
132.		only be issued for a maturity not exceeding 365 days from its date of issue”.	What about leap years?	The comment is noted. The amendment will be made to cater for leap years.
133.		3(1)(b)(ii) and 3(1)(c)(iii)	<ul style="list-style-type: none"> • We request clarification how the minimum reference amount was determined. • On the minimum denominations, we propose to retain R1m minimum issuance amount threshold as per the existing CP Regulations. <p>Currently, purchasers of this paper allocate investments in smaller increments across differing portfolios and a change to this threshold will impede established market practice.</p>	Noted. Please see the response to comment 77 above.

No.	Commentator	Paragraph	Comment	PA response
134.		in the case of debt securities:	Debt security is generally defined as an instrument, and then also defined at 3(1)(c). Please clarify.	Noted. Please see the response to comment 78 above.
135.		<p>“in the case of debt securities”:</p> <p>“be issued with a maturity from date of issue ranging from a minimum of 366 days to a maximum of 30 years”;</p>	<ul style="list-style-type: none"> We request clarification on why a maximum tenor has been set of 30 years. <p>There should not be a minimum or maximum tenor, and the market should have the freedom to invest in / issue any tenor.</p> <p>What about leap years?</p>	<p>Noted. Please see the response to comment 103 above.</p> <p>The PA notes the comment that there should not be a maximum or minimum tenor. However, the PA maintains that, fundamentally, commercially paper is a short-term debt instrument that matures in under a year; this is the policy approach that has been applied in this Notice. In addition, market research indicates that the maximum tenor for most domestic medium-term note programmes (DMTNP) is 30 years.</p> <p>The comment related to leap years is noted. Please see the response to comment 132 above.</p>

No.	Commentator	Paragraph	Comment	PA response
136.		"capital funding"	<p>We request clarification as to why this has been included.</p> <p>It is normal corporate practice to fund a portion of a company's shorter dated assets by longer dated debt if there is a certain medium term minimum level of such shorter dated assets within a company as part of a company's capital structure.</p> <p>This Notice should not (in)directly determine how a company can design its capital structure to give companies the opportunity to create the most efficient capital structure.</p> <ul style="list-style-type: none"> ○ "Capital funding" does not seem to contemplate regulatory capital (AT1/Tier2) or Flac, which is required to be issued out of bank holding companies. Since these companies are not banks, one must rely on the CP Exemption Notice for these issuers. ○ "Capital funding" doesn't seem to contemplate regulatory capital (AT1 / Tier 2) or Flac which is required to be issued out of bank holding companies. Accordingly, one must rely on the CP Exemption Notice since bank holding companies are not licensed as banks. 	Noted. Please see the responses to comments 58, 77 and 79 above.

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No.	Commentator	Paragraph	Comment	PA response
			<ul style="list-style-type: none"> ○ We recommend that the use of proceeds restrictions across the notice be removed. ○ We do not understand what risk this characterization seeks to mitigate. 	
		<p>“only be issued or transferred in minimum denominations equal to or greater than ZAR18.75 million”;</p>	<p>The denomination of ZAR18.75 million creates an inconsistency with the Companies Act that refers to a denomination of ZAR1 million.</p> <ul style="list-style-type: none"> • The issuer of debt securities cannot control the transfer of debt securities. • We request clarification what the intention is to limit the investment and trading of debt securities given the advancement in the financial industry worldwide to a select few investors based on the denomination size. <p>There are sufficient safeguards with regards to the information to be made available if a company or its debt instruments are listed for an investor to avail himself of the risk and given the opportunity to invest. Currently there are no denomination limits on equities that are listed.</p>	<p>The PA noted the comment and will consider the proposed exceptions in the amendments. However, the PA would like to refer to the responses to comments 77 and 80 for the policy perspective informing the minimum denominations.</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>Given that debt securities rank higher in the capital structure of a company and hence less risky than equity, it is nonsensical to limit participation by investors that can participate in the equity in a lower denomination value.</p> <ul style="list-style-type: none"> • We recommend that the requirement of ZAR18.75 million to be replaced with: <p>Debt securities may be issued or transferred only in minimum denominations equal to or greater than ZAR1 million unless:</p> <ol style="list-style-type: none"> 1. the issuer is a listed company; or 2. the debt securities are listed on a recognised financial exchange; or 3. the debt securities are issued by the central government; or 4. the debt securities are backed by an explicit central government guarantee; or 5. the debt securities are issued by a municipality or state-owned company that complies with the MFMA or PMFA and have 24 months prior to the proposed issue of the debt securities and while the debt securities are in issue, an unqualified audit report. 	

No.	Commentator	Paragraph	Comment	PA response
137.		“be dematerialized and settled on licensed central securities depository or listed on a licensed financial exchange”;	<p>Securities being dematerialized and settled electronically through a CSD is unrelated to being listed. Issuers should be able to issue listed and or unlisted notes, and both are materialised or dematerialised and settled electronically through a CSD or certified, which is not cleared and settled through a CSD.</p> <p>We raise our concerns on this as this is a significant limitation of the current market practice without an indication as to the risk being mitigated in doing so.</p> <p>Does this mean CP need not be dematerialised or listed as this is not a requirement under 3(1)(b)?</p> <p>Issuing instruments for the purposes of operating capital should also be permitted under debt securities in line with current regulations.</p>	<p>Noted. Please see the responses to comments 66, 81 and 102 above.</p> <p>The PA has adopted a position that commercial paper or debt securities are to be dematerialised and settled through a licensed central securities depository or listed on a licensed financial exchange. This is in line with ensuring the safety and soundness of this market, for investor protection and promoting transparency.</p> <p>The requirement in 3(1)(c)(iv) has also been inserted for commercial paper.</p>
138.		“be issued only when a credit rating has been issued by a licensed credit rating agency, as defined in section 1 of	This is unduly restrictive and will inhibit the market given the cost implication of obtaining a rating on the Issuer, as well as a rating on each note issued. This also contradicts existing regulations for investors which allows them to	Noted. Please see the response to comment 82 above.

No.	Commentator	Paragraph	Comment	PA response
		the Credit Rating Services Act, 2012 (Act No. 24 of 2012), in respect of that debt security”.	<p>invest a portion of their funds in unrated instruments.</p> <ul style="list-style-type: none"> • We recommend removing the rating requirement and allow the market to operate in the normal course and within parameters of existing legislative and regulatory requirements. ○ It must be noted that the reliance on ratings is not a global regulatory trend, instead the contrary is true. ○ It also contradicts buy side regulations where institutional investors are allowed to invest a portion of their funds in unrated securities. ○ The provision also specifically refers to the rating of a debt security, but it is often the issuer that is rated and not the debt security. 	
139.		3(1)(c)(iv) & 3(1)(c)(v)	<p>The Financial Markets Act still allows for certificated securities which is accordingly been included in programmes.</p> <p>We recommend that paragraphs (iv) and (v) should be deleted as the inclusion thereof will hinder the ability to issue certificated</p>	Noted. Please see the responses to comments 137 and 138 above.

No.	Commentator	Paragraph	Comment	PA response
			<p>commercial paper and/or debt securities when read in conjunction with the Financial Markets Act. Companies do issue from time-to-time certificated debt (i.e. debt that is not listed nor cleared through a central securities depository).</p> <p>Agreed commercial terms with investors may sometimes require different payment timelines to what the central depository provides which necessitates the ability to issue unlisted certificated notes to comply with the agreed commercial terms.</p> <p>Credit rating requirement to be removed as it is not a requirement for commercial paper and will limit the flow of capital within South Africa. Many debt securities are issued without credit ratings in South Africa. Investors should rely on their own credit analysis when investing instead of on a credit rating agency.</p> <p>Some debt issuances cannot be rated due to prevailing credit rating methodologies and assessment/annual review expenses.</p>	
140.		Specific conditions relating to the ultimate borrower	<ul style="list-style-type: none"> • We recommend the inclusion of a subcategory of associates/affiliates. 	The PA notes the recommendation to include associates/affiliates and will consider the proposal.

No.	Commentator	Paragraph	Comment	PA response
		<p>4(1) Only the following entities, institutions or persons may be the ultimate borrower of funds obtained from the general public against the issue of commercial paper and/or debt securities:</p> <p>4(1)(a) the issuer;</p>	<ul style="list-style-type: none"> We request clarification as to the rationale for the ultimate borrower to be a wholly owned subsidiary of the issuer as opposed to simply a subsidiary of the issuer. <p>Please add “or” at the end of subparagraph (a)</p>	<p>With regard to wholly owned subsidiaries, please see the response to comment 83 above.</p> <p>The PA notes the editorial suggestion.</p>
141.		“wholly owned”	<p>We recommend the removal of the comment, as per above.</p> <p>We request that the Authority reinstate “safe harbour” from the CP Exemption Notice in relation to customary credit for the sale of goods and services.</p> <p>Most corporate issuers would be impacted by this to the extent that they offer payment terms on invoices as a part of their ordinary business.</p>	<p>With regard to wholly owned subsidiaries, please see the response to comment 83 above.</p> <p>With regard to customary credit, please see the response to comment 84 above.</p> <p>The PA notes the comments and concerns.</p> <p>With regard to finance company, please see the response to comment 1 above.</p>

No.	Commentator	Paragraph	Comment	PA response
			We request clarification whether a finance company can issue commercial paper?	
145.		<p>Specific conditions related to the purpose of issuances</p> <p>“The funds raised or obtained by the ultimate borrower, through the issuance of debt securities, must be raised or obtained solely for the purpose of”:</p>	<p>We request clarification why the issuers are limited in the use of the funds acquired through the issuance of commercial paper and debt securities and what additional safeguard does this provide to the market?</p> <ul style="list-style-type: none"> • We recommend the removal of: “..., <i>must be raised or obtained solely for the purpose of operating capital;</i>” ○ Businesses should be able to decide themselves how to design their capital structure. ○ This also does not seem to contemplate regulatory capital (AT1/Tier2) or Flac that is required to be issued out of a bank holding company and accordingly, must rely on the CP regulations as bank holding companies are not licensed entities. 	With regard to use of funds and regulatory capital, please see the responses to comments 59, 77 and 79 above.
146.		“capital expenditure, including project finance	The proceeds of the issuance of debt securities should also be used for the purpose of operating	With regard to repayment and refinancing, please see the response to comment 112 above.

No.	Commentator	Paragraph	Comment	PA response
		and green financing bonds”	<p>capital, including the repayment of refinance of debt.</p> <ul style="list-style-type: none"> • We request clarification why a particular mention/emphasis is made in respect of project finance and green financing bonds. ○ Explicit mention of these specific types of bonds may cause interpretation issues when one considers the ejusdem generis rule (where general words or phrases follow several specific words or phrases, the general words will be construed as limited to the same kind or class as those expressly mentioned). ○ In addition, green bonds are financing instrument and not always capital in nature. 	<p>With regard to green financing and project financing, please see the response to comment 113 above.</p>
147.		Specific conditions related to the purpose of issuances	<p>We request clarification as it is unclear what “<i>treasury function</i>” and “<i>finance company</i>” means in this context.</p> <p>We would recommend that these be deleted so as not to create unnecessarily restrictive requirements that may not have been intended.</p>	<p>With regard to finance company, please see the response to comment 1 above.</p> <p>The comment is noted.</p>

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148.		<p>“secured note programmes and/or repacked note programmes to acquire single assets, provided that they are not pooled, repackaged and securitised”.</p>	<p>We request clarification in relation to the opening statement as it is unclear what the rationale is.</p> <p>We would recommend that 6(b)(i) is removed as this information is not readily available at issuance.</p> <p>6(b)(iv) and (v) should refer to pricing supplement, not placing document or that placing document be expended to include the pricing supplement or final terms</p>	<p>With regard to repackaged note programmes, please see the response to comment 86 above.</p> <p>The PA will remove references to market value.</p> <p>The PA notes the proposal and will make the amendment accordingly.</p>
149.		<p>An issuer of commercial paper and/or debt securities, except for issuers that are the Central Government or with an explicit Central Government guarantee, or any other central government specified in writing by the Authority, shall, in a placing document relating to such issuance of commercial paper and/or debt</p>	<p>We think there is incorrect use of the words placing document the 1st introductory paragraph because the definition excludes a pricing supplement whilst item (1)(a)(i) & (1)(b)(i) to (ii) refers to information to be included into a pricing supplement or final terms only?</p>	<p>The PA notes the comment and has since amended the definitions for placing document and pricing supplement to provide clarity on the terminology and the subsequent use of the terms within the Notice.</p>

No.	Commentator	Paragraph	Comment	PA response
		securities, whether by private or public placement, disclose at least the following information:		
150.		The name, type, registration number, date and place of incorporation of the issuer, as a heading on the face of the placing document, and, in the case where the issuer is not the ultimate borrower, the name of the ultimate borrower, as a heading on the face of the placing document;	<p>Please provide clarification for the importance of providing the details of the ultimate borrower and if required, why is only the name of the ultimate borrower required and not the additional information as required for the issuer in this paragraph?</p> <p>We wish to note that if the placing document is a programme or prospectus, the details of the “ultimate borrower” will not be available at the time of registration of the programme memorandum or prospectus, it will only be available when the instruments are to be issued, i.e. when the pricing supplement or final terms or in the case of offering memoranda/circulars for stand-alone issues are issued;</p>	<p>Paragraph 6(1)(a) is sufficiently comprehensive as it requires the details of all the role players involved in the issuance. The details of the ultimate borrower, issuer, auditor, attorneys and other are required. Invariably, the accountability is placed on the issuer, and as such, much of the focus is on the details of the issuer for CP/DS.</p> <p>The comment on the identification of the ultimate borrower is noted, which furth reinforces the focus on determining the issuer.</p>
151.		The name, registered address of the auditors, attorneys, advisers, dealers, arrangers, managers, calculation	We recommend the inclusion of a “settlement agent” to the provision.	<p>The recommendation is noted and accepted.</p> <p>The recommendation is noted and accepted.</p>

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		agent, paying agent, transfer secretary, and any other persons as may be determined by the PA;	We recommend referring to “address” instead of <i>registered address</i> , since many entities, such as attorneys, will not have a registered address.	
152.		A description of the material risk factors of the issuer of commercial paper and/or debt securities must be provided. The risk factors must include matters concerning the business and financial condition of the issuer, and may include other matters relating to the absence of an operating history and the absence of profitable operations, among others;	<p>The issuer is required under other legislation and debt listing requirements to assess appropriate risk factors. It should not be confined to a list determined by the PA.</p> <ul style="list-style-type: none"> • We recommend that this be removed. • The JSE already imposes this obligation pursuant to the JSE Debt Listing Requirements on the issuer to include all risk factors in the placement document. We propose that this requirement is limited to unlisted instruments only. <p>With reference to the parenthesis “(as may be determined by the Authority)”,</p> <ul style="list-style-type: none"> • We request clarification when the Authority would make this determination, especially for issuances that do not require the approval of the Authority. 	<p>With regard to the determination by the PA, please see the response to comment 88 above.</p> <p>The PA notes the comment and will make an amendment to provide clarity on the extent of this requirement.</p>

No.	Commentator	Paragraph	Comment	PA response
153.		The placing document must state details of redemption rights.	<ul style="list-style-type: none"> • Please clarify why is this required? • We recommend that this be deleted. 	The PA notes the comments but does not agree with them. Placing documents generally contain specific provisions that relate to redemption rights, such as early redemption elections, redemption following a tax event, redemption following a regulatory event, or similar provisions. These requirements align with standard practice and are consistent with most publicly available placing documents.
154.		Details of issued commercial paper and/or debt securities	We request clarification on how market value will be determined, particularly in respect of unlisted notes.	The comment is noted. Please see the response to comment 89 above.
		For purposes of this paragraph, the guarantee or security and supporting documents must be made available on a specific website, office, or an electronic data room.	<p>We request clarification on what constitutes supporting documents.</p> <p>We request clarification whether references to “security” are intended to refer to credit enhancement security or the debt securities regulated by the CP Exemption Notice.</p> <p>We propose that credit enhancement security be separately defined</p>	<p>The supporting documents referred to in this paragraph are documents that provide details of the security or guarantee. The paragraph will be amended for clarity purposes.</p> <p>The references to security relate to the debt securities as regulated. Please refer to the response to comment 90 above for additional context.</p>

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			<p>We request clarification as it would be unusual to attach the actual resolution to the placing document and as a result. This seems off market in the context.</p> <p>We recommend a removal of this requirement.</p>	<p>It is important for the PA and investors to ascertain that the security or guarantee is indeed legally enforceable and is not encumbered. A binding body resolution would thus provide such certainty.</p> <p>The comment is noted.</p>
155.		<p>The placing document must be accompanied by the issuer's latest interim or audited financial statements, provided that such financial statements -</p>	<p>We request clarification why it is necessary for the financial statements to accompany the placing document as it is made available on a website and is available at the issuer's office upon request. (Website links are included in the placing document and it is a requirement for listed instruments pursuant to the JSE Debt Listing Requirements).</p> <p>We recommend that the entire section be reworded to stipulate that the financial statements must be made available by the issuer including a link to the website where the financial statements can be found, in the placing document and that such statements will also be made available at the issuer's office upon request.</p>	<p>The comment is noted and accepted. The PA will make amendments to allow for this requirement to be facilitated through a specific website, office or an electronic data room.</p> <p>The comment is noted.</p>

