# Catch and Release by the JSE

*Daniel's Perspectives: 27 November 2018*

The JSE levied a R5mn fine to Pepkor for misleading investors. Business Day's front page this morning led with 'Pepkor fine (is a) new JSE record'.

I will not partake in sugar-coating this. The crime and the fine is an absolute disgrace for the South African stock market and all of its participants.

For starters, consider the materiality of these transgressions. Pepkor did not disclose a R15bn funding guarantee to parent company Steinhoff, nor a so-called 'corporate financial guarantee' resulting in the company having to fork out R511mn to employees.

Next, consider the immateriality of the JSE's fine. R5mn, of which R1mn is 'suspended for two years', a joke in and of itself, represents nothing to a company with an annual operating profit of R6.4bn.

Then, consider the irony that it is Pepkor's minority shareholders who (a) were materially misled and (b) now also have to pay the JSE's fine.

Lastly, consider it appears no directors or employees of Pepkor have been identified, implicated or held to account.

The evidence presented leads me to conclude our market's regulatory system remains deeply flawed in certain important respects.

Our work continues...

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