

FINANCIAL REPORTING INVESTIGATION PANEL (PANEL)

CHARTER

DEFINITIONS

Chairman means the Chairman of the Financial Reporting Investigation Panel (Panel) for Listed Entities. In instances where any other member of the Panel, appointed by the JSE, has been given the responsibility to chair the Review Committee for any reason, such a person takes on all the responsibilities of the Chairman, as set out in this document.

Committee means the Committee provided for in Section 1 of the Listings Requirements.

The Act means the Companies Act, 2008 (Act 71 of 2008), as amended.

Review Committee means the Review Committee of the Panel and other members designated by the Chairman of the Panel to review a particular case.

IFRS means International Financial Reporting Standards, issued by the International Accounting Standards Board.

JSE means the JSE Limited.

Issuer Regulation Division means the Issuer Regulation Division of the JSE.

Listings Requirements means the JSE Listings Requirements.

IRAC means the Issuer Regulation Advisory Committee established by the JSE that gives advice to the Issuer Services Division from time to time.

Panel means the Financial Reporting Investigation Panel for Listed Entities, as provided for in the Listings Requirements, which was previously known as the GAAP Monitoring Panel.

SAICA means the South African Institute of Chartered Accountants.

Financial reporting requirements means as contained in IFRS, the financial reporting requirements in the Act and in the Listings Requirements.

REMIT OF THE PANEL

1. The Panel's authority under the rules of the JSE is limited to advising the Issuer Regulation Division in relation to alleged cases of non-compliance with the financial reporting requirements. The Panel only considers cases which are referred to it by the Issuer Regulation Division.
2. The Panel's remit is not limited to annual financial statements, but can also be extended to any other announcement, publication or circular.

THE SCOPE OF THE PANEL'S AUTHORITY

3. The Panel's authority is limited to entities listed on the JSE and their groups or entities that are in the process of applying to list on the JSE.

FUNCTION OF THE PANEL

4. The function of the Panel is to advise the Issuer Regulation Division in relation to alleged cases of non-compliance with the financial reporting requirements, referred to the Panel by the Issuer Regulation Division.
5. The Issuer Regulation Division will consider the advice of the Panel and take such action that the Issuer Regulation Division deems appropriate.

COMPOSITION OF THE PANEL

6. The JSE, in consultation with SAICA, appoint the Panel members (including the Chairman).
7. The Panel consists of the Chairman, and fifteen members representing preparers, auditors, academics and users of listed entities' financial statements. If the number of members falls below fifteen, the Panel will nonetheless be considered properly constituted and the Issuer Regulation Division of the JSE will take appropriate steps to increase the number of members.
8. Any other Panel member, appointed by the JSE, will exercise and perform the powers and duties of the Chairman whenever the Chairman is unable to do so or while the office of Chairman is vacant.
9. The JSE, in consultation with SAICA will perform an annual review of members. As part of this annual review members may be replaced. Factors to be considered in the process include:
 - that the FRIP as a whole has people with an appropriate mix of diversity, experience and expertise;
 - there is a level of continuity in the composition of the FRIP from year to year;
 - a recognition that certain individuals bring a unique skill set to the FRIP;
 - feedback from the Chairman.

Casual vacancies in the membership of the Panel will be filled by the JSE, in consultation with SAICA and the Chairman.

CONFIDENTIALITY

10. The Panel will keep confidential all matters that are referred to it. Any information that comes to the attention of a Panel member as a result of the activities of the Review Committee may not be used at any other stage or for any other purpose.
11. Panel members, other than the Chairman, will become aware of a matter referred to the Panel only when they are asked to join a Review Committee or otherwise advise on an individual case.
12. The Issuer Regulation Division and SAICA normally keeps all matters referred to it confidential unless and until there is a public announcement. It may, however, refer a matter to another regulator where there is prima facie evidence of indications that this may be relevant to the scope of that regulator.

CONFLICTS OF INTEREST

13. No Panel member will be appointed to a Review Committee where a conflict of interest may arise. Panel members should consider their position on each occasion they are invited to join a Review Committee and should recuse themselves if there is a conflict of interest or the possibility of a perceived conflict of interest.

LIMITATION OF LIABILITY

14. The Panel, the Chairman, any Panel member, the IRAC, or any officer or employee of the JSE or SAICA will not be liable to anyone in respect of anything done in good faith in the exercise or performance of a power or duty conferred or imposed by or under the Charter or the Listings Requirements.

INDEMNITY

15. The JSE indemnifies the Panel, any Panel member, the IRAC and any officer or employee of the JSE and holds each of those persons harmless, against any claim of any nature which may be made against them, and any costs on an attorney and client scale which may be incurred by any of them in defending any such claim which may be brought against them, arising out of the exercise or performance in good faith of a power or duty conferred or imposed on them by or under the Charter or the Listings Requirements.