No.	Commentator	Paragraph	Comment	PA response
			It should also be made clear that newly established entities will not have any financial statements. Current wording is not clear enough.	
156.		“shall comply with International Financial Reporting Standards (IFRS) or any such recognised accounting standards”.	We request clarification what is meant by recognised accounting standards or who is responsible for determining whether such accounting standards are recognised or not?	<p>The intention of the PA in this provision is to recognise that accounting standards may change from time to time and that the PA may recognise accounting standards other than IFRS.</p> <p>Other issuers may use accounting standards that are not IFRS but are still recognised by the PA.</p>
157.		in an instance where the issuer is a newly established entity with limited or no financial history, a statement from the issuer must be submitted to the Authority confirming that the issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments, thereby reflecting, among	<p>This clause is not a disclosure requirement, and we recommend that it should accordingly be included in a different section.</p> <p>It is not possible for a statement of this nature to be made for a newly established SPV entity as it will not have operated or own any assets at the time of submission of the placing document.</p>	<p>The PA notes the comment and argues that both statements can be made as it relates to the SPV based on:</p> <ul style="list-style-type: none"> • the description of the transaction to be undertaken by the SPV; • the description of the activities and purpose of the SPV; and • the financial position of the SPV viewed from the aggregate

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		others, the adequacy of the liquidity and solvency of the issuer;	We recommend that the requirement be replaced with a statement from the auditors that the entity has no trading history which is in line with JSE Debt Listing Requirements for new SPVs.	<p>authorised number of CP/DS to be issued by the SPV.</p> <p>The PA may include the requirement to state that the SPV has no trading history. However, confirmation is required as to whether the SPV will be a going concern as and when it begins issuing CP/DS.</p>
158.		Responsibility Statement	In the context of the remainder of the provision which relates to a Responsibility Statement. The statement being requested from there is not clear.	Noted. Please see the response to comment 91 above.
159.		Where there is a material change to the information required to be disclosed in the placing documents, the issuer must prepare an updated placing document or a supplement to the placing document setting out the updated information	<p>➤ Proposed tracked changes.</p> <p>We request clarification why it is necessary, as the instruments are already in issue. The JSE already imposes this obligation pursuant to the JSE Debt Listing Requirements on the issuer to update the Issuer's business and risks factors sections in the placement document if the above-mentioned information is 'outdated in a material respect'</p>	The comment is noted and accepted. The PA contends that the Notice does not only apply to listed issuances of CP/DS, but also to unlisted issuers. Further, there are other licensed exchanges other than the JSE where commercial paper is issued, hence this requirement.
160.		confirm that the issuer and the issuance of the commercial paper and/or debt securities complies	Auditors refuse to provide the confirmation as set out in the paragraphs and are only prepared to confirm that nothing has come to their attention that causes them to believe that the	The PA is in engagements with the auditing industry on this requirement

No.	Commentator	Paragraph	Comment	PA response
		in all material respects with the provisions of this Notice at the time of initial issuance	<p>issuer and the issuance of the commercial paper and/or debt securities does not comply with the provisions of this Notice in all material respects, at the time of initial issuance</p> <ul style="list-style-type: none"> ➤ We recommend that this paragraph be amended accordingly to what the auditors are prepared to confirm. ➤ We request clarification if an issuer needs to obtain this confirmation for each issuance or for the initial issuance under a placement document only (for an assessment if the wording of the placement document complies with the relevant conditions set out in the Notice?) 	<p>and notes the comments on the audit concerns.</p> <p>The requirements are focused primarily on the initial issuance and any substantial and material changes to the placing documents after the initial issuance.</p>
161.		6(d)(bb)	<p>6(d)(bb)(A): This clause is already in placing documents as it is a requirement of the JSE Debt Listing Requirements.</p> <ul style="list-style-type: none"> ➤ We would recommend not regulating for this twice in two separate places as this can lead to conflicts across regulations as requirements change over time. ➤ We recommend that this is only required for unlisted issuances of commercial paper. <p>6(d)(bb)(B) this is dealt in the annual financial statements.</p> <p>6(d)(bb)(C) We do not recommend that the issuer try to distinguish between the general</p>	<p>The comment is noted. The PA contends that the Notice does not only apply to listed issuances of CP/DS, but also unlisted issuers. Further, there are other licensed exchanges other than the JSE where commercial paper is issued, hence this requirement.</p> <p>The PA notes the comment, however, does not agree. As this provision requires the issuer to accept responsibility for the accuracy of the</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>public and institutional investors as the latter is a subset of the former as a matter of established company law.</p> <p>We recommend the removal of the term institutional investor in its entirety from the draft of this basis, and the removal of this paragraph.</p>	<p>information in the annual financial statement.</p> <p>The comment is noted. Please refer to the responses to comments 13 and 28 above regarding general public and institutional investors.</p>
162.		Confirmation that the information in the placement document is up to date in all material respects	<p>This is already a requirement of the JSE Debt Listing Requirements.</p> <p>We would recommend that this only required for unlisted issuance of commercial paper/debt securities.</p> <p>The inclusion of the updated information cannot be limited to Applicable Pricing Supplement, it can also be included in a supplement to the placement document. We propose that the wording be amended to as follows:</p> <p><u>“... that the applicable pricing supplement, final terms or supplement to the placement document other documents reflecting the terms of the issuance sets out the updated information at all times, of the issue”</u></p>	<p>The comment is noted accordingly. The PA contends that the Notice does not only apply to listed issuances of CP/DS, but also to unlisted issuers. Further, there are other licensed exchanges other than the JSE, where commercial paper is issued, hence this requirement.</p> <p>The proposal is noted.</p>
163.		7(1) The terms and conditions of the commercial paper and/or	The terms and conditions applicable to the commercial paper and/or debt securities are contained in either the placing document or the	

No.	Commentator	Paragraph	Comment	PA response
		<p>debt securities issuance, as contained in the placing document as well as the pricing supplement, must provide an investor with sufficient information in the form of a summary page that includes, at a minimum, the following information (as applicable)1:</p>	<p>pricing supplement and not in both. A summary page must only be in the placing documents or the pricing supplement, not in both.</p> <ul style="list-style-type: none"> ➤ Please clarify what is meant with a 'summary page', the information listed in paragraph 7(1) is already included in the placement document, pricing supplement or final terms ➤ We recommend that the wording of subparagraph 1 be amended to make this clear. ➤ We recommend that there is no need for a summary page, as the applicable pricing supplement has all the key terms and conditions of the specific note. <p>(This information is also required by the JSE Debt Listing Requirements.)</p> <p>7(1)(e) Historically, there has not been a reflection of the "market value" of an instrument in pricing supplements as this is not information that the issuer has to hand at the time of</p>	<p>The PA requires the issuer to add an additional annexure, in the manner and form of a summary page, that details all the information listed in paragraph 7. This summary page is required in the form of a checklist.</p> <p>The PA maintains that the wording is sufficiently clear.</p> <p>The comment is noted. However, the details without an asterisk show all other information that would not be in a pricing supplement, which would ideally be placed in the proposed summary page. With respect to the JSE comment, please refer to the responses relating to unlisted issuances as well as other licensed exchanges.</p>

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			<p>issuance. The notional value on the face of a pricing supplement may also not necessarily be the price paid for the instrument if the note is issued at a premium or a discount. The determination of the dynamics of premia or discounts are also not related to market value but are determined by the rate to be paid on the instrument. None of this information relates to market valuation.</p> <p>As a result, we recommend removing this requirement.</p> <p>We request clarification of 7(1)(t) Date of convention.</p> <p>All information marked with an asterisk must be included in the pricing supplement. Items under subparagraphs (j), (n) and (s) are not marked with an asterisk.</p> <p>Please clarify why these items do not have to be included in the pricing supplement?</p> <p>This information required in this section 7(1) are already required by the JSE Debt Listing Requirements. We recommend that the information listed in paragraph 7(1) is only applicable unlisted instruments</p>	<p>The comment on market value is noted. Please refer to the response to comment 89 above.</p> <p>The date convention will be amended to business day convention.</p> <p>This is expressed at the beginning of the PA's response to comment 163. The details without an asterisk (*) show all other information that would not be in a pricing supplement, which would ideally be placed in the proposed summary page.</p> <p>The comment is noted.</p>

No.	Commentator	Paragraph	Comment	PA response
164.		Additional disclosures	With reference to “ <i>Value of total notes in issue and outstanding (including each series)</i> – we propose adding “before this issuance” to provide clarity.	The comment is noted.
165.		7(1)(t)	Please confirm what is being referred to here.	The date convention will be amended to business day convention.
166.		8. Statutory returns guarantees, endorses any other form of credit and / or liquidity support	We recommend the definition of guarantee, to guarantee, endorsement and to endorse into the list of definitions. We recommend that “Revocable” support provided by a bank should be excluded from this paragraph.	The comment is noted but the PA will not define the terms guarantee or endorsement as those are generally recognised contractual terms. The comment is noted, there is no such reference to “revocable” in the referenced paragraph.
167.		Returns by issuers of commercial paper and/or debt securities (1) All issuers and arrangers of initial issuance of commercial paper and/or debt securities, excluding Johannesburg Stock Exchange listed	We recommend that the Authorities approval should be the responsibility of the Issuer only, not the arranger. We believe that the way this clause is worded is ambiguous and conflicts with the 6(1)(f) where the obligation is imposed on the Auditors to confirm that the issuance of commercial paper and/debt securities complies in all material respects with the provisions of Notice.	The PA notes the comment but does not agree with it. The policy position is to capture all entities that partake in the transaction, especially regulated financial institutions, that generally perform the role of an arranger. Nonetheless, these requirements have been imposed on unlisted issuances.

No.	Commentator	Paragraph	Comment	PA response
		<p>issuance, must, before initial issuance, furnish for approval to the PA, the placing documents (excluding pricing supplements), in accordance with paragraph 6 of this Notice, as well as a summary page detailed in accordance with paragraph 7 of this Notice.</p>	<p>We are unsure if it means any unlisted notes need prior approval. The clause reflects a requirement for approval at initial issuance, and that the Placing Document (excl the APS) needs to be furnished for approval, which implies an upfront approval being required and if that is the case, why it is required, as the Auditor is tasked pursuant to 6(1)(f) to confirm compliance with the Notice.</p> <p>What would be the circumstances where an issuer routinely issues listed notes but then decides from time to time to issue unlisted notes. Does that specific unlisted note need to be pre-approved?</p> <p>We recommend the wording be amended such that it provides, that if notes are issued off a JSE/CTSE-Registered programme, individual issues are exempt from prior approval.</p> <p>We furthermore recommend that the listing exclusion be extended to apply to all other regulated exchanges and the JSE (i.e., the CTSE is excluded).</p> <p>We request confirmation:</p> <ul style="list-style-type: none"> ▪ what the envisaged PA turnaround time is expected to be once a submission has 	<p>The comment is noted. This applies specifically to unlisted notes, which will require prior approval and auditor confirmation in order to commence issuance.</p> <p>This would depend on whether initial issuance was approved. If initial issuance was approved, any other issuance from the same placing documents will not require subsequent approval from the PA. Nonetheless, this requirement is now imposed on unlisted issuances.</p> <p>The comment is noted and will be amended to cater for all licensed exchanges.</p>

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No.	Commentator	Paragraph	Comment	PA response
			<p>been made and all relevant documents shared.</p> <ul style="list-style-type: none"> whether this submission is only for initial approval and the first issuance or can commercially paper or debt securities be issued without pre-approval thereafter whether changes to the Programme Documentation requires a new submission. <p>We note with concern that the dual approval process now required, will have an impact on the market, especially if there are significant delays from date of submissions to date of approval.</p>	<p>The comment is noted. Please refer to the response to comment 94 above regarding turnaround times.</p> <p>The comment is noted but the PA does not agree. There are several accommodations that will be made to make this approval process seamless, including allowing exceptions for licensed exchanges, as well as bilateral transactions. The PA will not completely do away with approvals. The focus will be on unlisted issuances.</p> <p>The PA notes the comment.</p>
168.		9(2) All issuers and arrangers of commercial paper and/or debt securities must furnish the Authority on a quarterly basis, within fifteen business days of the end of each quarter,	We request an amendment to state it is the issuers (XXXXhas been outsourced) that must provide the information as required in the paragraph.	<p>The comment is noted.</p> <p>The comment is noted and will be considered.</p>

No.	Commentator	Paragraph	Comment	PA response
		with a return in the layout contained in Annexure A of this Notice.	<p>It should be the primary obligation of the issuer unless the issuer has delegated this task to an arranger or other party.</p> <p>Banks and Holding Companies are issuing Flac, AT1 and T2 in debt security format under the CP regs. These issuances already require pre-approval from the Authority, and post-issuance, the applicable pricing supplements are provided.</p> <p>In addition, on a quarterly basis, banks provide a register of their capital instruments. Requiring an additional return in the form proposed would be an additional administrative burden given that this information is already being provided to the Authority.</p>	<p>The comment is noted. Please refer to the response to comment 95 above.</p> <p>Please refer to the response to comment 95 above.</p>
169.		<p>Authorisation for SPVs to issue commercial paper and/or debt securities</p> <p>(1) An SPV must obtain prior written approval from the Authority to issue commercial paper and/or debt securities in terms of this Notice.</p>	<p>We request clarification on the following:</p> <ol style="list-style-type: none"> 1. It is not clear if it is the intention to have issuance by a SPV or each issuance by a SPV to be approved by the Authority. 2. If it is the intention that the Authority needs to approve each issuance of debt, the Authority must have capacity in place to approve within 2 business days after receipt of an approval request as SPVs may issue dozens of times per annum. 	<p>The intention of the PA is to approve the initial issuance by an SPI.</p> <p>The PA notes and supports the recommendation.</p>

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No.	Commentator	Paragraph	Comment	PA response
			We recommend that SPV's only require upfront approval, and not at every issuance.	
170.		10(1)	<p>Please confirm:</p> <ul style="list-style-type: none"> • what the envisaged PA turnaround time is expected to be once a submission has been made and all relevant documents shared. • whether this submission is only for initial approval and the first issuance or can commercially paper or debt securities be issued without pre-approval thereafter; and <p>whether changes to the Programme Documentation requires a new submission.</p>	The comment is noted. Please refer to the response to comment 94 above.
171.	Bowmans	Paragraph 2	<p>The term "<i>institutional investors</i>" is not defined. For certainty, the term should be defined to ensure that it is clear who may place funds pursuant to the issue of commercial paper and debt securities. Such definition is necessary because paragraph 6(1)(d)(bb)(C) of the Draft Exemption Notice requires issuers to distinguish between "<i>the general public</i>" and "<i>institutional investors</i>", and the definition of "<i>general public</i>" in section 1 of the Banks Act,</p>	The comment is noted. Please refer to the responses to comments 13 and 28 above.

