

# Mandatory Audit Firm Rotation

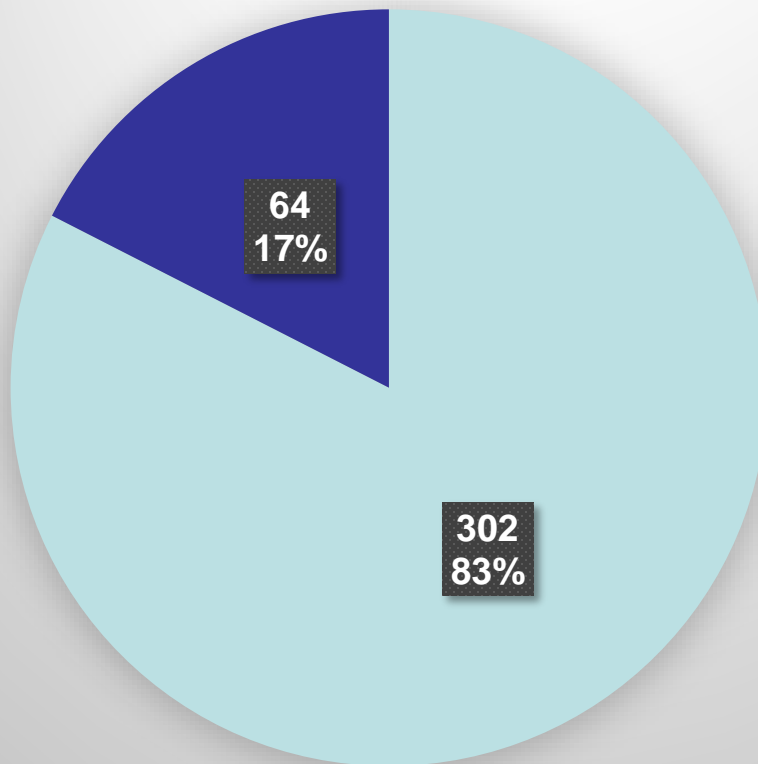
Progression to March 2019

# Background

- Announced MAFR 2 June 2017 and gazetted 5 June 2017
- Marked pre- and post-rule change of rotation activity – number of rotations increased significantly, with JSE being the first rotation to comply with MAFR
- Initial increase in rotation of auditors cannot be definitively linked to KPMG
- IRBA tracking SENS notification of change of auditor on listed entities (JSE Main Board)
- Statistics are measured against the number of listed entities (365) as at June 2017 (excluding subsequent listings and de-listings)
- Tracking where possible announcements of private company and SOE change of auditors