DETAILED PROCEDURES

General

16. The Panel is to meet at least once a year, at the discretion of the Chairman. The Chairman can convene additional meetings on reasonable notice.
17. The Chairman may amend the detailed procedures for functioning of the Review Committee, except for paragraph 21 below relating to timing, in instances where he is of the opinion that the revised procedures would enhance the activities of the Review Committee.
18. The Chairman will ensure that the review process is expedited in as short a time as possible, but at least within the specified overall time limitation.
19. The JSE may refer to the FRIP such matters it considers appropriate, including those arising from:
 - a complaint lodged with the JSE (such as from a regulator, individual or corporate entity); or
 - a proactive monitoring process ,whereby the JSE has identified matter/s on which it requires advise; or
 - matters upon which the JSE requires public comment (such as press commentary), whereby the JSE requires further advise on a matter of potential concern, or
 - otherwise.
20. When a complaint has been lodged with the JSE, the Issuer Regulation Division may:
 - contact the listed company and invite the directors of the listed company to comment on the matters raised in the complaint, and/or
 - refer the matter directly to the Panel, in instances where the Issuer Regulation Division considers it appropriate for the complaint to be investigated by the Panel.
21. When the Issuer Regulation Division refers a matter to the Panel, the Chairman will acknowledge receipt thereof within 5 business days.
22. The Chairman will consider whether there is a prima facie case for the JSE to pursue or which warrants further investigation. The Chairman may consult any other Panel member in this regard.
23. Where the Chairman concludes that there is no matter in respect of which a review should be conducted, the Issuer Regulation Division is informed of that fact within 5 business days from acknowledging receipt of the referral of the complaint. The Chairman or the Panel takes no further action.
24. Where the Chairman concludes that there is a prima facie case for further investigation, the Issuer Regulation Division must be informed and the Chairman must form a Review Committee to consider the matter.
25. Where the Chairman is of the opinion that additional information is required, the Issuer Regulation Division may request the listed company to provide such information.

Review Committee

26. Subject to paragraphs 27 and 28 above, the Chairman will form a Review Committee within 5 business days from acknowledging receipt of the referral of the complaint. The Review Committee will consist of at least four members (including the Chairman), unless exceptional circumstances exist, in which case a smaller number of Panel members may be constituted.
27. The Chairman may, in addition to the Panel members on the Review Committee, identify and include specialists to assist the Review Committee, who are not Panel members. The same confidentiality, conflicts of interest, and limitation of liability requirements that apply to the Panel members will apply to such specialists. In that event the provisions of the Charter and the Listings Requirements will apply to such members.
28. Where the Review Committee, in consultation with the Chairman, agrees that additional information is required, the Issuer Regulation Division may request the listed company to provide such information. The additional information provided by the listed company will be analysed by the Review Committee.

Reporting

29. The Chairman will submit the Review Committee's written advice, which may include an explanation of the information considered, the basis for conclusion and a recommendation regarding remedial action, to the Issuer Regulation Division within 20 business days from the Review Committee's establishment.
30. In instances where the members of the review Committee could not reach consensus on a matter, the different views held by the Review Committee members should be included in the written conclusion.
31. Should the Review Committee require additional information, such written advice will be submitted to the Issuer Regulation Division within 10 business days from the receipt of the additional information by the Review Committee.
32. Should the Review Committee for any reason be unable to conclude its deliberations within the required period, the Chairman will inform the Issuer Regulation Division. The Chairman, in consultation with the Issuer Regulation Division, will then determine how the matter should be dealt with.
33. The Issuer Regulation Division should decide what action, if any, should be taken, after considering the advice of the Review Committee.

Informing the Company

34. The Issuer Regulation Division may communicate the Review Committee's conclusion to the company, providing the company with an opportunity to respond.

The listed company's response

35. The Issuer Regulation Division will analyse the listed company's response. The Issuer Regulation Division may discuss the listed company's response with the Chairman and/or the Review Committee and/or the listed company and, with the consent of the company, with the company's auditors and/or sponsors.

Communication with the Company

36. The JSE may further communicate and/or meet with the company in a manner considered to be appropriate by the Issuer Regulation Division. The JSE may request the Chairman and/or panel members to be present during a meeting with the company.

ADVICE

37. The Panel will not operate a system of advance clearance and is unable to give advice to a listed company or its auditors as to whether, in its opinion, a particular accounting treatment or disclosure meets the financial reporting requirements.

PANEL DOCUMENTATION

38. Papers relating to each case will be filed in secure cabinets in the offices of the JSE. No person is authorised to open or refer to the papers with the exception of the Chairman or the employees authorised by the Director: Issuer Regulation.

PRESS

39. All press enquiries will be dealt with by the Director: Issuer Regulation, or a person designated to do so by the Director: Issuer Regulation.
40. Panel and Review Committee meetings, and all other related meetings (e.g. meetings with the company) are held in private. All communication between the Issuer Regulation Division, the Chairman, the Review Committee and the company is kept confidential.

THE PROFESSIONAL POSITION OF REGISTERED AUDITORS, CHARTERED ACCOUNTANTS AND OTHER PROFESSIONALS

41. To assist those responsible for the regulation of Registered Auditors, Chartered Accountants and other professionals, the Issuer Regulation Division may provide information to the relevant professional bodies and regulators.

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