No.	Commentator	Paragraph	Comment	PA response
			1990 (Banks Act) is broad enough to cover institutional investors in general.	
172.		Paragraph 3(1)(a)	The list of entities that may issue commercial paper and debt securities in paragraph 3(1)(a) expressly includes “ <i>an unlisted company</i> ” but does not expressly include a “ <i>listed company</i> ”. Clarity is sought as to whether or not a “ <i>listed company</i> ” may issue commercial paper and debt securities. In the absence of such clarity, paragraph 3(1)(a) will be met with interpretation challenges insofar as listed companies are concerned.	The comment is noted. Please refer to the response to comments 75 above.
173.		Paragraph 3(1)(a)(xi)	<p>The list of entities that may issue commercial paper and debt securities in paragraph 3(1)(a) includes in subparagraph (xi) “<u>any person, institution or entity backed by an explicit Central Government guarantee, or any other central government specified in writing by the Authority</u>”.</p> <p>Clarity is sought as to whether “<i>any person</i>” includes a natural person, which would mean that a natural person backed by an explicit Central Government guarantee may issue commercial paper and debt securities.</p> <p>In addition, clarity is sought as to whether the reference to “<i>or any other central government</i></p>	<p>The intention of the PA was to refer to “any juristic person” and will be amended as such.</p> <p>The comment is noted. Essentially, the intent is that a central government must obtain approval in writing from the PA</p>

No.	Commentator	Paragraph	Comment	PA response
			<p><i>specified in writing by the Authority</i>” is intended to confer on “<i>any other central government specified in writing by the Authority</i>” the right to issue commercial paper and debt securities. Alternatively, whether the backing by “<i>any other central government specified in writing by the Authority</i>” of “<i>any person, institution or entity</i>” qualifies such person to issue commercial paper and debt securities.</p> <p>We note that the South African Reserve Bank’s position paper, titled “<i>Position Paper: Draft Amendments to the Commercial Paper Exemption Notice, 1994</i>” (Position Paper), in paragraph 5.4, states that “<i>other central governments</i>” (amongst others) has been added to the list of issuers of commercial paper. However, as stated above, the wording of paragraph 3(1)(a)(xi) is ambiguous and does not reflect the intention stated in paragraph 5.4 of the Position Paper.</p>	<p>prior to the issuance of CP/DS. This is a standard practise for governments within the Common Monetary Area that wish to issue commercial paper within the Republic.</p> <p>The comment is noted and is responded to above.</p>
174.		Paragraph 3(1)(c)(i)	<p>For clarity, the word “<i>only</i>” should be inserted at the start of paragraph 3(1)(c)(i) to clarify that the term to maturity of debt securities must fall within the 366 days to 30 years range.</p>	<p>The PA notes and accepts the recommendation.</p>

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No.	Commentator	Paragraph	Comment	PA response
175.		Paragraph 3(1)(c)(iv)	For clarity, the word “ <i>must</i> ” should be inserted at the start of paragraph 3(1)(c)(iv) to clarify that debt securities must be dematerialized and settled on a licensed central securities depository or listed on a licensed financial exchange.	The PA notes and accepts the recommendation.
176.		Paragraph 5(3)	Clarity is sought as to whether paragraph 5(3) means that paragraphs 5(1) and 5(2) do not apply to “ <i>any other central government specified in writing by the Authority</i> ”. Alternatively, whether paragraph 5(3) means that paragraphs 5(1) and 5(2) do apply to a person explicitly guaranteed by “ <i>any other central government specified in writing by the Authority</i> ”.	The intent of paragraph 5(3) is to expressly indicate that the central government or a person explicitly guaranteed by the central government, or any other central government, does not have to specify or state a purpose of issue when issuing CP/DS.
177.		Paragraph 6(1)	See comment number 3 and 6 above. The comma before the phrase “ <i>or any other central government specified in writing by the Authority</i> ” makes the meaning ambiguous.	The comment is noted and will be amended.
178.	CTSE	“designated activity”	The inclusion of institutional investors is a drastic change from the previous draft issued in July 2023. The SARB PA position paper also makes no reference to this amendment to include the institutional investor component.	The comment is noted. Please refer to the responses to comments 13 and 28 above.

No.	Commentator	Paragraph	Comment	PA response
			<p>This is a major deviation and will be detrimental to the debt capital markets and will in all likelihood be disruptive to the functioning of the debt capital markets.</p> <p>Unclear of the rationale for this as the CP exemption from the Banks Act related to the general public and not institutional investors.</p> <p>The debt market has been characterised by the participation of sophisticated / professional investors and the minimum denomination of R1 million has therefore excluded the general public from investing in notes.</p> <p>If the intention is to expand to debt markets to include the participation by the general public / retail investors, we suggest keeping the status quo for sophisticated / professional investors and including the additional requirements for the retail market (e.g. credit ratings, SPV approvals, etc) in the event that an Issuer wishes to access this segment of the market (e.g. similar to the Companies Act / CIPC requirement for a prospectus when capital is raised from the public).</p>	
179.		3(1)(a)(ix) & 10(1) SPVs	Unclear if existing SPVs require approval to continue issuing debt or if this only applies to new SPVs that intend to issue debt.	This requirement will not be retrospective and will be applicable to

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No.	Commentator	Paragraph	Comment	PA response
				SPVs that issue when this Notice is promulgated.
180.		3(1)(b)(ii) minimum denominations equal to or greater than R12.5 million	<p>The denomination should be a commercial decision based on the capital requirements of the Issuer rather than a regulatory requirement and should be removed.</p> <p>No provisions for inflationary increases are included.</p> <p>This could result in unnecessary arbitrage by issuing debt of e.g. R13m and then immediately exercising an early redemption to reduce the debt to below the R12.5m.</p> <p>If a minimum denomination is required, then we suggest that this is R1m to align with market precedent.</p>	The comment is noted. Please refer to the responses to comments 77 and 80 above for the rationale on the increase in minimum denominations.
181.		3(1)(b)(iii) 365 days	Should rather reference 12 months or 1 year, as “365 days” does not take the leap years into account.	The comment is noted. Please refer to the responses to comment 132 above.
182.		366 days and 30 years	<p>As above - should rather reference 12 months or 1 year, as “366 days” does not take the leap years into account.</p> <p>Also unclear as to the rationale for a maximum of 30 years. This would also negatively impact the ability of insurance and pension funds from</p>	The comment is noted. Please refer to the responses to comments 103 and 132 above.

No.	Commentator	Paragraph	Comment	PA response
			investing in long-dated debt securities that they typically use to hedge long-dated liabilities.	
183.		capital funding	No definition of what is meant by capital funding (e.g. would this be anything other than operating capital as defined?)	<p>Capital funding is specifically defined in the definitions section by reference to paragraph 5(2) of the Notice. Paragraph 5(2) reads as follows:</p> <p><i>The funds raised or obtained by the ultimate borrower, through the issuance of debt securities, must be raised or obtained solely for the purpose of:</i></p> <ul style="list-style-type: none"> <i>(1) capital expenditure, including project finance and green financing bonds.</i> <i>(2) a treasury function within a group of companies for use within that group.</i> <i>(3) a finance company within a group of companies to finance the acquisition of assets.</i> <i>(4) secured note programmes and/or repacked note programmes to acquire single assets, provided that they are</i>

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No.	Commentator	Paragraph	Comment	PA response
				<p><i>not pooled, repackaged and securitised.</i></p> <p>Nonetheless, the amended Notice has removed all references to capital funding.</p>
184.		minimum denominations equal to or greater than R18.75 million	<p>The denomination should be a commercial decision based on the capital requirements of the Issuer rather than a regulatory requirement and should be removed.</p> <p>No provisions for inflationary increases are included.</p> <p>This could result in unnecessary arbitrage by issuing debt of e.g. R19m and then immediately exercising an early redemption to reduce the debt to below the R18.75m.</p> <p>If a minimum denomination is required, then we suggest that this is R1m to align with market precedent.</p>	<p>The comment and concerns are noted. Please refer to the responses to comments 77 and 80 above for the rationale on the increase in minimum denominations.</p>
185.		be dematerialized and settled on licensed central securities depository	<p>This will negatively impact the unlisted debt market whereby investors physically settle debt securities and therefore do not have a requirement for a CSD.</p>	<p>The comment is noted. Please refer to the responses to comment 81 on the need to require debt securities that are not listed to “be dematerialised and settled on a licensed central securities depository”.</p>

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No.	Commentator	Paragraph	Comment	PA response
186.		Credit rating	<p>This should not be a mandatory requirement, as there are significant costs and timing involved for the initial credit rating and the ongoing updates thereafter.</p> <p>Instead, the Issuer can specify in the placing document or pricing supplement whether or not a credit rating has been obtained.</p> <p>Would this mean that all existing debt Issuers requires a credit rating to continue issuing debt?</p> <p>We view the credit rating as a commercial consideration by the Issuer in meeting certain investor requirements on a case-by-case basis. If investors require a certain credit rating before investing, they will not do so until the appropriate credit rating is obtained.</p>	<p>The comment is noted. Please refer to the response to comment 84 above regarding the policy approach to credit ratings.</p> <p>The PA notes and supports the proposal.</p> <p>The PA maintains that amendments to the CP Notice and subsequent requirements will not apply retrospectively.</p> <p>The comment is noted.</p>
187.		“may not be applied, directly or indirectly, for the granting of money loans or credit to the general public in relation to the sale of goods or the provision of services	<p>This would have a negative impact on instalment sale agreements - is this the intention?</p>	<p>The comment is noted. Please refer to the response to comment 82 above regarding customary credit.</p>

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No.	Commentator	Paragraph	Comment	PA response
		by the issuer of such commercial paper”		
188.		“green financing bonds”	In the context of ESG bonds, is this meant to exclude Social and Governance bonds?	With regard to green financing and project financing, please see the response to comment 113 above. The PA does not intend to exclude environmental, social and governance (ESG) bonds or be overly prescriptive on the use of funds.
189.		“secured note programmes and/or repacked note programmes”	Does this include structured note programmes? Clarity / definitions are required for secured and repacked programmes.	The PA has opted to make specific references to how funds can be used so as to not be overly prescriptive. The PA may consider definitions. However, as explained in the response to comment 86 above, the provision in 5(2) will be amended to provide clarity and not restrict the use of funds.
190.		6(1)(a) disclosure in placing documents	Many of these items are only known at the time of the issuance of the debt and would therefore be included in the pricing supplement, not the placing document as defined (which excludes pricing supplements)	The comment is noted. Therefore, the definitions of placing documents and pricing supplements will be amended as explained above in responses to comments 6 and 7.

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No.	Commentator	Paragraph	Comment	PA response
		6(1)(b)(i)&(iii) "The pricing supplement"	Does this exclude once off issuances by way of an offering circular?	Issuances by way of an offering circular are not excluded. Since offering circulars provide information about a security or bond, including the features of the bond and information about the issuer are details that are pertinent in satisfying the requirements set in 6(1)(b)(i) and (iii).
191.		"market value amounts"	Not customary to include the market value and there are various methodologies to calculate this. Suggest that market value be removed and only the nominal value be included as per current market practice.	The comment is noted. Please refer to the response to comment 89 above regarding market value.
192.		"legal restrictions"	Assume this is meant to reference the selling restrictions?	The PA agrees that this assumption is partly correct. The legal restrictions also extend to <i>offering, transfer or delivery of the CP/DS</i> .
193.		"redemption rights"	Unclear why the emphasis on only the redemption rights. Assume all other rights are to be included.	The comment is noted and supported by the PA. Please refer to the response to comment 153 above regarding redemption rights.
194.		"accompanied by"	Provision should be made for documents to be made available electronically or incorporated by reference.	The PA does make provision for documents to be "made available on a specific website, office, or an electronic data room".

No.	Commentator	Paragraph	Comment	PA response
195.		Auditor confirmation	Is this once off / annual or with each issuance?	The auditor confirmation is only required, as stated in 6(f), "at the time of initial issuance".
196.		Governing body resolution	Provisions seems in conflict with each other - why the requirement for the resolution in 6(1)(c)(i)(bb) whilst in 6(i)(g)(ii) the signatures are deemed to evidence the authorisation thereof?	The PA notes the comment but disagrees with the commentator's interpretation of a perceived conflict. In essence, 6(1)(c)(i)(bb) refers to resolutions relating to the security or guarantee of the issuance, whereas 6(g)(ii) relates to the overall signing and authorisation of the placing document.
197.		Reference to "excluding Johannesburg Stock Exchange listed issuance"	Unclear why the reference to JSE only? Exchanges are supervised by the FSCA and PA and should be treated equally as a licenced exchange in terms of the FMA. Potentially an anti-competitive provision by not referencing the other licenced exchanges. Suggest that JSE be replaced with "licenced exchange" (as defined)	The comment is noted and accepted by the PA. The Notice will be amended to cater for all licensed exchanges, including the JSE.
198.		SPVs	SPVs require a definition to clarify the type of nature of business that is meant to be included.	The comment is noted and supported by the PA. Please refer to the response to comment 8 above regarding the definition of a SPV/SPI.

No.	Commentator	Paragraph	Comment	PA response
			Unclear what the rationale for this requirement is as the debt documentation specifies whether the issuer is an existing operating company or a new SPV, who the shareholders, trustees, guarantors, etc are.	The PA notes the comment. However, the PA maintains that 6(d)(aa)(c) requires written confirmation on whether that SPV or newly established entity will be a going concern as and when it commences the issuance of CP/DS.
199.	DIA	The acceptance of money from the general public and/or institutional investors (excluding banks or branches of banks registered under the Banks Act) against the issue of commercial paper and/or debt securities in accordance with the respective conditions as set out in paragraphs 3 to 11 of this Notice	<ol style="list-style-type: none"> 1) Tracked change – to ensure that banks are excluded from the reference to institutional investors, and thus align with the definition of general public which excludes banks. 2) For the reasons set out in the prior DIA submission, please exclude investors referred to in s96(i)(a) of the Companies Act from the ambit of the Notice. Under section 96(1)(a) of the Companies Act, an offer is not an offer to the public if the offer is made only to: <ol style="list-style-type: none"> (a) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents. (b) the Public Investment Corporation. (c) a person or entity regulated by the Reserve Bank of South Africa. 	The comment is noted and supported by the PA. Please refer to the response to comment 13 above.

No.	Commentator	Paragraph	Comment	PA response
			<p>(d) an authorized financial services provider as defined in the Financial Advisory and Intermediary Services Act, 2002.</p> <p>(e) a financial institution as defined in the Financial Services Board Act, 1990.</p> <p>(f) a wholly owned subsidiary of a person contemplated in (c), (d) or (e), acting as agent in the capacity of an authorized portfolio manager for a pension fund registered in terms of the Pension Funds Act, 1956 or as manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, 2002; or</p> <p>(g) any combination of persons contemplated in (a) to (f).</p>	
200.		a listed or an unlisted company	<p>Tracked changes – to make it clear that listed companies can also be issuers</p> <p>Propose deletion to avoid conflict with 3(10(a)(i)</p>	<p>The comment is noted. Please refer to the response to comment 75 above.</p> <p>The comment is noted. Please refer to the response to comment 83 above.</p>

No.	Commentator	Paragraph	Comment	PA response
			The ultimate borrower as a wholly owned subsidiary is covered by 4(1)(b)(i)	
201.		R12.5m denomination R18.75m denomination	<p>We don't understand the rational or reason for these minimum amounts and how they were arrived at. In South Africa instruments are often traded in much smaller amounts such that they can be allocated by institutions into various client portfolios. These denominations would be very strange minimum amounts to trade in. Our South African programmes often have denominations of R1m or even smaller amounts like R10,000. We are not aware of any such minimum denominations of listed equities or ordinary shares which are traded by the general public in South Africa.</p> <p>As a minimum, to cater for inflation, we would suggest including a reference to such other denomination prescribed by the PA by publication in the government gazette</p>	<p>The comment is noted. Please refer to the responses to comments 77 and 80 above regarding the rationale for the minimum denominations.</p> <p>The comment is duly noted by the PA.</p>
202.		be issued only when a credit rating has been issued by a licensed credit rating agency, as defined in section 1 of the Credit Rating Services Act, 2012 (Act No. 24 of	We suggest that this paragraph be deleted. Many existing corporate bonds are unrated – in South Africa many institutions can purchase unrated notes (these institutions carry out their own credit work and own credit ratings) – this requirement will significantly restrict access to the SA market and funding and could lead to financial loss where reliance is being placed on	The comment is noted. Please refer to the response to comment 82 above relating to the approach to credit ratings.

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No.	Commentator	Paragraph	Comment	PA response
		2012), in respect of that debt security	<p>a credit rated instead of doing own credit work/analysis. There are also many different types of credit ratings – such as rating the Issuer itself or rating the Programme or rating the actual Notes – each have various implications and costs attached to these.</p> <p>Whether an instrument is rated or not is something that should be disclosed in the placing document (and included in 6(b) of the notice) but a rating should not be a regulatory requirement to issue debt securities.</p>	This comment is noted by the PA.
203.		Only the following entities, institutions or persons may be the ultimate borrower of funds obtained against the issue of commercial paper and/or debt securities pursuant to this Notice	Deleted to align with the designated activity in para 2, which refers to the general public and/or institutional investors	The comment is noted and accepted.
204.		a subsidiary of the issuer	We do not understand the rationale for the ultimate borrower to be a wholly owned subsidiary as opposed to simply a subsidiary of the issuer	The comment is noted. Please refer to the response to comment 83 above.

No.	Commentator	Paragraph	Comment	PA response
205.		<p>The funds raised or obtained by the ultimate borrower, through the issuance of commercial paper, must be raised or obtained solely for the purpose of operating capital; and may not be applied, directly or indirectly, for the granting of money loans to the general public or credit to the general public in relation to the sale of goods or the provision of services by the ultimate borrower (other than customary trade terms in respect of the sale of goods or the provision of services)</p>	<p>The change is proposed to ensure that normal payment terms (eg the sale of goods subject to payment on 30/60/90 days credit) are permitted by an issuer that issues CP.</p> <p>We would like to understand why the “purpose of the issuance”, or “use of proceeds” are important in these regulations. Most (if not all) of the South African Issuers have sophisticated and large treasury functions where funding is raised from the capital markets and banks and these funds are pooled together and then used for varied purposes in the business. It is very seldom (if ever) that exact funds are raised for exact activities/purposes, and we are not sure why there is a need to regulate this or impose conditions on where funding raised using commercial paper and/or debt securities should be used.</p> <p>It is customary or market practice for capital market programmes to say that the funds raised from commercial paper and/or debt securities will be used “for general corporate purposes” and this is accepted as the norm both local and internationally.</p>	<p>The comment is noted and accepted by the PA.</p> <p>The comment is noted. Please refer to the responses to comments 59 and 77 above.</p> <p>The PA notes the comment and will consider the proposal.</p>

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No.	Commentator	Paragraph	Comment	PA response
206.		capital expenditure, including project finance and green finance	Tracked changes	The proposed change is noted for consideration.
207.		a finance company to finance the acquisition or advance of assets for sale or lease to customers	Tracked changes	The proposed change is noted for consideration.
208.		(The funds raised or obtained by the ultimate borrower, through the issuance of debt securities, must be raised or obtained solely for the purpose of:	We suggest that we add the following as permitted use of proceeds of debt securities: 1) operating capital; and/or 2) refinancing existing or prior debt incurred.	The proposed additions are noted for consideration.
209.		a finance company to finance the acquisition or advance of assets.	Tracked changes	The comment is noted. Please refer to the response to comment 1 above.
210.		6(1)(a)(iii)...registered...	many entities, such as attorneys, won't have a registered address just a place of business. Suggest that the Notice refers to "address" not "registered address"	The comment is noted. Please refer to the response to comment 151 above.