# Current status of rotation

Rotations of JSE-listed entities  
January 2017 - March 2019

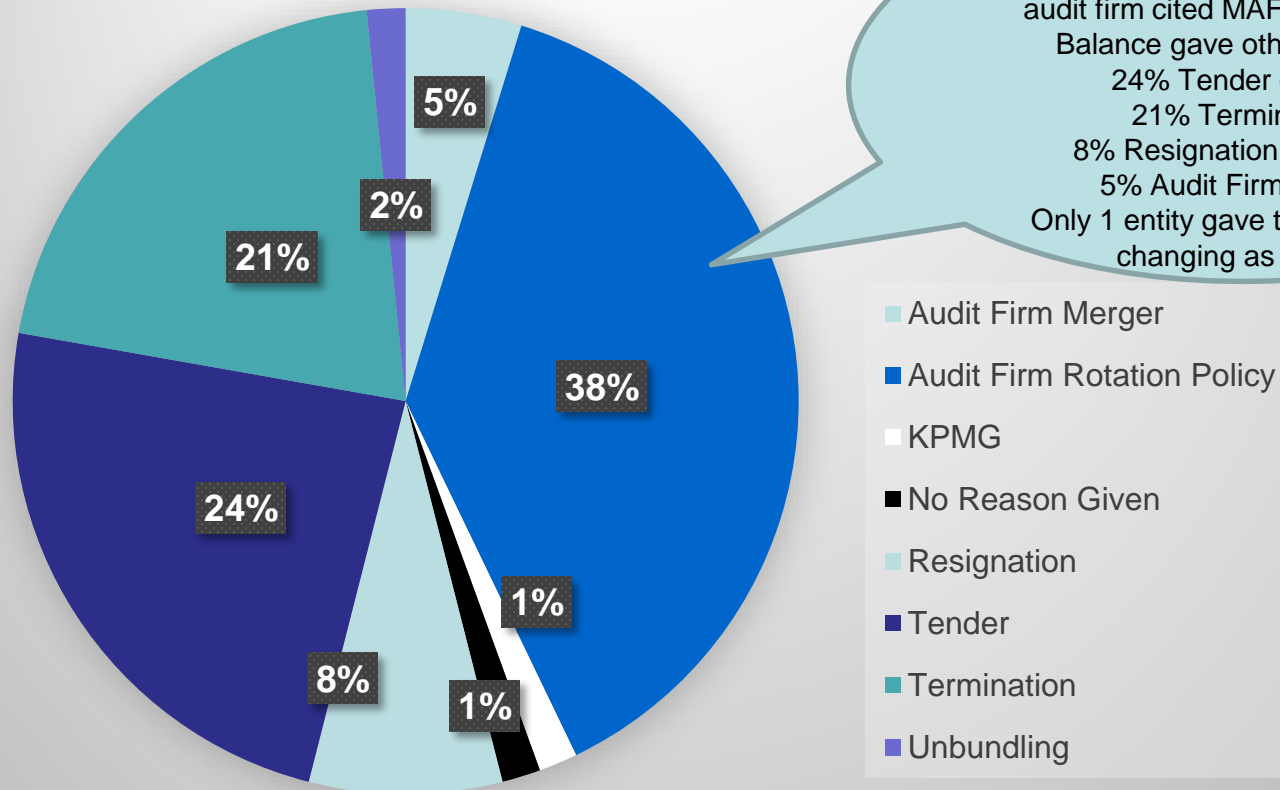


17% of JSE-listed entities have rotated audit firms (issuer list as at 2017, excluding subsequent listing and delisting)

■ Unchanged  
■ Rotations

# MAFR leading reason for rotation

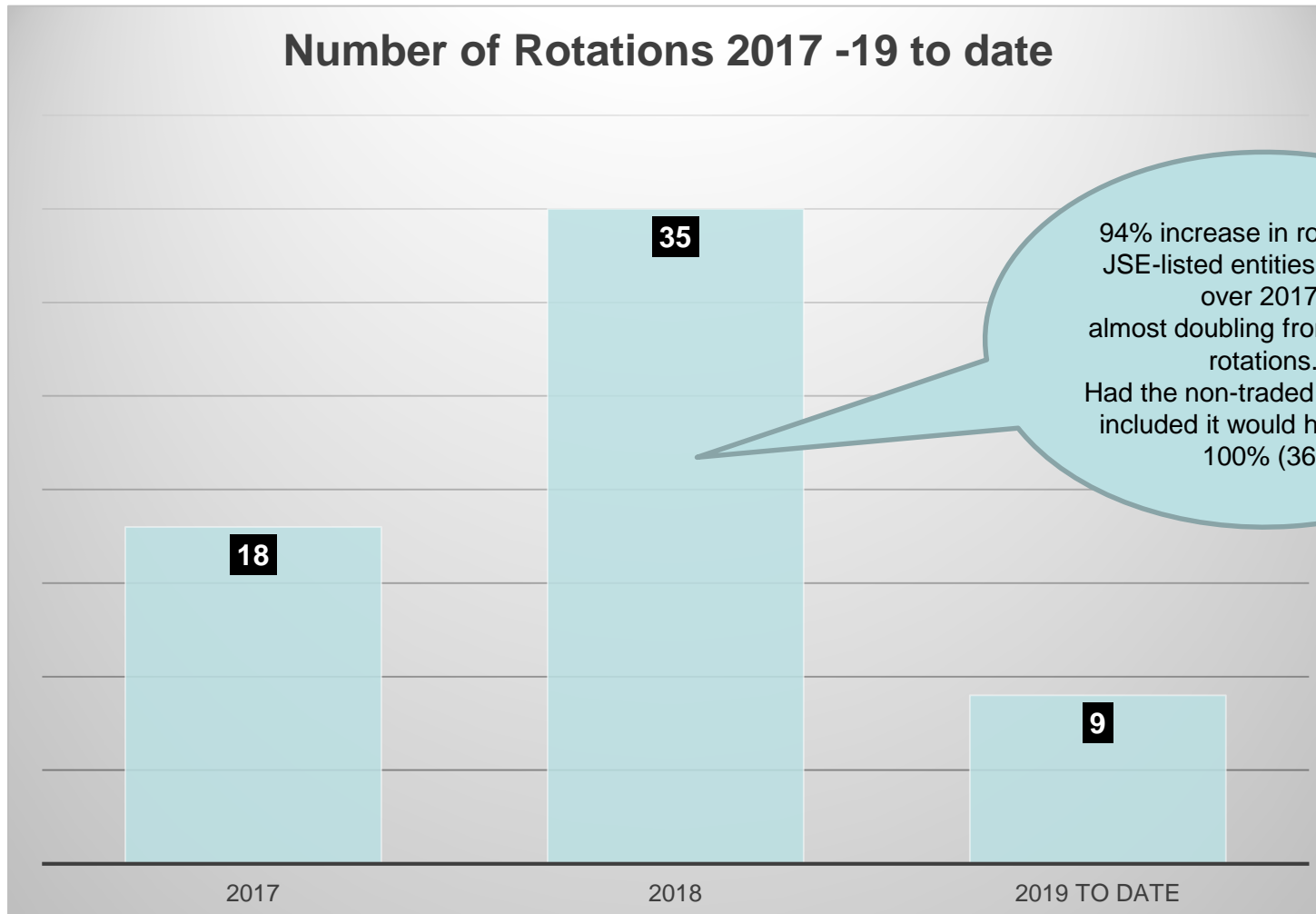
Reason for rotation  
January 2017 - March 2019



