

# SHOULD WE LIST OUR COMPANY?

## ADVANTAGES

- + A market valuation for your business will be reflected in the listed price
- + A listing will make pools of capital and borrowing more accessible to your company
- + A secondary trading market for your company's shares will be available
- + Additional media coverage and profiling will take place after listing
- + Listed shares can be used as acquisition currency to support a buy-and-build strategy
- + Listed shares can be used to incentivise employees and encourage staff retention
- + The listing provides added credibility for prospective customers, employees and suppliers

## DISADVANTAGES

- + Dilution and loss of control of your business if new shares are issued to raise capital in the primary market
- + Poor trading liquidity and price discovery if shares are tightly held and there is a small free float
- + The loss of small organisation agility and added public and shareholder accountability
- + The listed share price can be affected by the performance of the market and the economy as a whole
- + Added management time and focus on investors
- + Additional costs

## CAN COMPANIES WITH A TRACK RECORD OF LESS THAN 3 YEARS LIST ON CTSE?

Yes, the CTSE Listing Requirements ("CTSE Equity LR") accommodate **New Ventures** with less than 3 years of audited accounts.

A **New Venture** may be required to submit a Business Plan before the listing application process commences. The Business Plan would include, *inter alia*, a profit forecast and valuation. **New Ventures** should follow Steps 1 and 2 on the next page and the Business Plan process before continuing with Step 3.

# DOES OUR COMPANY MEET THE CTSE LISTING CRITERIA?

The salient CTSE listing criteria that your company should meet in order to qualify for a listing on CTSE are set out below. If you have any queries regarding your potential listing, please reach out to the CTSE Issuer Regulation Division ("IRD") at [ctseir@ctexchange.co.za](mailto:ctseir@ctexchange.co.za).

Issuer Type	General listing	New ventures	Discretionary investment companies	Non-discretionary investment companies	International Issuers
Business type	Established businesses	New and/or young businesses or projects	Investment company seeking or having a spread of investments	Investment company with a single investment	Issuers incorporated outside of South Africa
Examples	General issuer	New infrastructure, project finance, green energy or technology projects and/or companies	Investment holding companies, private equity funds and/or SPACS	BEE schemes or employee share schemes	Inward listings
Size	Market capitalisation > R25 million	Market capitalisation > R25 million	Net asset value > R25 million	Net asset value > R25 million	Market capitalisation > R25 million
Accounts	> 3 years historical	< 3 years historical	> 3 years historical or its directors and/or the investment manager has sufficient and satisfactory experience	> 3 years historical or its directors and/or the investment manager has sufficient and satisfactory experience	> 3 years historical if general listing or < 3 years if new venture
Other specific requirements				Single asset must: be listed on CTSE or a recognized exchange; or be unlisted if it represents shares in a major subsidiary of an Issuer listed on CTSE or a recognized exchange; and represent more than 7.5% but less 30% of the company	Must also make announcements in English and must ensure equal treatment of all shareholders (i.e. in both jurisdictions)
Securities in public hands	10% of class to be held by not less than 100 members of the public, unless waived by CTSE due to listing for a proper business purpose and intention to comply within 3 years of listing				
Transferability	Shares listed must be freely transferable unless CTSE and Registry approves the restriction which restriction must: <ul style="list-style-type: none"> <li>• apply to all securities of that class;</li> <li>• be objectively determinable;</li> <li>• be legally permissible;</li> <li>• be unconditional;</li> <li>• not limit the level of security holding in way which makes it inappropriate; and</li> <li>• cannot be amended waived or removed without the approval of CTSE and CTSE Registry</li> </ul>				
Voting structures / "N" share structures	If a share is listed, all shares of that class must be listed. Companies with separate classes of shares with different voting rights can thus be listed if all the shares of the class to be listed are listed on CTSE and adequate disclosure is made				
Listing of dual structures	The separate listing of a holding company and its subsidiary (where minority shareholders hold listed shares) is permitted but CTSE may require a sufficient number of independent directors and/or appropriate controls and procedures to ensure that the Issuer is at all times capable of making decisions independent from the controlling shareholder and that transactions between that Issuer and the controlling shareholder is at arm's length and on a normal commercial basis to ensure the fair treatment of minorities				
Issuer Agent	Must appoint an external or internal issuer agent				
Reporting accountant	Must appoint an independent reporting accountant registered with IRBA or equivalent regulatory body				
Annual report	Must be presented within 90 days of the financial year end, be in English, be prepared in accordance with IFRS				

(or similar standard if an International Issuer) and be audited

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Governance	Must disclose if it complies or does not comply with King Code, reasons for non-compliance and plans (if any) to comply
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# THE LISTING JOURNEY

Our company meets the CTSE Listing criteria– what do we do now?

## 01 ▶ Appoint an Internal or External Issuer Agent

### *What is the role of an Issuer Agent?*

An Issue Agent is responsible for advising your company on:

- the listing process and application of the CTSE Equity LR for a listing;
- complying with the CTSE Equity LR once listed; and
- liaising with IRD on behalf of the Applicant or Issuer.

### *Internal vs External Issuer Agent*

An Issuer may appoint two full-time employees or directors (other than an independent director) who meet the eligibility criteria to act as its Internal Issuer Agent. You may, however, prefer to appoint an External Issuer Agent which is typically a corporate finance advisory firm with at least two CTSE accredited representatives.

View details of CTSE accredited External Issuer Agents [here](#)

### *What are the eligibility criteria for an Internal or an External Issuer Agent Representative?*

A person wishing to act as an Internal Issuer Agent or an External Issuer Agent Representative must have sufficient relevant corporate finance or advisory experience and be one of the following:

- a member in good standing of the South African Institute of Chartered Accountants;
- a member in good standing of Chartered Secretaries Southern Africa;
- an admitted attorney registered and in good standing with the Law Society of South Africa;
- an admitted advocate of the High Court of South Africa in good standing; or
- have a suitable professional qualification within South Africa, or elsewhere, as determined by CTSE.