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No.	Commentator	Paragraph	Comment	PA response
211.		A description of the material risk factors of the issuer of commercial paper and/or debt securities must be provided. The risk factors must include matters concerning the business and financial condition of the issuer, and may include other matters relating to the absence of an operating history and the absence of profitable operations, among others;	The issuer is required under other legislation and debt listing requirements to assess appropriate risk factors. It should not be confined to a list determined by the Authority.	Noted. Paragraph 6(1)(a) merely sets out minimum disclosures. In particular, paragraph 6(1)(a)(v) stipulates minimum risk factors that the issuer must disclose in its placing document. This is not a closed list as the provision further states that “other risk factors may be included (as may be determined by the Authority)”. It is incumbent on the issuer to assess such risk and determine which of those risk factors are material in nature. The issuer is then expected to make disclosures to the investor as well as the PA (if required).
		The pricing supplement must state the total amount of commercial paper and/or debt securities outstanding in nominal value	Reason for deletion - how will issuer know market value of instruments to be issued? Many existing securities are unlisted and therefore there is no market pricing available. There are no readily accessible forms of market value available. What would the benefit be of stating the market value instead of just the nominal value? Adding the words “prior to” as no one knows if the total amount of paper should be BEFORE or	The comment is noted. Please refer to the response to comment 89 above regarding market value.

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No.	Commentator	Paragraph	Comment	PA response
			AFTER the issuance about to take place in the pricing supplement	
212.		For purposes of this paragraph, the guarantee or security and supporting documents must be made available on a specified website, at a specified office, or on an electronic data facility	Tracked changes	The proposed change is noted for consideration.
213.		The placing document must be accompanied by the issuer's latest interim, if applicable, or audited financial statements, provided that such financial statements	Tracked change – since not all issuers are required to produce interim financial statements	The proposed change is noted for consideration.
214.		6(1)(d)(aa)(E) shall be made available on a specified website or an electronic data facility or at a specified office, subject in the case of an unlisted company/issuer, to suitable confidentiality undertakings	Tracked change	The proposed change is noted for consideration.

No.	Commentator	Paragraph	Comment	PA response
215.		The issuer must distinguish between the general public and/or institutional investors when accepting money against the issuance of commercial paper and /or debt securities	<p>Please delete this.</p> <p>It is not clear how the issuer will comply with this. Investors are only known after the issue date and the documents do not list who the investors are. What is the purpose of this provision – what is the aim or what is the regulator looking for?</p>	The proposed change is noted for consideration. However, the intention of this requirement is also premised on whether the issuer markets its notes to institutional investors or the general public. An issuer should be able to determine if the notes were offered to select institutional investors or the general public at large. The Notice aims to provide greater protection to notes offered to the general public as opposed to experienced institutional investors.
216.		6(1)(e)(i)(aa) within 12 months after the end of every financial year, make its audited annual financial statements available to investors for inspection on a specified website or on an electronic data facility or at specified office	Tracked changes	The proposed change is noted for consideration.
217.		6(1)(e)(i)(bb) where interim financial statements are prepared, they must be made available to investors for	Tracked changes	The proposed change is noted for consideration.

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		inspection on a specified website or on or an electronic data facility or specified office within six months of the end of the period to which they relate		
218.		6(1)(e)(i)(dd) ensure information such as placing documents, financial statements and other relevant information are at all times available on the a specified website, at a specified office or on an electronic data room	Tracked changes	The proposed change is noted for consideration.
219.		6(1)(e)(i)(ee) Where there is a material change to the information required to be disclosed in the placing documents, the issuer must prepare an updated placing document or a supplement to the placing	Tracked changes	The proposed change is noted for consideration.

No.	Commentator	Paragraph	Comment	PA response
		document setting out the updated information		
220.		6(1)(f)(i)(aa)	<p>It is not common for an Issuer to issue both commercial paper and debt securities on the “initial issuance” – should this be interpreted as the first issuance of either. This leads to the problem in that the use of proceeds is different for commercial paper and debt securities and therefore if the “initial issuance” is (for example) commercial paper then how will the auditor be able to assess compliance with the regulations in respect of debt securities which are only to be issued in the future?</p> <p>In addition, please also note that the auditors do not specifically say that the Issuer is compliant but rather they say the following: “They confirm that nothing has come to their attention that causes them to believe that the issuance of the notes is not in compliance with the CP Regulations.” Please take note of this and amend accordingly as this is likely to be the opinion that auditors will continue to provide going forward.</p>	<p>The comment is noted. Please refer to the response to comment 160 above regarding engagements with the audit industry. It should be noted that audit confirmation is required for the initial issuance and does not extend to subsequent issuance on the same placing documents.</p> <p>The comment is noted accordingly.</p>
221.		Market value on date of issuance*;	The issuer will only know the nominal value of instruments issued. Please delete this. At the date of issuance, the nominal value and market value would be the same. Issuers are only	The comment is noted. Please refer to the response to comment 89 above regarding market value.

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			focused on the Nominal Amount as this is what they are required to repay on maturity, and they pay interest on the Nominal Amount. The Market value has no relevance to Issuers. Also, when we look at the Programme size, we look at this relative to the sum of Nominal Amounts that have been issued to date.	
222.		Name of the exchange on which the commercial paper or debt securities are listed (if applicable)*;	Tracked	The proposed change is noted for consideration.
223.		The credit rating issued by a licensed credit rating agency for an applicant issuer, a guarantor, or a debt security*, if applicable	As set out above, a credit rating should not be a regulatory requirement but a matter to be disclosed if applicable i.e. if the Issuer has decided to have a credit rating on the issuance or on itself. As mentioned, a lot of commercial paper and debt securities would not have a credit rating.	The comment is noted. Please refer to the response to comment 82 above regarding credit ratings.
224.		9(1) All issuers of initial issuance of commercial paper and/or debt securities, excluding Johannesburg Stock Exchange listed issuance, must, before initial issuance, furnish	This should be an issuer obligation. Arrangers may not be involved post issuance. What is the expected turnaround time between submitting a document for approval and receiving such approval? Will this be done through an email process – can an email address be made available? This process	The comment is noted. Please refer to the response to comment 167 above regarding the policy position of an arranger. The comment relating to approval turnaround time is noted. Please refer to the response to comment 94 above.

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		for approval to the Authority, the placing documents (excluding pricing supplements), in accordance with paragraph 6 of this Notice, as well as a summary page detailed in accordance with paragraph 7 of this Notice in respect of the proposed initial issuance	needs to be built into the issuer timelines for new issuances.	
225.		9(2) All issuers of commercial paper and/or debt securities must furnish the Authority on a quarterly basis, within fifteen business days of the end of each quarter, with a return in the layout contained in Annexure A of this Notice.	This should be an issuer obligation. Arrangers may not be involved post issuance.	As stated above in comment 224, please refer to the response to comment 167 above regarding the policy position of an arranger.

No.	Commentator	Paragraph	Comment	PA response
226.	EY	Paragraph 5	<p>Please refer to our response to paragraph 6(1)(f) below which provides context to this comment.</p> <p>When considering the specific conditions relating to the purpose of the issuance, it is important to recognise that auditors are unable to provide assurance over forward-looking information. Given that how the issuer uses the funds will depend on future actions beyond the timeframe of the assurance engagement, an auditor cannot provide assurance that the issuer has used the funds for the purposes set out in the Regulations, rather the issuer would only be able to assert the issuer's intentions or plans communicated to the auditor at that time. This would indicate that it would not be appropriate for an auditor to perform procedures of an assurance nature on paragraph 5 of the draft Regulations in terms of International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000"). Instead, we believe that paragraph 5 of the draft Regulations more appropriately lends itself to the performance of an agreed-upon procedure engagement in terms of International Standard on Related</p>	<p>The comment is duly noted and will be discussed with the audit industry. The PA would prefer the latter approach specified in this comment, which is: agreed-upon procedure engagement (AUP) in terms of International Standard on Related Services (ISRS) 4400. This has been incorporated within the amended Notice and the specific contents of the AUP will be deliberated with the audit industry.</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>Services (ISRS) 4400 (Revised), “Agreed-upon Procedures Engagements” (“ISRS 4400”). As mentioned in our response to paragraph 6(1)(f) below an ISRS 4400 engagement allows auditors to perform agreed-upon procedures to report factual findings regarding the disclosure of the planned use of funds. This approach aligns with the forward-looking nature of the disclosure and provides stakeholders with relevant information while adhering to the appropriate standards of the auditing profession</p>	
		6(1)(a)(i)-(iv)	<p>ISRS 4400 can be applied with respect to paragraph 6(1)(a)(i)-(iv). These procedures are designed to confirm the accuracy of the details disclosed in the placing document, such as the name, type, registration number, date, and place of incorporation, by agreeing them with the underlying records. For instance, the Companies and Intellectual Property Commission records, among other types of records, would be utilised for this verification process. It is important to note that this verification does not constitute an assurance procedure, as it is strictly limited to the comparison of disclosed information with the corresponding official records, and hence, the disclosures don’t lend itself to an ISAE 3000 report.</p>	<p>The comment is duly noted for consideration by the PA.</p>

No.	Commentator	Paragraph	Comment	PA response
227.		6(1)(a)(v)	<p>A description of the material risk factors of the issuer of commercial paper and/or debt securities must be provided.”</p> <p>While we are not positioned to verify the completeness and accuracy of all material risk factors as these are not financial information, we are capable of determining whether the disclosures have been made. This task aligns more closely with the nature of an engagement under ISRS 4400, which focuses on the performance of agreed-upon procedures rather than providing an assurance opinion on the subject matter. In this context, an ISRS 4400 engagement would enable us to report on factual findings concerning the presence of disclosed material risk factors without asserting their exhaustive identification or evaluation.</p>	<p>The comment is duly noted for consideration by the PA.</p>
228.		6(1)(a)(vi)	<p>“Whether there has been any material adverse change in the issuer’s financial position since the date of its last audited annual financial statements, and details thereof.”</p> <p>As mentioned above we would suggest a definition be included for the term “material adverse change” to ensure consistency in the market.</p>	<p>The comment is duly noted for consideration by the PA.</p> <p>Please refer to the response to comment 42 above regarding the definition of material.</p>

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			<p>The auditor's function is to execute their duties in line with the relevant auditing standards. When it comes to reporting on material adverse changes in the issuer's financial position, it is important to note that our mandate does not extend to providing assurances on the completeness of such changes subsequent to the issuance of an audit opinion.</p> <p>To provide a comprehensive report on the accuracy and completeness of statements regarding material adverse changes in the issuer's financial position would necessitate conducting a full audit. Such an undertaking is not only time-intensive but also incurs significant costs to the issuer. Given these considerations, an auditor's engagement is more appropriately confined to the agreed-upon procedures outlined in an ISRS 4400 engagement, which allows an auditor to report factual findings on whether disclosures have been made without the obligation to ensure the completeness or accuracy of the underlying changes.</p> <p>It is pertinent to mention that once an audit opinion is issued on the financial statements under the auditing standards, we are not required to conduct further work on the entity's financial statements for subsequent periods,</p>	<p>Noted.</p> <p>Noted.</p> <p>The comment is duly noted for consideration by the PA.</p>

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			reinforcing the suitability of an ISRS 4400 engagement for this purpose.	
229.		6(1)(c) – Detail of the guarantee or security	While an auditor is not positioned to verify the absolute completeness and accuracy of disclosures relating to the detail of the guarantee or security, as these are of a legal nature and not financial information, they are capable of determining whether the disclosures have been made. This task aligns more closely with the nature of an engagement under ISRS 4400, which focuses on the performance of agreed-upon procedures rather than providing an assurance opinion on the subject matter. In this context, an ISRS 4400 engagement would enable us to report on factual findings concerning the presence of disclosed detail of the guarantee or security.	The comment is duly noted for consideration by the PA.
230.		6(1)(d)(aa)(i) – Obligations of the issuer	6(d)(aa)(i), The draft allows for the placing document to be accompanied by either the latest interim or audited financial statements. There is no explicit requirement for interim financial statements to be reviewed by an entity's auditor when considering paragraph 6.15 of the Debt Listings Requirements as issued by the JSE Limited. Is the Prudential Authority, accordingly, comfortable that such	The comment is noted. The PA will consider making an amendment to include the following condition for interim financial statements: <i>"Where interim financial statements are prepared, they must be prepared in accordance with IAS34"</i> . This would be similar to the JSE debt listing requirements approach.

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			<p>interim financial statements could be unreviewed?</p> <p>This task aligns more closely with the nature of an engagement under ISRS 4400, which focuses on the performance of agreed-upon procedures rather than providing an assurance opinion on the subject matter.</p>	The comment is duly noted.
231.		6(1)(e) – Continuing obligations of the issuer	<p>The continuing obligation of the issuer is predicated on future events and actions that the issuer is required to undertake. Since the auditing standards are designed to provide assurance on historical financial information, they do not equip an auditor to provide assurance over forward-looking information. Consequently, an auditor's reporting capabilities do not extend to sections that involve projections or anticipatory assessments. Therefore, for matters that are inherently forward-looking and pertain to the issuer's future obligations, an auditor's reporting under the current auditing standards would not be applicable. We would request that this section be excluded from an auditor's obligations under paragraph 6(1)(f).</p> <p>This task aligns more closely with the nature of an engagement under ISRS 4400, which focuses on the performance of agreed-upon</p>	The comment is noted and will be discussed with the audit industry.

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			procedures rather than providing an assurance opinion on the subject matter.	
232.		6(1)(f) – Obligations of the auditors	<p>The ambiguity in the language of paragraph 6(1)(f) leaves room for uncertainty regarding the specific type of auditor's report that is required. As professionals bound by the auditing standards, an auditor's reporting options are confined to those frameworks. The requirements placed on the auditor needs to be in line with what an auditor can do in terms of the auditing standards. The current phrasing of the paragraph could be construed to suggest either an ISAE 3000 or an ISRS 4400 engagement, as previously discussed in our comments. Considering the facts and the nature of the reporting involved, we believe that an ISRS 4400 engagement is the most appropriate choice. This type of report is well-suited for the task at hand, which involves reporting on factual findings related to specific disclosures rather than providing assurance as a whole. We would also like to propose that the extent of the auditor's reporting be limited to the pertinent disclosures outlined in paragraph 7 and the confirmation be made under ISRS 4400, ensuring that the auditor's responsibilities are clearly delineated and manageable within the</p>	The comments and proposals are noted for consideration by the PA.

