# Coal of Africa exec fined, suspended for insider trader

A member of Coal of Africa's (Coal) top management has been fined R350,000 for insider trading by the Financial Services Board (FSB) and was subsequently suspended by the company pending an internal investigation.

The FSB's enforcement committee imposed the fine on Coal's chief operations officer, Michiel Brönn, for contravening of section 78 (1) (a) of the Financial Markets Act, 19 of 2012.

The matter was referred to the committee when it was established that on 15 May 2015, Brönn used information that the department of mineral resources had approved Coal's application to obtain new order mining rights for the company's Makhado project.



Coal's Makhado site. Source: Coal of Africa

He also knew that a Stock Exchange News Service (SENS) announcement was due to be published on 18 May 2015 to inform the public about the granting of the rights. On the 15th, Brönn bought 117,000 Coal shares on the Johannesburg Stock Exchange at mostly 84 cents per share (cps).

This was despite the fact that he had been specifically instructed by the chief executive officer not to trade in Coal shares until such time that the SENS announcement had been published.

On 18 May 2015, when Coal published the announcement, the Coal share price increased from an opening price of 91 cps

to a closing price of 122 cps.

The enforcement committee determined that Brönn committed insider trading in circumstances where he had been made aware of Coal's trading policy on various occasions.

It also found that Brönn's conduct in dealing with the case against him was less than frank and was often disingenuous, and therefore ordered that, in addition to the administrative penalty, Brönn must pay the costs incurred by the directorate in investigating his conduct and the costs associated with bringing the matter before the enforcement committee including the costs of constituting the panel that heard the case against him.

Coal issued a statement saying it had all internal policies and governance processes in place. "The company is in the process of reviewing the FSB findings."

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