### *What must a person do to be accredited as either an Internal or External Issuer Agent Representative?*

A person wishing to be accredited as either an Internal Issuer Agent or an External Issuer Agent Representative must submit a completed CTSE Equity LR Schedule 3 application form to IRD for approval and pay the necessary application fee.

[A copy of a CTSE Equity LR Schedule 3 can be found here](#)

[Issuer Agent application fee details are set out here](#)

## 02 ▶ Appoint a Reporting Accountant (“RA”)

### *What is the role of the RA*

A RA must issue a report on your company’s historical financial information for purposes of the listing.

The RA must be:

- an auditor registered with the Independent Regulatory Board for Auditors (“**IRBA**”) (the regulatory board regulating the auditing profession in South Africa) (i.e. CTSE does not accredit auditors and accepts any auditor registered with IRBA); and
- be independent of your company.

**The RA must provide an RA’s Report as detailed in Step 3.**

[View auditors registered with IRBA here](#)

## ► Prepare the required documentation

You need to prepare the following documentation for the Listing and submit it to CTSE.

### *Memorandum of Incorporation ("MOI")*

If your company has been incorporated in South Africa, it must be and remain a public company. The MOI is the document that sets out the rights, duties and responsibilities of shareholders, directors and other persons involved in your company. The MOI must comply with the provisions of Schedule 5 of the CTSE Equity LR (which it may or may not do currently) and none of the provisions of your current MOI must conflict with the provisions of the CTSE Equity LR. Compliance with Schedule 5 will ensure that your company is suited for the Listed environment e.g. regarding minority shareholder protection and other governance issues.

[View a CTSE LR Schedule 5 checklist here](#)

### *Listing Particulars*

Listing Particulars will provide current and future investors in your company with information about your company and its operations. An overview of the information to be included in the Listing Particulars is as follows:

- general information about your company/group, its advisers, its MOI, any experts providing opinions in the Listing Particulars, any promoter and commissions;
- information about the securities for which listing is sought and the terms and conditions of their issue and distribution;
- information about your company's share capital;
- general information about the company/group's activities;
- information about the financial position of your company/group and its prospects;
- information about your company's directors and management;
- information about significant contracts; and
- details of where certain documents will be available for inspection.

[View the Listing Particulars checklist here](#)

### *A Report of Historical Financial Information ("RHFI")*

The RHFI must set out the consolidated results of the Issuer and its subsidiaries for each of the 3 financial years immediately preceding the issue date of the Listing Particulars or such shorter period in the case of New Ventures.

Where more than 9 months have elapsed since the end of the financial year to which the latest published financial information relates, an interim report covering the 6 months following the end of that financial year must be included. The interim report must be prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting.

Where more than 15 months have elapsed since the end of the financial year to which the latest published financial information relates, the audited annual financial statements shall be prepared for the latest financial year.

### **The RA's Report**

In the RA's Report, the RA must express an audit opinion on the financial information relating to the financial year immediately preceding the Listing and provide either an audit opinion or a review conclusion on financial information relating to the two financial years prior to the financial year immediately preceding the Listing save for a *New Venture*.

The most recent financial year must not contain a modified opinion save for where the modification does not relate to a matter of significance to investors.

### **Pro forma financial information**

If a capital raise is part of the Listing, the *pro forma* effects of the capital raise on your company's earnings per share, net asset value per share and net tangible asset value per share must be included in the Listing Particulars.

Your RA must sign off on the pro forma financial information.

## **04 Submission Process**

Once all the documents have been prepared, you can proceed with the submission process.

[View the procedures and turnaround times for submissions here](#)

If your company meets all the listing criteria, all documents submitted are in compliance with the CTSE Equity LR and you have completed the submission process, the next step is that CTSE grants your company permission to list (with or without conditions).

## **05 Engage with CTSE Registry**

You will need to engage with CTSE Registry regarding the transfer secretarial services they will provide to you once you are listed.

### **What is CTSE Registry's role?**

Trading on CTSE operates on a pre-funded, pre-validated model and trades are settled on the same day that they take place (known as T+0 in the trading environment). In order to trade, a buyer of shares must have sufficient funds in their broker account before the trade will be executed (pre-funded) and likewise, a seller of shares must own the number of shares he/she wishes to sell (pre-validated). The share register needs to be accessed by the trading system to confirm funding and share ownership. Therefore, CTSE Registry needs to act as the transfer secretary (the party that manages the transfer of ownership of shares when they are bought and sold and ensures that the share register is updated) for this integrated trading model to work. This trading model is global best practice and CTSE is the only exchange in South Africa which offers this kind of integrated trading model.

Before listing you will need to enter into an agreement with CTSE Registry regarding the provision of transfer secretarial services and provide CTSE Registry with your share register so that trades can take place seamlessly on Listing day and thereafter.

[The Registry Agreement can be requested from IRD at CTSEir@CTSE.co.za](#)

# LISTING FEES

CTSE fees for reviewing and approving listing

**R75 000**

Approval of Business Plan (if applicable)

**R20 000**

Initial listing fee - 0.01% of market capitalisation on listing, invoiced the day after listing

**R30 000 minimum and R3 million maximum**

Annual listing fee - 0.01% of the average market capitalisation for the 12 months ended 31 January of each year

**R30 000 minimum and R3 million maximum**

[View the full CTSE fee](#)

## CONTACT US TO LIST ON CTSE



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