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			<p>scope of an ISRS 4400 engagement as per our previous comments in this letter.</p> <p>We would propose engagement with the Independent Regulatory Board for Auditors on setting out (i) the obligation of the auditor and (ii) to develop an appropriate report in terms of the International Auditing and Assurance Standards Board standards, so that the Prudential Authority receives consistent reporting from the auditors.</p>	
		7(1)(s)	<p>We would strongly suggest that the name of the auditor and reference to the auditor's report be included in the same placing as the responsibility statement of the issuer (refer to 6(1)(d)(bb)(A)).</p>	<p>The proposal is noted for consideration by the PA.</p>
233.		7(1)(w)	<p>We recommend refraining from the use of the term "audit confirmation" in the context of the placing document, as it may inadvertently convey the impression that a full audit has been conducted on the document itself. Such terminology could lead to misunderstandings about the nature and extent of the work performed by the auditor. Instead, it would be more accurate and transparent to specify the name of the auditor along with the details of the report as stipulated in paragraph 7(1)(f). This approach would clearly communicate the actual</p>	<p>The proposal is noted for consideration by the PA.</p>

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			work undertaken, which, in accordance with our previous discussions, would likely be an engagement under ISRS 4400. By providing the name of the auditor and the precise nature of the report, stakeholders can be assured of the scope of the engagement without the potential confusion that the term "audit confirmation" might cause.	
234.		Entire paragraph 8 and 9	The <i>Statutory returns</i> and <i>Returns by issuers of commercial paper and/or debt securities</i> that encompass future events present a similar challenge within the scope of traditional auditing standards. These standards do not facilitate the issuance of opinions on prospective financial information or future-oriented declarations. As such, an auditor's ability to report on statutory returns and issuer returns that are contingent upon future events is constrained. The forward-looking nature of these returns fall outside the ambit of our procedures. In light of this, any reporting on sections that require an evaluation of future events or the fulfilment of future conditions by the issuer would be beyond the capabilities afforded by the current auditing standards, and we request that it be excluded from paragraph 6(1)(f).	<p>The proposal is noted for consideration by the PA. The intention of the requirements set in paragraphs 8 and 9 are solely for the attention and execution of the issuer as well as banks and arrangers.</p> <p>The PA will consider excluding these requirements for the purposes of paragraph 6(1)(f).</p>

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235.	Finbond		Designated Activity: Finbond's read of the Draft Amendments to the Commercial Paper Exemption Notice ("proposed Exemption Notice") is that it would now apply to institutional investors in addition to the general public . We ask for clarity i.e., is this the intention?	The comment is noted. Please refer to the responses to comments 13 and 28 above regarding the policy position for general public and institutional investors respectively.
236.		1(b)	We note with concern the proposed increase in the minimum denomination for commercial paper from R1 million to R12.5 million and debt securities to R18.75 million. Our own analysis of existing international commercial paper regulations focussed specifically on the regulatory frameworks of the economies cited in the Prudential Authority's ("PA") July 2023 position paper, namely the United Kingdom ("UK"), Australia, United States, European Union, Netherlands, Mauritius and Nigeria. Our analysis found that these economies could broadly be divided into two groups as it pertains to their regulatory treatment of minimum denominations. The first group simply had no outright minimum denomination while others had nuanced distinctions between notes issued to sophisticated/professional investors and those issued to retail investors. Typically, a higher minimum denomination, often above the equivalent of approximately R2 million (USD	The PA notes the comment and input. The PA will consider the argument accordingly. Please note the responses to comments 77 and 80 from a policy perspective, as these inform the rationale for raising the minimum denominations.

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			<p>100 000 in the United States, GBP 100 000 in the UK, EUR 100 000 in the Netherlands) targets sophisticated investors, whereas a lower threshold, generally under R2 million, caters to retail investors. These limits seem to be aligned to wealth distribution within the population ensuring that higher net worth individuals would have access to these investment products while lower net worth individuals would not. This stratification effectively broadens market participation in these economies by accommodating varying levels of investor sophistication and financial capability. It does not however simply exclude the majority of the general public from participating in debt capital markets.</p> <p>The proposed minimum denominations of R12.5 million and R18.75 million will exclude 99.8% of the general public from being able to invest in debt capital markets. This becomes clear when considering South Africa's wealth distribution per the 2023 UBS Global Wealth Report ("UBS Report").</p> <p>From our perspective, Finbond Group Limited ("FGL") currently issues commercial paper (Fixed Term Interest Bearing Notes) in denominations of R1 million in accordance with Exemption Notice 2172 of 14 December 1994</p>	

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			<p>("current Exemption Notice"). FGL currently has outstanding issuances of commercial paper in excess of R2.6 billion (as per our quarterly submissions to the South African Reserve Bank ("SARB")). These issuances are currently distributed among 1,595 investors with only eight of these investors (0.5%) holding commercial paper in excess of R12.5 million. As of 31 July 2024, FGL's average commercial paper note size is R1.57 million.</p> <p>It follows that should the proposed minimum denominations of R12.5 million and R18.75 million be implemented, it would alienate 99.5% of FGL's current commercial paper investors.</p> <p>Additionally, not only would this amendment prevent almost the entirety of FGL's existing investors from investing in commercial paper in the future, but given South Africa's wealth distribution it would also prevent almost the entirety of the general public from investing in commercial paper and debt securities . This would be misaligned with the principles of financial inclusion and democratised financial markets. The consequence of this would be that investing in commercial paper and debt securities would now be reserved for a small group of extremely high net worth individuals and only the largest institutions. This will leave</p>	

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			<p>South Africa with highly monopolised debt capital markets, increasing systemic risk and decreasing financial stability.</p> <p>Per the PA's July 2023 position paper, it is evident that the exemption notice is being reviewed specifically to improve financial stability. These limits would therefore work against the very aim that the PA is pursuing. Financial instability and increased systemic risk will result from these high minimum denominations given that all debt capital market flows will have to be channelled through a small minority of the largest banks, institutions and elite investors. This will leave the entire South African debt capital market exposed to the priorities, agendas and choices of a small elite group of institutions and investors.</p> <p>Supported by these high minimum denominations, these elite institutions and investors will now wield unbalanced power over the debt capital markets of the country. This will make it increasingly more difficult for smaller and medium sized enterprises to obtain and maintain funding. Drying up current and future funding for smaller and medium sized enterprises will have disastrous ripple effects.</p> <p>To this end, we respectfully urge the PA to consider South Africa's wealth distribution as</p>	

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			<p>well as the importance of democratised debt capital markets.</p> <p>On the point of wealth distribution, the UBS Report data on wealth distribution in various economies around the world shows that a minimum denomination of R2 million includes 30% to 55% of the populations of the aforementioned comparative economies within the investment ambit based on how the net wealth is distributed in the population. Such inclusivity not only fosters a broader investment culture but also stabilizes the commercial paper and debt security market through diversified participation.</p> <p>In stark contrast, the proposal to set the minimum denominations at R12.5 million for commercial paper and R18.75 million for debt securities in South Africa would significantly restrict market accessibility. According to the same wealth distribution in South Africa (per the same UBS Report) the excessive thresholds above exceed the net wealth of 99.8% of South Africans. This proposed change would severely limit the ability of investors to participate in these investment opportunities, effectively reserving these investment instruments for a minute segment of the utmost wealthy South Africans (less than 0.2% of the South African population</p>	

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			<p>in contrast to 30% to 50% of the populations in the countries noted above that can participate in the debt markets of their countries).</p> <p>Such a restrictive approach undermines the potential growth of South Africa's financial markets by alienating the vast majority of potential investors and the “general public” at large, i.e., it alienates the exact market of investors for whom such an exemption notice exists in the first place. The exemption notice has existed in South Africa for 30 years and similar forms exist in most of the regulatory frameworks globally due to the fundamental importance of ensuring that debt capital market investments can be conducted in an economy outside of the ambit of the business of a bank. The proposed minimum denominations will simply mean that debt investment and debt funding is only available to and from banks, a handful of the largest institutions and the most affluent 0.2% of the population. History has shown that public stock markets and bond exchanges are powerful catalysts for economic growth, fostering broader economic participation and investment as well as wealth creation. By setting prohibitively high minimum denominations, this proposal risks moving South Africa away from the benefits of an</p>	

No.	Commentator	Paragraph	Comment	PA response
			<p>inclusive and dynamic financial market, which would undoubtedly stifle the broader economic benefits that accessible commercial paper and bond markets could foster.</p> <p>This, in our opinion, would defeat the general purpose of the current Exemption Notice in that it would now effectively become impossible for the general public to invest in schemes implemented in accordance therewith and therefore it would also become impossible for businesses to obtain debt funding from sources other than banks, a handful of the largest institutional investors or the wealthiest 0.2% of the population.</p>	
237.	JSE	Designated activity	<p>The Authority has not provided a policy rationale for the requirement to differentiate between “the general public” and “institutional investors”. It is our understanding that institutional investors are a subset of the general public. If the Authority’s intention is that only certain commercial paper and/or debt securities may be offered to institutional investors, then this Notice should make that intention clear, and a definition for “institutional investor” must be provided. Otherwise, the term institutional investor should be deleted throughout the</p>	<p>The comment is noted. Please refer to the responses to comments 13 and 28 above regarding the policy position for general public and institutional investors respectively.</p>

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			Notice. The term institutional investor is only used in one other instance in the draft Notice, viz, paragraph 6(1)(d)(bb)(C) which relates to the responsibility statement.	
238.		3(1) Commercial paper and/or debt securities may-	A company can only be a public company or a private company, consequently it is entirely unnecessary to qualify the nature of a company. In the interest of clarity, we recommend that the truncated qualifying phrase within the brackets be deleted, along with the definitions of private company and public company	The comment is noted. Please refer to the response to comment 49 above regarding the policy position for public and private company.
239.		3(1) Commercial paper and/or debt securities may-	It is unnecessary and potentially confusing to specifically list an “unlisted company” in addition to “a company”. A public company by its very nature can be a listed company or an unlisted company. Nothing within the revised Exemption Notice turns on whether a company’s shares are listed or unlisted. We recommend that subparagraph 3(1)(a)(iii) be deleted.	The comment is noted. Please refer to the response to comment 75 above.
240.		3(1)(b) in the case of commercial paper: (i) only be issued to acquire operating capital;	We refer to our general comment 4. We strongly recommend that the use of proceeds restrictions be removed from the Exemption Notice.	The comment is noted. Please refer to the responses to comments 58 and 77 above regarding the policy position for the use of proceeds.

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241.		only be issued or transferred in minimum denominations equal to or greater than R12.5 million; and	<p>The policy rationale for prescribing a minimum denomination for issuance or transfer of commercial paper has not been provided. Moreover, it is unclear how the minimum denomination was determined, given that it is not aligned to the requirements of the Companies Act, the JSE's Debt Listings Requirements and current market practice. The prescription of a minimum denomination of R12.5 million will preclude smaller companies who will not be able to raise large amounts for such short-term issuances or may not require such a large amount. This will have a significant negative impact on the South African debt capital market and ultimately the economy.</p> <p>It is also not clear if this is only applicable to the first issuance of a series of commercial paper or if this minimum denomination also applies to tap issuances. The nominal amount of tap issuances is often lower than that of the initial issuance, as it is generally done via a private placement. This minimum denomination may therefore reduce an issuer's ability to tap existing issuances.</p> <p>Under the existing Commercial Paper Exemption Notice, debt securities have been listed on an exchange with denominations less than R1 million to accommodate retail investor</p>	<p>The PA notes the comment and input. The PA will consider the argument accordingly. Please note the responses to comments 77 and 80 from a policy perspective, as these inform the rationale for raising the minimum denominations.</p>

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			<p>demand and institutional investors demand for smaller denominations to enable proportional allocations to funds and the accurate hedging of positions or portfolios. This is also important to promote inclusion of retail investors in the regulated markets and we urge the Authority to give serious consideration to waive this requirement for listed commercial paper.</p> <p>We strongly recommend that the minimum denomination requirement is removed from the Notice, or its application is limited to unlisted commercial paper.</p>	
242.		<p>3(1)(c) in the case of debt securities:</p> <p>(i) be issued with a maturity from date of issue ranging from a minimum of 366 days to a maximum of 30 years;</p> <p>(ii) ...</p>	<p>We do not agree that debt securities should be limited by a prescribed maximum maturity. There are a number of listed government bonds that have a tenor of more than 30 years, and it is possible that an infrastructure bond with a tenor of more than 30 years could come to market. Given the importance of rebuilding or expanding infrastructure in South Africa, a prescribed maximum tenor could limit this national imperative.</p>	<p>The comment is noted. Please refer to the response to comment 103 regarding the policy position for the term maturity.</p>
243.		<p>3(1) (c) in the case of debt securities:</p> <p>(i) ...</p>	<p>We refer to our general comment 4, in which we strongly recommend that the use of proceeds restrictions be removed from the revised Exemption Notice.</p>	<p>The comment is noted. Please refer to the responses to comments 58 and 77 above regarding the policy position for the use of proceeds.</p>

No.	Commentator	Paragraph	Comment	PA response
		(ii) only be issued to acquire capital funding; (iii) ...		
244.		3(1)(c) in the case of debt securities: (i) ... (iii) only be issued or transferred in minimum denominations equal to or greater than R18.75 million; (iv) ...	<p>The policy rationale for prescribing a minimum denomination for issuance or transfer of debt securities has not been provided. Moreover, it is unclear how the minimum denomination was determined, given that it is not aligned to the requirements of the Companies Act, the JSE's Debt Listings Requirements and current market practice. The prescription of a minimum denomination of R18.75 million will preclude smaller companies who will not be able to raise large amounts for long term issuances or may not require such a large amount. This will have a significant negative impact on the South African debt capital market and ultimately the economy.</p> <p>It is also not clear if this is only applicable to the first issuance of a series of debt securities or if this minimum denomination also applies to tap issuances. The nominal amount of tap issuances is often lower than that of the initial issuance, as it is generally done via a private placement. This minimum denomination may therefore reduce an issuer's ability to tap existing issuances.</p>	The PA notes the comment and input. The PA will consider the argument accordingly. Please note the responses to comments 77 and 80 from a policy perspective, as these inform the rationale for raising the minimum denominations.

No.	Commentator	Paragraph	Comment	PA response
			<p>Under the existing Commercial Paper Exemption Notice, debt securities have been listed on an exchange with denominations less than R1 million to accommodate retail investor demand and institutional investors demand for smaller denominations to enable proportional allocations to funds and the accurate hedging of positions or portfolios. This is also important to promote inclusion of retail investors in the regulated markets and we urge the Authority to give serious consideration to waive this requirement for listed debt securities.</p> <p>We strongly recommend that the minimum denomination requirement is removed from the Notice, or its application is limited to unlisted commercial paper.</p>	
245.		<p>3(1)(c) in the case of debt securities:</p> <p>(i) ...</p> <p>(iv) be dematerialized and settled on licensed central securities depository or listed on a licensed financial exchange; and</p> <p>(v) ...</p>	<p>All debt securities (including commercial paper) listed on a licensed exchange are dematerialised and settled on a licensed central securities depository. While unlisted debt securities may be dematerialised and settled on a licensed central securities depository, in terms of the FMA, unlisted securities may be issued in certificated form.</p> <p>We recommend that the PA clarify its position in this regard.</p>	<p>The PA notes the comment. Please refer to the responses to comment 66, 81 and 102 above for clarity regarding dematerialised securities.</p>

No.	Commentator	Paragraph	Comment	PA response
246.		<p>3(1)(c) in the case of debt securities:</p> <p>(i) ...</p> <p>(v) be issued only when a credit rating has been issued by a licensed credit rating agency, as defined in section 1 of the Credit Rating Services Act, 2012</p>	<p>This requirement to obtain a credit rating on the issuance of debt securities seems to be disproportionately onerous and will reduce the number of issuers in the market. Companies that do not wish to have the costs associated with a credit rating and maintenance thereof will withdraw from the market and those not currently in the market will be disincentivized to enter the debt capital market due to the high cost of entry.</p> <p>It is also not clear if issuers are expected to maintain the credit rating or only obtain the credit rating on issuance which can lapse thereafter.</p> <p>In addition, the requirement is very specific that a credit rating must be obtained on each debt security issued. Given that all senior unsecured debt of an issuer would be given the same credit rating at a point in time, this seems like an extremely onerous and costly obligation. Issuers would be required to approach the credit rating agency each time they want to issue a note, rather than being able to rely on their existing credit rating.</p>	<p>The PA notes the comment. Please refer to the response to comment 82 above for the policy position regarding credit ratings.</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>We are also concerned about the impact this will have on time to market for issuances and the ability to raise capital in emergencies. The process to obtain a credit rating is not only costly, but also a lengthy process (around 4 to 6 weeks). Issuers will therefore be unable to raise capital quickly in case of emergencies and obtaining a credit rating for each debt security will now add over a month to an issuance timeline that is currently being achieved in a week or less.</p> <p>The JSE Debt Listings Requirements, provides, in paragraph 4.18, –</p> <p><i>“An applicant issuer or the guarantor of the applicant issuer’s debt securities is not required to use the services of a credit rating agency. Should the applicant issuer or the guarantor of the applicant issuer’s debt securities elect to utilise the services of a credit rating agency and formally accepts the rating</i></p>	

No.	Commentator	Paragraph	Comment	PA response
			<p><i>given to the applicant issuer, the guarantor or the applicant issuer's debt securities, such rating must be included in the offering circular or the pricing supplement."</i></p> <p>With reference to our general comment 3, this is one of the conflicting provisions between the requirements of the revised Exemption Notice and the JSE Debt Listings Requirements which creates unnecessary uncertainty for the JSE, as a regulator of the debt capital market, and unnecessary costs and uncertainty for issuers who have listed debt securities, or those entities who seek to raise funds in the debt capital markets.</p> <p>We strongly recommend that this requirement be deleted</p>	
247.		5(1) The funds raised or obtained by the ultimate borrower, through the issuance of commercial paper, must be raised or obtained solely for the	With reference to our general comment 4, we recommend the following amendments be made to paragraph 5(1):	The comment is noted and accepted.