38% of entities which changed their audit firm cited MAFR compliance  
Balance gave other reasons:  
24% Tender or Cost  
21% Termination  
8% Resignation of Auditor  
5% Audit Firm Merger  
Only 1 entity gave the reason for changing as KPMG

- Audit Firm Merger
- Audit Firm Rotation Policy
- KPMG
- No Reason Given
- Resignation
- Tender
- Termination
- Unbundling

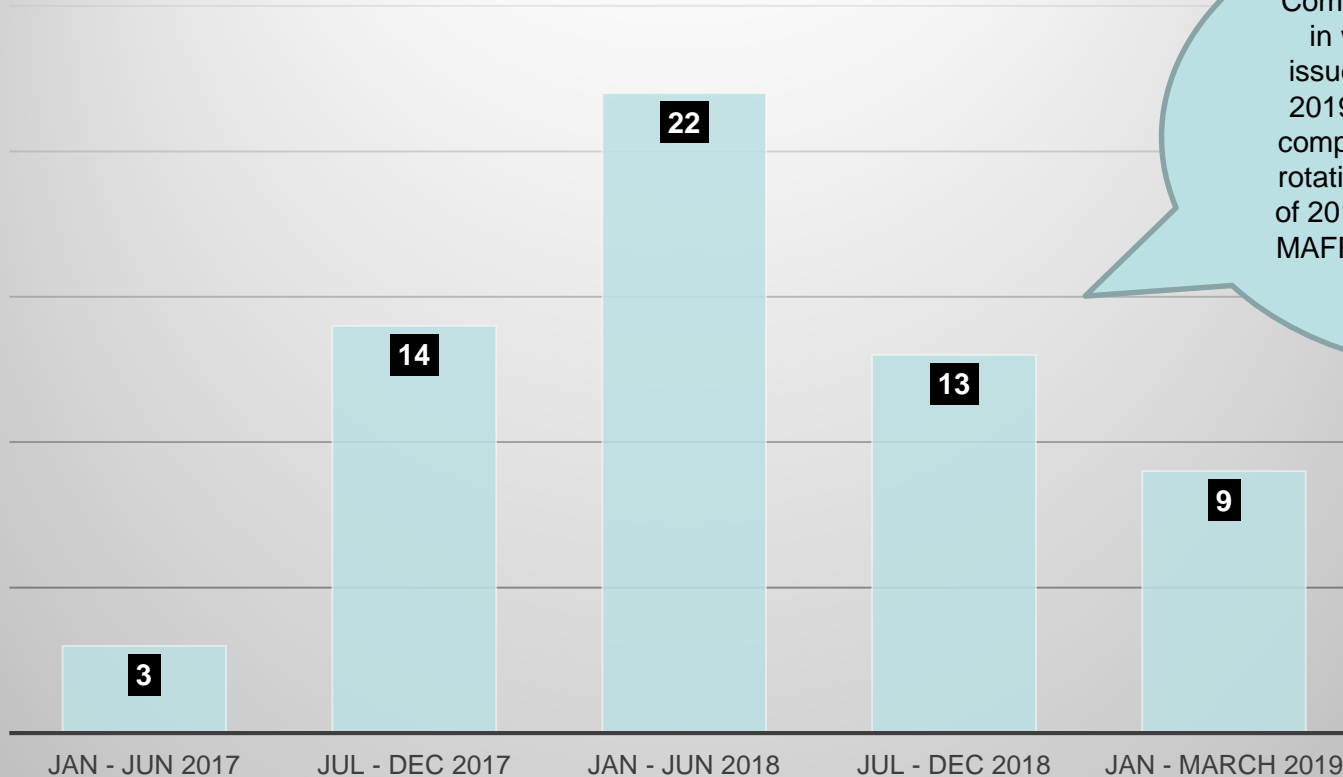
# Number of rotations per year



94% increase in rotations of JSE-listed entities in year 2 over 2017, almost doubling from 18 to 35 rotations.  
Had the non-traded SOE been included it would have been 100% (36)

# Increase in activity after MAFR

**Pre- and Post-MAFR Rule**  
(rule issued June 2017)



Commencing with the period in which MAFR rule was issued, voluntary rotation in 2019 is maintaining pace in comparison with 2018, with 9 rotations occurring during Q1 of 2019. Attributed as follows: MAFR (3), Tender (5), KPMG (1)