No.	Commentator	Paragraph	Comment	PA response
		purpose of operating capital; and may not be applied, directly or indirectly, for the granting of money loans or credit to the general public in relation to the sale of goods or the provision of services by the issuer of such commercial paper	The funds raised or obtained by the ultimate borrower, through the issuance of commercial paper, must be raised or obtained solely for the purpose of operating capital; and may not be applied, directly or indirectly, for the granting of money loans or credit to the general public in relation to the sale of goods or the provision of services by the issuer of such commercial paper.	
248.		5(2) The funds raised or obtained by the ultimate borrower, through the issuance of debt securities, must be raised or obtained solely for the purpose of:	Despite our general comment 4, recommending deletion of the use of proceeds restrictions, we note that sustainable debt securities may be financing instruments and not necessarily capital expenditure. The reference to project finance and green financing bonds is restrictive, as it excludes financing for social, sustainable, sustainability-linked and transition financing instruments, all of which are necessary as the world moves towards greater ESG accountability. If this wording is retained in the Exemption Notice, we recommend the inclusion of the wider forms of sustainable financing, as set out above.	The comment is noted. Please refer to the response to comment 112 above.
249.		5(2) The funds raised or obtained by the ultimate borrower, through the	The term “treasury function” is not defined in the revised Exemption Notice. Consequently, it is unclear whether the activities of a “treasury	The comment is noted. Please refer to the response to comment 1 above.

No.	Commentator	Paragraph	Comment	PA response
		<p>issuance of debt securities, must be raised or obtained solely for the purpose of:</p> <p>(a) ...</p> <p>(b) a treasury function within a group of companies for use within that group.</p> <p>(c) ...</p>	<p>function” includes normal operating cash flows, which would be operating capital in nature and not capital funding. We refer to our general comment 4, which recommends the deletion of use of proceeds restrictions, however if our recommendation is not accepted by the Authority, we recommend that the activities of a “treasury function” are clearly defined.</p>	
250.		<p>5(2) The funds raised or obtained by the ultimate borrower, through the issuance of debt securities, must be raised or obtained solely for the purpose of:</p> <p>(a) ...</p> <p>(d) secured note programmes and/or repacked note programmes to acquire single assets, provided that they are not pooled,</p>	<p>Despite our general comment 4, recommending deletion of the use of proceeds restrictions, we seek clarity on whether “pooled, repackaged and securitised” must be read collectively when applying this exclusion, as SPV issuers are ‘repackaging’ single assets. If so, then this should be stated more clearly</p>	<p>The comment is noted. Please refer to the responses to comments 86 and 112 above.</p>

No.	Commentator	Paragraph	Comment	PA response
		repackaged and securitised		
251.		Subparagraph 6(1)	Subparagraph 6(1) provides the minimum disclosure requirements that must be included in a placing document, but subparagraphs 6(1)(b)(i) to (iii) provide for the disclosure requirements that must be included in a pricing supplement. This is confusing as the “placing document” definition explicitly excludes a “pricing supplement”.	The comment is noted. Please refer to the responses to comments 6 and 7 above regarding the revised definitions for placing document and pricing supplement. Paragraph 6(1)(b) will be amended to refer to either placing document or pricing supplement.
252.		6(1)(b) Details of issued commercial paper and/or debt securities (i) ... (ii) The pricing supplement must state	With reference to our comment on the definition of recognised financial exchange, we recommend the following amendments to subparagraph 6(1)(b)(ii): (ii) The pricing supplement must state whether or not the particular issue is to be listed, including details of the licensed <u>exchange</u> or <u>external recognised financial</u> exchange;	The comment is noted. Please refer to the response to comment 50 above regarding the deletion of the term recognised financial exchange.
253.		6(1)(c) For purposes of this paragraph, the guarantee	It is our view that including the resolution of the guarantor(s) does not enhance investor protection nor add any more information to a guaranteed instrument. We are therefore unsure of the value of including a copy of the resolution with the issuance.	The comment is noted. However, the PA is not in agreement. At the outset, paragraph 6 states that “ <i>the specified disclosure requirements are solely for the attention of the Authority and investors, and not for purposes of</i> ”

No.	Commentator	Paragraph	Comment	PA response
			<p>In addition, as most guarantees are done on a programme level (i.e. the guarantee will apply to all commercial paper / debt securities issued) rather than at debt security level, the same resolution will be provided on each issuance. This will mean that investors will unnecessarily receive multiple copies of the same document and will not receive any additional insight into the guarantor(s) or the issuer.</p> <p>We are also concerned about the replication / copying of signatures should these documents be made publicly available. There is a real risk that the directors' signatures can be extracted and misused.</p>	<p><i>broader general public disclosure</i>". This ensures the necessary protection against the risk that directors' signatures may be misused, as disclosure will only be made upon the request of the PA or investor. Further, the resolution may be shared "upon request" at initial issuance and be disclosed by way of reference in any other subsequent issuance from the same programme memorandum.</p>
254.		6(1)(d) (bb) Responsibility statement	<p>It is unclear what the value and meaning of <i>"distinguish between the general public and/or institutional investors when accepting money against the issuance"</i> is, and why it is included under the responsibility statement section of the placing document.</p> <p>Is the intention to require the issuer to state whether they will be raising capital from either institutional investors or retail investors? And, if this statement relates to capital raised on an issuance, then it is included in the incorrect paragraph: Paragraph 6 deals with disclosures</p>	<p>The comment is noted and accepted. The provision has been amended to remove references to the obligation on the issuer to distinguish between the general public and/or institutional investors.</p>

No.	Commentator	Paragraph	Comment	PA response
			in the placing document, which is before any issuance and before money is accepted.	
255.		<p>6(1)(f)</p> <p>(f) Obligations of the auditors</p> <p>(i) The auditor of the issuer must -</p> <p>(aa) confirm that the issuer and the issuance of the commercial paper and/or debt securities</p>	<p>This requirement is in the wrong paragraph: Paragraph 6 deals with deals with disclosures in the placing document. Subparagraph 6(1)(f) refers to the auditor's confirmation on each issuance, which should be included in the pricing supplement, and not the placing document. Therefore, the requirement should be included in paragraph 7.</p>	<p>The PA disagrees with the interpretation. Paragraph 6(1)(f) requires confirmation at "initial issuance" and not each issuance. The paragraph will be amended to provide clarity.</p> <p>Further, paragraph 7 also requires audit confirmation at paragraph 7(1).</p>
256.		<p>7(1) The terms and conditions of the commercial paper and/or debt securities issuance, as contained in the placing document as well as the pricing supplement, must provide an investor with sufficient information in the form of a summary page</p>	<p>An issuer is unable to determine the "market value on date of issuance" for disclosure in a placing document, pricing supplement or indeed a "summary page" before issuance. A placing supplement is issued and signed prior to the date of issuance. If a "mark-to-market value" is meant, this value will only be determined at least 1 business day after the issuance. We recommend that the Authority clarify the intended meaning of "market value on date of issuance" or delete the requirement.</p>	<p>The comment is noted and accepted. Please refer to the response to comment 89 above.</p>

No.	Commentator	Paragraph	Comment	PA response
257		<p>7(1) The terms and conditions of the commercial paper and/or debt securities issuance, as contained in the placing document as well as the pricing supplement, must provide an investor with sufficient information in the form of a summary page that includes, at a minimum, the following information (as applicable):</p> <p>a) ...</p> <p>f) Interest rate type (variable or fixed rate) *.</p> <p>g</p>	<p>We note that this requirement is mandatory, however this requirement does not cater for zero-coupon notes.</p>	<p>The comment is noted and will be amended to provide for zero-coupon notes.</p>
258.		7(1)(h)	<p>The requirement provided for in subparagraph 7(1)(h) is unclear and conflicting. The asterisk (per the footnote) indicates that the information <u>must</u> be included in the summary page, however this requirement is qualified by the “if applicable” phrase at the end of the subparagraph.</p>	<p>The PA notes the comment and will remove the reference to “if applicable” as all issuances are required to retain an ISIN.</p>

No.	Commentator	Paragraph	Comment	PA response
259.		subparagraph 7(1)(k)	<p>The requirement provided for in subparagraph 7(1)(k) is unclear and conflicting. The asterisk (per the footnote) indicates that the information <u>must</u> be included in the summary page, however this requirement is qualified by the “if applicable” phrase at the end of the subparagraph.</p> <p>In addition, it is unclear what “name of listing including the exchange” means. Does it mean the alpha code assigned by an exchange(s) with the name of the exchange(s) where the security is listed or to be listed, or the MIC of the exchange(s) where the security is listed or to be listed? We recommend that the Authority clarify this requirement</p>	<p>The comment is noted. The “if applicable” in 7(1)(k) in this instance is included based on the recognition that not all CP/DS would be listed, as some notes may be unlisted. The PA will consider making an amendment to require that the issuer disclose whether the notes are listed or unlisted, and if listed to specify in which licensed exchange the notes are listed.</p> <p>As stated above, paragraph 7(1)(k) will be amended to require the name of the licensed exchange in which the notes are listed.</p>
260.		subparagraph 7(1)(l)	<p>The requirement provided for in subparagraph 7(1)(l) is unclear and conflicting. The asterisk (per the footnote) indicates that the information <u>must</u> be included in the summary page, however this requirement is qualified by the “if</p>	<p>The PA notes the comment and will remove the reference to “if applicable”.</p>

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			applicable” phrase at the beginning of the subparagraph.	
261.		m) Day and method for interest calculation methodology*.	We note that this requirement is mandatory, however this requirement does not cater for zero-coupon notes.	The comment is noted and will be amended to provide for zero-coupon notes.
262.		t) Date of convention*.	Please remove the “of”, it should be “Date convention” or “Business Day Convention”	The comment is noted and accepted.
263.		w) Name of auditor, audit confirmation of compliance (yes or no) *; and	<p>This requirement is unclear, as subparagraph 6(1)(f) requires that auditors must provide a confirmation on each issuance. Why then does this require a “(yes or no)” response, when the confirmation is a requirement? If the response is no, the commercial paper and/or debt securities can’t be issued as it would be in breach of the Exemption Notice.</p> <p>If this requirement was meant to provide that the auditor confirmation should be included in the pricing supplement, then the words “(yes or no)” must be deleted.</p>	<p>The comment is noted. The provision will be amended to read as follows:</p> <p><i>“the name of the auditor and the associated with the details/references of the audit report”</i></p>
264.		Returns by issuers of commercial paper and/or debt securities	We acknowledge that the Authority’s approval of an issuance is not applicable to commercial paper and/or debt securities listed on the JSE, however it is unclear whether the Authority’s	The comment is noted for consideration by the PA. However, in its consideration, the PA will likely consider requiring the JSE and other licensed exchanges to

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			<p>intention is that issuers of listed commercial paper and/or debt securities must comply with <u>all</u> of the other conditions set out in the Exemption Notice. If the Authority's intention is that issuers of listed commercial paper and/or debt securities are <u>not</u> required to comply with the conditions set out in the Exemption Notice, then this exclusion must be clearly and explicitly provided for in paragraph 2 (Designated activity) of the Exemption Notice.</p> <p>However, if it is the Authority's intention that issuers of listed commercial paper and/or debt securities are required to comply with all of the conditions set out in the Exemption Notice <u>and</u> an exchange's listing requirements, we have significant concerns regarding the health and sustainability of the South African debt capital market and the impact on the wider economy. These concerns are set out in our general comment 3.</p> <p>In addition, the JSE is not the only licensed exchange that is authorised to list debt securities. We recommend that "Johannesburg</p>	<p>maintain some minimum requirements set out in this Notice for each of the licensed exchanges' debt listing requirements.</p> <p>Further, licensed exchanges may be required to report particular data to the PA on all applications received to issue CP/DS, in the manner and form to be determined by the PA.</p> <p>The concerns and comments are noted by the PA.</p> <p>The PA notes the comment. Please refer to the response to comment 197 above.</p>

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			Stock Exchange” is replaced with the term “licensed exchange”.	
265.		10(1) An SPV must obtain prior written approval from the Authority to issue commercial paper and/or debt securities in terms of this Notice.	This requirement is unclear. Annexure B seems to refer to placing document disclosures, however the subparagraph 10(1) seems to imply that approval by the Authority must be obtained before every issuance. If the Authority’s intention is that SPV issuers must obtain once-off approval of their placing document, then this should be clearly stated.	The PA’s intention is for the SPV to apply to the PA for initial issuance only. The SPV will not be required to apply for subsequent issuances. Therefore, the PA is aiming for a ‘one-off’ approval process for SPVs, as it relates to paragraph 10.
266.	Liberty	2.	We request that bilateral arrangements between an issuer and a single investor be specifically excluded from the scope of this Notice and submit that the rights of parties to such private contractual arrangements between two parties be protected and permitted to continue.	The PA notes the comment. Please refer to the response to comment 97 above.
267.		2.	For the purposes of clarity, we request that a definition be included for an “institutional investor”.	The PA notes the comment. Please refer to the response to comment 28 above.
268.		3(1)(c)(v)	We submit that a debt security only be required to be rated when issuances pertain to the	The PA notes the comment. Please refer to the response to comment 82 above.

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No.	Commentator	Paragraph	Comment	PA response
			<p>general public and request that this requirement be excluded for the following:</p> <p>a) Institutional investors, or</p> <p>b) Bilateral arrangements between an issuer and a single investor.</p>	
269.		5(2)(c)	<p>We request that a definition of "finance company" be included for the purposes of clarity.</p> <p>We submit that a suitable definition may be: <i>"a legal entity that raises funds for the purposes of acquiring or originating assets"</i>.</p>	The PA notes the comment. Please refer to the response to comment 1 for a proposed definition of finance company.
270.		5(2)(c)	<p>We request that funds raised for the purposes of origination also be included.</p> <p>Consequently, we request the following alternative wording, with our <u>addition underlined</u> for easier reference:</p> <p><i>"(c) a finance company within a group of companies to finance the acquisition <u>or origination</u> of assets."</i></p>	The comment is noted.
271.		5(2)(d)	<p>As funds raised for the purpose of <i>secured note programmes</i> and/or <i>repacked note programmes</i> to acquire single assets are permitted, we submit that the word</p>	The PA notes the comment. Please refer to the response to comment 86 above.

No.	Commentator	Paragraph	Comment	PA response
			<p><i>“repackaged”</i> in the 2nd line of this subsection contradicts this intention.</p> <p>We therefore request that the word <i>“repackaged”</i> be removed.</p>	
272.		5(2)(d)	<p>We request that funds raised for the purposes of origination also be included.</p> <p>Consequently, in line with this request and our request immediately above, we suggest the following alternative wording, with our <u>addition underlined</u> for easier reference:</p> <p><i>“(d) secured note programmes and/or repacked note programmes to acquire <u>or originate</u> single assets, provided that they are not pooled and securitised.”</i></p>	Refer to the comment above. However, this provision has subsequently been removed from the Notice.
273.		10.	<p>For the purposes of clarity, we request that a definition be included for a "SPV".</p> <p>We further seek confirmation that all the other entity types listed in paragraph 3(1)(a) are excluded from the definition of a SPV.</p>	<p>The PA notes the comment. Please refer to the response to comment 8 above.</p> <p>The entities listed under 3(1)(a), except for an SPV, are not required to comply with the requirements relating to SPVs.</p>

No.	Commentator	Paragraph	Comment	PA response
274.		10 (1)	<p>We submit that authorisation in this regard only be required where the issuance is made to the general public.</p> <p>Accordingly, we request that issuances by SPVs to the following be excluded from the application of this paragraph:</p> <p>a) Institutional investors, or</p> <p>b) Bilateral arrangements between an SPV and a single investor.</p>	The comment is noted for consideration by the PA.
275.	Moore	2 Designated Activity	<p>By way of the inclusion of the words “and / or institutional investors” it appears that the Draft Amendments to the Commercial Paper Exemption Notice (“the proposed Notice”) will now apply to professional investors (i.e. asset managers, fund managers operating in the non-bank financial services industry).</p> <p>In our view, this inclusion causes the original purpose of the commercial paper exemption to the Banks Act to be perverted.</p> <p>The Exemption was originally conceived of as providing one of two instances (the other one being under the securitisation Regulation, which were introduced later) in which a non-bank could issue debt instruments to “the general</p>	<p>The PA notes the concerns and comments, and reiterates the position that was expressed in Prudential Communication 10 of 2024. In essence, the PA seeks to provide transparency to market participants through an exhaustive consultation process prior to finalising the draft amended CP Exemption Notice.</p> <p>With respect to the specific comments that were made regarding the policy positions in the Notice, please refer to the following:</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>public” without falling foul of section 11(1) of the Banks Act (the prohibition of transacting “the business of a bank”). It has always been understood that this prohibition contained in the Banks Act was primarily introduced to ensure that debt issuers that are not regulated by the PA are unable to unscrupulously issue inappropriate debt instruments to the average man in the street without sanction.</p> <p>In order to ensure that such issuers are nevertheless required to issue such instruments to the general public in a manner which substantially protects the rights of the general public to full information and transparency about the risks involved in the investment decision (and to ensure that only relatively sophisticated investors are able to take up such instruments) the commercial paper exemption notice was issued in 1994, and it prescribed certain rules and circumstances of issue that were required to allow one to correctly fall into the ambit of the commercial paper exemption. Again, for emphasis – the Notice was originally conceived as a set of rules to follow that allowed a non-bank issuer to validly issue debt instruments to the general public without falling foul of the prohibition in section 11(1) of the Banks Act not to transact the business of a bank (which, being</p>	<p>Refer to the response to comment 13 above for the proposed revised position on the general public.</p> <p>Refer to the response to comment 28 above for the revised position on institutional investor.</p> <p>Refer to the response to comment 97 above regarding the proposed position on bilateral transactions.</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>a PA regulated entity, could validly accept deposits from the general public).</p> <p>We believe that extending the Notice to include institutional investors may potentially be unconstitutional (which we do not deal with), as there is a huge industry of institutional and corporate issuers that validly and effectively issue debt to highly competent and experienced professional investors, who do not need the “protection” of the PA in order to make investment decisions.</p> <p>Equally, we believe that extending the Notice to include institutional investors may amount to Regulatory overreach. A regulation is intended to be a clarifying set of rules and circumstances issued by a competent authority that seeks to ensure correct interpretation of the provisions of a statute – in this case, section 11(1) of the Banks Act. As we understand the provisions of section 11(1) of the Banks Act, there appears to be an implicit prohibition not to take “deposits” from the general public, unless one complies with the exemptions in the form of the Notice. There does not appear to be any discussion of the prohibition beyond the ordinary meaning of “general public” and thus, any sanction provided within the Notice (regarding institutional</p>	

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No.	Commentator	Paragraph	Comment	PA response
			investors, for example) would not be one which was originally conceived of by the legislature in conceiving of the words contained in the Banks Act, and thus potentially <i>ultra vires</i> .	
276.	Pheonix	2	<p>a. The global markets distinguish between the retail market (general public) and the wholesale or professional market (Institutional, professional and high net worth sophisticated investors). The international Capital Markets Association is a useful reference point https://www.icmagroup.org</p> <p>b. The majority of the Debt Security, Securitization or Commercial Paper market is designed for the wholesale, Institutional or professional market.</p> <p>c. The retail and Institutional markets should be treated and governed separately as is the case in the global capital markets.</p> <p>d. Our regulations should follow the global market practice is separating Retail and Institutional (wholesale) markets for governance and legislation.</p>	The PA notes the comments and general recommendations. Please refer to the responses to comments 13 and 28 above regarding the proposed revised position for general public and institutional investor respectively.

No.	Commentator	Paragraph	Comment	PA response
			<p>e. This proposal may significantly and detrimentally impact the functioning of the South African Capital Markets. Issuers and Institutional investors may be impacted, and risks bring parts of the market to a grinding halt.</p> <p>f. The RSA retail bonds are the only retail bonds that we are aware of that offer good insight into the differences between retail and Institutional debt securities.</p>	
277.		3.(1) (b) (ii) only be issued or transferred in minimum denominations equal to or greater than R12.5 million;	<p>The reason for the proposed minimum is not clear. The most global capital markets in world have much smaller amounts.</p> <p>a. The global markets typically distinguish between the retail market (general public) and the wholesale or professional market (Institutional, professional, and high net worth sophisticated investors).</p> <p>b. The minimum denomination (minimum investment amount) is used to ensure that the general public cannot invest in instruments designed for the wholesale and/or professional market. The</p>	<p>The PA notes the comment and input. The PA will consider the argument accordingly. Please note that from a policy perspective, the responses to comments 77 and 80 as the reasons stated therein inform the rationale for raising the minimum denominations.</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>minimum denomination is typically set at USD 100,000 or Euro 100,000 to ensure that the general public are not able to invest in these products. Only high net worth individuals are able to access these products who represent a very small % of the population in South Africa or the rest of the world.</p> <ul style="list-style-type: none"> a. New World Wealth's 2020 SA Wealth Report records that there are approximately 38 400 millionaires or high net worth individuals (HNWIs) living in South Africa vs other countries as per figure 1 and 2 below b. On an absolute and relative measure (as a % of population) South Africa seems to have less HNWI than other global market participants where minimum denomination of USD 100,000 or Euro 100,000 are deemed appropriate to ensure the general public are excluded. a. Given this context seems to still make sense that the minimum denomination of R1,000,000 would achieve the same 	

No.	Commentator	Paragraph	Comment	PA response
			<p>objective. Please also see https://www.icmagroup.org/About-ICMA/ as a market reference.</p> <p>c. The minimum transfer amount, the minimum amount that can be transferred. This is essential for the effective functioning of the capital markets and Institutional / Asset management industry as Institutional investors need to be able to balance their funds constantly based on inflows and outflows. Hence this amount should not be more than the existing R1,000,000.</p> <p>d. An Issuer is also unable to control the transfers after the initial Issuance.</p>	
278.		3.(1) (b) (i) be issued with a maturity from date of issue ranging from a minimum of 366 days to a maximum of 30 years;	<p>a. A restriction of 30 years would limit the ability for the Asset management, Insurance and Pension fund industry from buying long dated debt instruments that would hedge their long-dated liabilities. Debt securities with long dated maturities are common in our and other markets. We don't believe that there is any need for such maturity restriction for Institutional investors, as in the global markets.</p>	The PA notes the comment. Please refer to the response to comment 103 above regarding the policy position on term maturity.

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No.	Commentator	Paragraph	Comment	PA response
			A maturity restriction would however be appropriate for retail bonds.	
279.		3.(1) (c) (iii) only be issued or transferred in minimum denominations equal to or greater than R18.75 million;	Please refer to comments for “3. (1) (b) (ii) above	Refer to the response captured in comment 277 above.
280.		3.(1) (c) (iv) be dematerialized and settled on licensed central securities depository or listed on a licensed financial exchange; and	<p>a. What would happen to all the unlisted and physically settled debt securities? This is a significant barrier to entry for Issuers. Global best practice does not seem to impose such conditions on debt and the implications could be significant. Please also refer to the companies’ act in relation to certified securities.</p> <p>b. This would be equivalent to requesting that all private companies’ equity must be dematerialized and settled on licensed central securities depository or listed on a licensed financial exchange.</p> <p>This would be appropriate for the requirement for retail bonds</p>	<p>The PA notes the concerns and comments. Please refer to the responses to comments 66, 81 and 102 above regarding the policy perspective on dematerialised debt securities.</p> <p>The PA may consider enabling unlisted securities to be issued in certificated form, thus enabling securities to be represented by a certificate or written instrument. To the extent that these are recorded and reported to the PA.</p>
281.		3.(1) (c) (v)	a. This would be equivalent to requiring that all companies can only issue equity	The PA notes the concerns and comments. Please refer to the response

No.	Commentator	Paragraph	Comment	PA response
		be issued only when a credit rating has been issued by a licensed credit rating agency, as defined in section 1 of the Credit Rating Services Act, 2012 (Act No. 24 of 2012), in respect of that debt security.	<p>when a credit rating has been issued by a licensed credit rating agency, as defined in section 1 of the Credit Rating Services Act, 2012 (Act No. 24 of 2012).</p> <p>b. What would happen to the significant amount of issuance that is not rated?</p> <p>c. This would be a significant barrier to entry for Issuers that could devastate large parts of the debt market. We are not aware that this would be considered a global market standard or best practice.</p> <p>d. Ratings are extremely expensive, generally priced in USD as only GCR are semi-local and can take a long time to get in place (months or even years).</p> <p>This would be appropriate for the requirement for retail bonds.</p>	<p>to comment 82 above regarding the revised policy on credit ratings.</p> <p>The credit rating requirement is not meant to apply retrospectively.</p> <p>The comment is noted.</p> <p>The comment is noted.</p>
282.		4(1) Only the following entities, institutions or persons may be the ultimate borrower of funds obtained from the general public	<p>Most debt is not issued to the general public.</p> <p>It is not clear why there would be any restriction on the ultimate borrower other than having specific rules to protect the retail market.</p>	<p>This was a drafting error by the PA. Please see the response captured in comment 109 above.</p>

No.	Commentator	Paragraph	Comment	PA response
283.		5 (2) (d) secured note programmes and/or repacked note programmes to acquire single assets, provided that they are not pooled, repackaged and securitised	It is not clear what this would aim to restrict or prevent, please clarify the definitions for each of the terms.	The PA notes the comment. Please refer to the responses to comments 59, 77 and 86 above regarding the policy perspective on the use of proceeds.
284.		5(2)(a), (b) and (c). use of proceeds restrictions	We suggest that the use of proceeds restrictions is removed to allow for a well-functioning capital market that can service the needs of all market players from banks, corporate, other Issuers and Institutional Investors.	The PA notes the comment. Please refer to the responses to comments 59, 77 and 86 above regarding the policy perspective on the use of proceeds.
285.		9 (1) All issuers and arrangers of initial issuance of commercial paper and/or debt securities, excluding	<p>a. We do not believe that it is currently possible for the PA to review and approve all unlisted debt issuance without</p> <p>a. Creating market uncertainty</p> <p>b. Potentially causing market instability in relating to the refinancing of existing debt and losses to investors and Issuers alike.</p>	<p>The PA notes the comments and concerns. The PA has stated that approvals are only limited to initial issuances and subsequent issuance from the same programme does not require approval from the PA.</p> <p>The PA is yet to determine the turnaround time for approvals. Once ascertained, the turnaround time will be communicated and consulted on with</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>c. Acquiring significant resources to ensure short turnaround times, not more than a few days, in order not to negatively impact the market.</p> <p>b. This does not seem to be in line with best market practice for debt issuance to Institutional or Wholesale Investors.</p> <p>c. It would make debt issuance even more difficult and expensive and negatively impact the market and its liquidity.</p> <p>d. Why only the JSE, what about other exchanges current and future like the CTSE? This should include all licensed exchanges as approved by the FSCA or This would be relevant for Retail bonds.</p> <p>e. The vastly experienced teams of dedicated investment professionals working at Institutional Investors are best placed to assess the risk of these and other investments.</p> <p>f. similar regulatory body.</p>	<p>industry. Nonetheless, these requirements have been imposed on unlisted issuances.</p> <p>The PA has provided a proposed policy position on transactions between institutional investors. Please refer to the response to comment 97 above.</p> <p>With respect to other licensed exchanges, please refer to the response to comment 197 above.</p> <p>The comment is noted.</p>
286.		10 (1) An SPV must obtain prior written	a. As far as we are aware global best practice does not require issuance to	The PA notes the concerns and comments. Please refer to the response

No.	Commentator	Paragraph	Comment	PA response
		approval from the Authority to issue commercial paper and/or debt securities in terms of this Notice.	<p>Institutional or Wholesale Investors from SPVs to have any such regulatory approval.</p> <p>b. This will, without a truly clear framework of its own, create uncertainty for Issuers and Institutional investors.</p> <p>c. Debt Issuance is often extremely sensitive to market conditions and hence would require the PA to commit to the human capital requirements to provide approvals within a few days in order not to bring the market to a halt.</p> <p>d. It can take months for the PA to approve minor changes to existing Securitizations, how would this process be different?</p> <p>e. Would the PA have the staff and expertise to review these potential issuances within committed timeframes?</p> <p>f. Even if the PA was only to review the existing Programmes it would take significant resources and time, this could risk bringing this market to a halt causing significant potential loss to</p>	to comment 265 above regarding the policy perspective on SPV approvals. Nonetheless, these requirements have been imposed on unlisted issuances.

No.	Commentator	Paragraph	Comment	PA response
			<p>investors and issuers. How would this transition be managed?</p> <p>g. It is not clear what risk the PA is trying to prevent, mitigate or govern?</p> <p>h. The vast teams of dedicated investment and legal professionals working at Institutional Investors may still be best placed to assess the risk of these or any other debt.</p> <p>This requirement would be relevant for Retail bonds, and we recommend that this distinction should be made.</p>	
287.		10 (2) The information required to be submitted to the Authority	<p>We are not aware that there is any such application required in other global markets or is international best practice as these debt securities are only taken up by Institutional investors who have the ability to analyse all risks.</p>	<p>The comment is noted. Please refer to the Position Paper, in which the PA expressed concern about the potential abuse of SPVs in this market. Therefore, an approval process for SPVs has been included to understand the role of SPVs in the commercial paper market. Nonetheless, these requirements have been imposed on unlisted issuances.</p>
288.	SASF	Designated activity	<p>This paragraph includes reference "<i>institutional investors</i>". The term "<i>institutional investors</i>" is not defined.</p>	<p>The PA notes the comment. Please refer to the response to comment 28 above regarding "institutional investor".</p>

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			Does the PA not deem institutional investors a subset of the market which comprises the general public? Is the latter not a subset of the former as a matter of established company law?	
289.		3(1)(a)	Since a listed company, an unlisted company, a public company, a private company, and a state-owned company are all companies as defined in section 1 of the Companies Act, we recommend that these separate terms listed under 3(1) (iii)(iv) and (v) be deleted since it should be captured under (i) "a company".	The comment is noted. However, the PA will not be deleting the separate terms listed under 3(1) (iii)(iv) and (v).
290.		3(1)(a)(iii)	This paragraph lists " <i>an unlisted company</i> " as one of the entities that may issue commercial paper and/or debt securities. It is unclear why this distinction is made from paragraph 3(1)(a)(i) which includes " <i>a company (whether public or private)</i> ".	The PA notes the comment. Please refer to the response to comment 49 above regarding "private and public company".
291.		3(1)(a)(ix)	This paragraph lists " <i>special purpose vehicles (SPVs)</i> " as one of the entities that may issue commercial paper and/or debt securities. It is unclear what the meaning of a " <i>special purpose vehicle</i> " is as it is not defined. We propose that a definition/description be inserted since a SPV is a company as per 3(1)(a)(i)	The PA notes the comment. Please refer to the response to comment 8 above regarding the definition of an SPV.

No.	Commentator	Paragraph	Comment	PA response
292.		3(1)(a)(xi)	<p><i>“any person, institution or entity backed by an explicit Central Government guarantee, [or any other central government specified in writing by the Authority.]”</i></p> <p>The square bracketed portion should be its own bullet point i.e. a new 3(1)(a)(xii).</p>	The PA notes the comment.
293.		3(1)(b)(i)	<p>Please see comment under “general comment” section below. We are of the view that debt securities and commercial paper should have the same principles applied thereto as far as use of proceeds is concerned.</p> <p>This restriction also limits how SPV’s can issue asset backed securities to acquire or fund assets which restriction is not necessary in our view.</p>	<p>The PA notes the comment. However, a key policy positions underpinning this Notice is the distinction between CP and DS, expressed through the maturity term as well as the use of proceeds. CP is regarded as a short-term debt instrument, whereas DS is viewed as a long-term (and more flexible) debt instrument. Further, CP is restrictive in terms of the use of proceeds, which is ideally for operating capital (short-term liabilities). By contrast, DS is not intended to be restrictive in nature.</p> <p>The use of proceeds when issuing DS is intended to be much broader (general corporate purposes). The term maturity for DS is also envisaged to be much longer dated.</p>
294.		3(1)(b) (ii)	The relevance/origin of the denomination of “R12.5 million” is unclear. Further, the specified	The PA notes the comment and input and will consider the argument

No.	Commentator	Paragraph	Comment	PA response
			<p>denomination cannot apply to the "transfer" of commercial paper. An issuer of commercial paper cannot control the transfer of commercial paper and we don't believe that this Notice should concern itself with secondary market trading activities.</p> <p>The denomination of ZAR12.5 million also creates an inconsistency with the Companies Act that refers to a denomination of ZAR1 million.</p> <p>If the PA is concerned that unconfiscated investors may invest in commercial paper, there are sufficient safeguards with regards to the information to be made available, particularly if a company or its debt securities are listed, for an investor to avail himself of the risk and given the opportunity to invest.</p> <p>On the minimum denominations, we propose to retain R1m minimum issuance amount threshold as per the existing CP Regulations.</p> <p>Currently, institutional investors allocate investments in smaller increments across differing portfolios and a change to this threshold will impede established market practice.</p>	<p>accordingly. Please note the responses to comments 77 and 80 from a policy perspective, as the reasons stated therein inform the rationale for raising the minimum denominations.</p>

No.	Commentator	Paragraph	Comment	PA response
295.		3(1)(c)	Debt security is generally defined as an instrument, and then also defined at 3(1)(c). Please clarify.	Paragraph 3(1)(c) does not define debt security; instead, it lists the requirement that must be met to issue a debt security for the purposes of this Notice.
296.		3 (1) (c) (i)	We request clarification on why a maximum tenor has been set of 30 years? There should not be a minimum or maximum tenor.	In the previous round of consultation, the PA noted that market research indicated that the maximum tenor for most domestic medium term note programmes (DMTNP) is 30 years, which informed the PA's proposal for this maximum tenor.
297.		3(1)(c)(ii)	<p>Please see comment under “general comment” section below. We are of the view that debt securities and commercial paper should have the same principles applied thereto as far as use of proceeds is concerned. We request clarification as to why this has been included and particular why operating companies may not issue debt securities for operating/working capital purposes.</p> <p>“Capital funding” doesn’t seem to contemplate regulatory capital (AT1 / Tier 2) or Flac which is required to be issued out of bank holding companies. Since these companies are not banks, one must rely on the CP Exemption Notice for these issuers.</p>	<p>The PA notes the comment. Please refer to the response to comment 293 above regarding the distinction between CP and DS.</p> <p>The PA notes the comment. Please refer to the response to comment 79 above regarding regulatory capital.</p>

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298.		3(1)(c) (iii)	Same comments as per 3(1)(b) (ii) above	Same as above.
299.		3(1)(c)(iv)	This seems to be a prohibition on the issuance of unlisted bonds that are not settled through STRATE and/or not dematerialised where commercial paper does not have a similar limitation. This is a significant limitation of the current market practice without an indication as to the risk being mitigated in doing so.	The PA notes the comment. Please refer to the responses to comments 66, 81 and 102 above regarding the policy perspective for dematerialisation.
300.		3(1)(c) (v)	<p>Please confirm why the debt security needs to be rated to qualify. Reliance on ratings is not a global regulatory trend instead the contrary is true. Investors should rely on their own credit analysis when investing instead of on a credit rating agency.</p> <p>Unrated debt securities should be allowed to be issued especially where the underlying borrowers do not have credit ratings and investors rely on their own credit analysis. This is unduly restrictive and will inhibit the market given the cost implication of obtaining a rating. Further, the time period for obtaining a credit rating is long and costly and will result in issuers</p>	The PA notes the comment and concerns raised. Please refer to the response to comment 82 above regarding credit ratings.

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No.	Commentator	Paragraph	Comment	PA response
			<p>foregoing market opportunities that may arise during short window periods.</p> <p>This also contradicts buy side regulations where institutional investors are allowed to invest a portion of their funds in unrated securities.</p> <p>The provision also specifically refers to the rating of the debt security but it is often the issuer that is rated and not the debt security.</p>	
301.		4(1)(b)(i)	<p>Please clarify why this is restricted to only wholly owned subsidiaries and why the ultimate borrower cannot be a group company that has common shareholding with the issuer.</p>	<p>The PA notes the comment. Please refer to the response to comment 83 above regarding wholly owned subsidiary.</p>
302.		5(1)	<p>Please reinstate safe harbour from the CP Exemption Notice in relation to customary credit for the sale of goods and services. Most corporate issuers would be impacted by this to the extent that they offer payment terms on invoices as a part of their ordinary business.</p> <p>A finance company should also be able to issue commercial paper.</p>	<p>The PA notes the comment. Please refer to the response to comment 84 above regarding customary credit.</p>

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303.		5(2)	Doesn't seem to contemplate regulatory capital (AT1 / Tier 2) or Flac which is required to be issued out of bank holding companies and accordingly must rely on the CP regs as bank holding companies are not license banks.	The PA notes the comment. Please refer to the response to comment 79 above regarding regulatory capital.
304.		5(2)(a)	<p>The proceeds of the issuance of debt securities should also be used for the purpose of operating capital, including the repayment of refinance of debt.</p> <p>Please clarify why particular mention/emphasis is made in respect of project finance and green financing bonds. Explicit mention of these specific types of bonds may cause interpretation issues when one considers the ejusdem generis rule (where general words or phrases follow a number of specific words or phrases, the general words will be construed as limited to the same kind or class as those expressly mentioned).</p> <p>In addition, green bonds are financing instrument and not always capital in nature</p>	<p>The PA notes the comment. Please refer to the response to comment 112 above regarding repayment of refinance of debt.</p> <p>The PA notes the comment. Please refer to the response to comment 113 above regarding green financing bonds.</p> <p>The comment is noted.</p>
305.		5(2)(c)	It is unclear what the meaning of a " <i>finance company</i> " is. Please clarify why finance companies within a group of companies are	The PA notes the comment. Please refer to the response to comment 1 above

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			limited to using their proceeds to finance the acquisition of assets where treasury functions are not.	regarding the proposed definition for a finance company.
306.		5(2)(d)	Please confirm why a debt security cannot be issued to finance pooled or repackaged assets. The meaning of "repacked note programmes" is unclear. Further, the meaning of the wording <i>"provided that they are not pooled, repackaged is unclear"</i>	The PA notes the comment. Please refer to the response to comment 86 above regarding the amendment to paragraph 5(2).
307.		6(1)	We request clarification in relation to the opening statement as it is unclear what the rationale is. "placing document" is defined to exclude a pricing supplement so the use of "in a placing document relating to such issuance of commercial paper and/or debt securities" in 6(1) seems at odds with this definition since one would not prepare a placing document with a particular issuance in mind. That would be catered for in a pricing supplement.	The comment is noted. Please refer to the responses to comments 6 and 7 above regarding the revised definitions for placing document and pricing supplement. Paragraph 6(1)(b) will be amended to refer to either placing document and pricing supplement.
308.		6 (1) (a)(i)	➤ Please provide clarification for the importance of providing the details of the ultimate borrower and if required, why is	The PA notes the comment and maintains that, as a matter of policy and

No.	Commentator	Paragraph	Comment	PA response
			<p>only the name of the ultimate borrower required and not the additional information as required for the issuer in this paragraph?</p> <p>➤ Please note that if the placing document is a programme or prospectus, the details of the “ultimate borrower” will not be available at the time of registration of the programme memorandum or prospectus, it will only be available when the instruments are to be issued, i.e. when the pricing supplement or final terms or in the case of offering memoranda/circulars for stand-alone issues are issued;</p>	<p>transparency, it is important to identify the ultimate borrower.</p> <p>The ultimate borrower is invariably the accountable party in the event of the failure of the transaction.</p> <p>The ultimate borrower is generally jointly and severally liable for the obligations under the programme.</p> <p>In addition, knowing the ultimate borrower is essential for anti-money laundering and counter terrorism purposes.</p> <p>The identity of the ultimate borrower is particularly crucial when debt securities are raised from retail investors (general public) and to a lesser extent if funds are raised from institutional investors.</p>
309.		6(1)(a)(ii)	In terms of the Companies Act, only a public company is required to appoint a company secretary.	The comment is noted and will be amended accordingly.
310.		6(1)(a)(iv)	6(1)(a)(iv) requires disclosure of use of proceeds and given the level of specificity required in the CP Exemption Notice, an issuer can only do this in the pricing supplement. We	The suggestion is noted and accepted.

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			would suggest that this disclosure requirement is moved to 6(1)(b).	
311.		6(1)(a)(v)	With reference to the parenthesis “ <i>as may be determined by the Authority</i> ”, please confirm when the Authority would make this determination, especially for issuances that don’t require the approval of the Authority.	The PA notes the comment. Please refer to the response to comment 80 above.
312.		6(1)(b)(i)	Please confirm how market value will be determined, particularly in respect of unlisted notes. The “ <i>market value</i> ” of commercial paper/debt securities cannot be stated in the pricing supplement if they have not traded at that date.	The PA notes the comment. Please refer to the response to comment 89 above.
313.		6(1)(c)	Please confirm whether references to “security” are intended to refer to credit enhancement security or the debt securities regulated by the CP Exemption Notice. We propose that credit enhancement security be separately defined.	The PA notes the comment. Please refer to the response to comment 90 above.
314.		6.(1)(d)(aa)(i)	We do not think it is necessary for the financial statements to accompany the placing document as it is made available on a website and is available at the issuer’s office upon request.	The comment is noted and accepted. The PA will make amendments to allow for this requirement to be facilitated through a specific website, office or an electronic data room.

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No.	Commentator	Paragraph	Comment	PA response
			<p>This is standard market practice and required in by financial exchanges such as the JSE.</p> <p>It should also be made clear that newly established entities will not have any financial statements. 6.(1)(d)(aa)(i)(C) will also be problematic for newly established issuers such as SPV's</p>	The comment is noted.
315.		6(1)(d)(bb)(C)	<p>In the context of the remainder of the provision which relates to a Responsibility Statement. The statement being requested from there is not clear.</p> <p>The term "<i>institutional investors</i>" is not defined, therefore the obligation on the issuer is unclear</p>	<p>The PA notes the comment. Please refer to the response to comment 91 above.</p> <p>The PA notes the comment. Please refer to the response to comment 28 above.</p>
316.		6 (1) (e)(i) (aa)	<p>Why would the period for releasing AFS to investors be 12 months when the Companies Act requires a maximum period of 6 months for the publication of its AFS and if it is listed (which, in most circumstances, other than CP, it may be required to be) the period is 4 months.</p>	<p>The comment is noted and accepted. Amendments will be made to align with the Companies Act for unlisted companies and to adjust for the listing requirements of licensed exchanges.</p>
317.		6(1)(f)(i)(aa)	<p>Auditors will not provide the confirmation as set out in the paragraphs and are only prepared to confirm that nothing has come to their attention that causes them to believe that the issuer and the issuance of the commercial paper and/or</p>	<p>The PA is in engagements with the auditing industry on this requirement and notes the comments on the audit concerns.</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>debt securities does not comply with the provisions of this Notice in all material respects, at the time of initial issuance.</p> <p>We recommend that this paragraph be amended accordingly to what the auditors are prepared to confirm.</p> <p>We request clarification if an issuer needs to obtain this confirmation for each issuance or for the initial issuance under a placement document only or whether this can be done once a year.</p>	<p>The confirmation required in paragraph 6(1)(f)(i)(aa) is only required at the time of initial issuance. See comment 160 above.</p>
318.		6(e)(cc)	<p>This is already a requirement of the JSE Debt Listing Requirements. We would recommend that this only required for unlisted issuance of commercial paper/debt securities.</p> <p>The inclusion of the updated information cannot be limited to Applicable Pricing Supplement, it can also be included in a supplement to the placement document. We propose that the wording be amended to as follows:</p> <p><u>“... that the applicable pricing supplement, final terms or supplement to the placement document other documents reflecting the terms of the issuance sets out the updated information at all times, of the issue”</u></p>	<p>The comment and recommendation are noted accordingly.</p> <p>The comment and recommendation are noted for consideration.</p>

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No.	Commentator	Paragraph	Comment	PA response
319.		7(1)(e)	See comments above, it is not clear how the " <i>market value</i> " of the commercial paper/debt securities will be determined if the pricing supplement in relation to listed commercial paper/debt securities must be issued prior to the issue date.	The PA notes the comment. Please refer to the response to comment 89 above.
320.		7(1)(q)	With reference to " <i>Value of total notes in issue and outstanding (including each series)</i> " – we propose adding "before this issuance" to provide clarity.	The comment and recommendation are noted for consideration.
321.		7(1)(t)	Please confirm what is being referred to here.	This provision will be amended to "date of business convention".
322.		9(1)	<p>We recommend that the approval should be the responsibility of the Issuer only, not the arranger.</p> <p>We are unsure if it means any unlisted notes need prior approval. The clause reflects a requirement for approval at initial issuance, and also that the Placing Document (excl the APS) needs to be furnished for approval, which implies an upfront approval being required. It is not clear whether commercial paper or debt securities be issued without pre-approval after initial issuance? We believe that the way this</p>	<p>The PA notes the comment. Please refer to the response to comment 167 above regarding arranger.</p> <p>This approval will indeed be limited to unlisted notes as listed notes will follow the approval process of licensed exchanges.</p> <p>The placing document would need to be submitted alongside the audit report to the PA for approval before the issuer may issue CP/DS. Thereafter, the issuer would not require approval for subsequent issuance on the same</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>clause is worded is ambiguous and conflicts with the 6(1)(f) where the obligation is imposed on the Auditors to confirm that the issuance of commercial paper and/debt securities complies in all material respects with the provisions of Notice</p> <p>What would be the circumstances where an issuer routinely issues listed notes but then decides from time to time to issue unlisted notes. Does that specific unlisted note need to be pre-approved?</p> <p>We recommend the wording be amended such that it provides, that if notes are issued off a JSE/CTSE-Registered programme, individual issues are exempt from prior approval.</p> <p>We furthermore recommend that the listing exclusion be extended to apply to all other regulated exchanges and not only the JSE (i.e. the CTSE for example is excluded). This will</p>	<p>programme. It is important to note that this requirement will be applicable to unlisted issuers and that listed issuers would still need to follow the listing requirements of a licensed exchange.</p> <p>Yes, the unlisted notes would require approval prior to the issue of those unlisted notes.</p> <p>The comment is noted and accepted. Please refer to comment 197 above.</p> <p>The comment is noted and accepted. Please refer to the response to comment 197 above.</p> <p>Please refer to the response to comment 94 above.</p>

No.	Commentator	Paragraph	Comment	PA response
			<p>ensure that this clause is not deemed to be anti-competitive.</p> <p>Please confirm:</p> <ul style="list-style-type: none"> • what the envisaged PA turnaround time is expected to be once a submission has been made and all relevant documents shared. • whether changes to the Programme Documentation requires a new submission. 	<p>These would not require a new submission. However, the issuer should still comply with paragraph 6(e)(i)(ee) which states in its revised form that:</p> <p><i>“Where there has been a material adverse change to the placing documents, the issuer must provide the information to the Authority and the investor(s) within a reasonable time”.</i></p>
323.		9(2)	This would be too onerous as the Bank and Holding Company will be issuing Flac, AT1 and T2 in debt security format going forward.	The PA notes the comment. Please refer to the responses to comments 79 and 95 above regarding regulatory capital.
324.		10(1)	<p>Please confirm:</p> <ul style="list-style-type: none"> • what the envisaged PA turnaround time is expected to be once a submission has been made and all relevant documents shared; • whether this submission is only for initial approval and the first issuance or can commercial 	<p>Please refer to the response to comment 94 above regarding turnaround time.</p> <p>As stated in paragraph 9(1), approval is only required for the first time issuance and all subsequent issuances do not require approval from the PA. The issuer is still required to submit returns in the form and manner of Annexure A.</p>

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			<p>paper or debt securities be issued without pre-approval thereafter; and</p> <ul style="list-style-type: none"> whether changes to the Programme Documentation requires a new submission. <p>It should be clear that prior approval from the Authority should be obtained prior to the initial issuance and not for each issuance thereafter (upfront approval, and not at every issuance).</p>	<p>These would not require a new submission. However, the issuer should still comply with paragraph 6(e)(i)(ee) which states in its revised form that:</p> <p><i>“Where there has been a material adverse change to the placing documents, the issuer must provide the information to the Authority and the investor(s) within a reasonable time”.</i></p>
325.	Strate	3(1)(b)	<p>Paper-based securities are vulnerable to fraudulent activities and are also key weak points that can be utilised by groups associated with terrorist financing and money laundering. By contrast, dematerialised securities promote transparency and have robust safeguards to prevent misuse and fraudulent behaviour.</p> <p>Provision has been made in 3(1)(c) for debt securities to be dematerialised and settled by a central securities depository. We recommend that this be extended to commercial paper.</p>	<p>The comment is noted accordingly.</p> <p>The comment is noted, and the recommendation will be considered.</p>
326.		3(1)(c)(iv)	Grammar suggestion: be dematerialised and settled by a licensed central securities	Noted and accepted.

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			depository or listed on a licensed financial exchange; and	
	ANNEXURE A			
327.	BASA		<p>It is our understanding is that the information under Annexure A must be submitted on a quarterly basis.</p> <p>The information listed in Annexure A relates to specific information per issuance and not an overview of all issuances done for the quarter relevant to the submission. If the requirement is to provide an overview of all issuances during the relevant quarter, then Annexure A must be amended to include information that caters for a consolidated overview.</p> <p>If, however, the ask is for specific information for every issuance to be submitted, we then suggest that copies of the relevant pricing supplements or final terms be submitted instead as the pricing supplements or final terms already contain all information as currently set out in Annexure A.</p>	<p>The comment is noted. The specific information requested is for each individual issuance. Therefore, the PA accepts the submission of copies of the relevant pricing supplements or final terms as suggested.</p> <p>Notwithstanding the above, please take note of footnote 5 in the Notice which states that:</p> <p><i>A return must be completed for each quarter in which commercial paper and/or debt securities issued are outstanding, whether or not any other transactions occurred during the reporting quarter, and must be submitted within 15 business days</i></p>

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				<i>immediately following the end of each quarter to which the return relates.</i>
	ANNEXURE B			
328.	BASA		<p>This annexure requires disclosure of the maximum authorised aggregate of commercial paper and/or debt securities that may be issued.</p> <ol style="list-style-type: none"> 1. Please clarify what would be required should the SPV decide to issue commercial paper and/or debt securities over and above the maximum that is authorised? 2. Are SPV's required to submit this application each time they intend to issue commercial paper / debt securities in the market. Or is the application made once off at establishment phase? 	<p>The SPV would need to notify the PA as required by the revised paragraph 6(e)(i)(ee). In addition, take note of the revised paragraph 10 with respect to Authorisation for SPIs to issue commercial paper and/or debt securities.</p> <p>The SPV is only required to submit an application at initial issuance and will not require approval for subsequent issuance on the same programme.</p> <p>Please also note the response to comment 94 above.</p>