



Driving Innovation, Delivering Value

Capital Markets Day 2024
3 October 2024

let's connect



Agenda

Welcome and logistics

Romy McIntosh

Head of Investor Relations

**Introduction and Strategic
overview**

Leila Fourie

Group Chief Executive Officer and Executive Director

Capital Markets

Valdene Reddy

Director of Capital Markets

Post-Trade Services

Alicia Greenwood

Director of Post-Trade Services

Information Services

Mark Randall

Director of Information Services

**Marketplace & Infrastructure
Services**

Tebalo Tsoaeli

Chief Information Officer

Issuer Regulation

Andre Visser

Director of Issuer Regulation

Financial overview

Fawzia Suliman

Group Chief Financial Officer and Executive Director

Closing remarks

Leila Fourie

Group Chief Executive Officer and Executive Director

Q&A

All



Introduction and strategic overview

Leila Fourie

Today we will discuss...



How we are **modernising** our infrastructure to meet the demands of tomorrow



Progress on our **diversification** strategy and initiatives



Our focus on driving **growth** through multiple levers



Pathway to delivering **quality** earnings



JSE at a glance: Africa's premiere financial hub

**Market
Cap**

R18.6tn

(30 Aug 2024)

1.6tn

(31 Dec 2000)

ADV – Equity

21bn

(30 Aug 2024)

20.6bn

(FY 2019)

**Market
Availability**

99.99%

(FY 2023)

99.76%

(FY 2019)

HEPS

1 099 cent

(FY 2023)

815

(FY 2019)

**Non-trading
income**

37%

(FY 2023)

29%

(FY 2019)

Dividend Yield

8.5%

(FY 2023)

7.0%

(FY 2019)

**Return on
Equity**

19.4%

(FY 2023)

18.0%

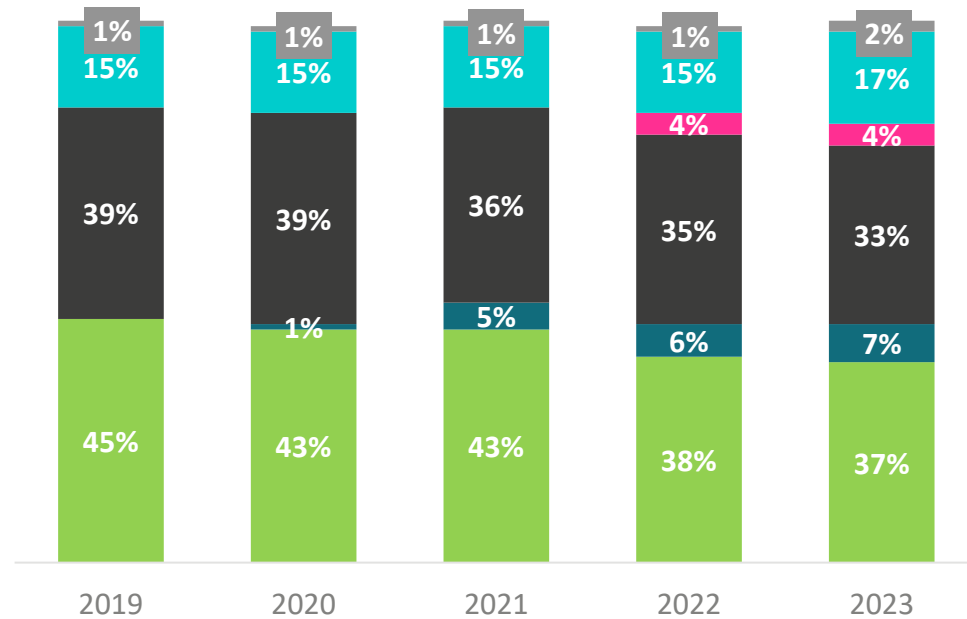
(FY 2019)

A decade of expansion: Growth in secondary listings



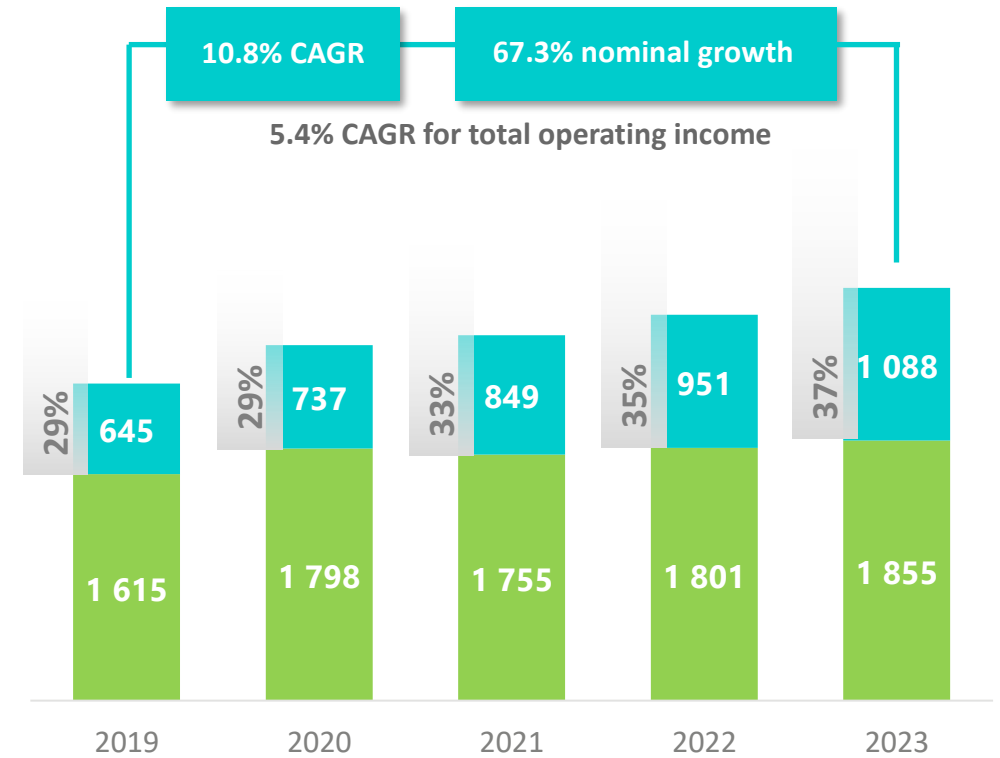
Resilience through market cycles supported by growth in non-trading income

Segmental Revenue Breakdown



- Capital Markets
- JIS
- Post Trade Services
- JSE Clear
- Information Services
- Colocation

Total Operating income (Rm)

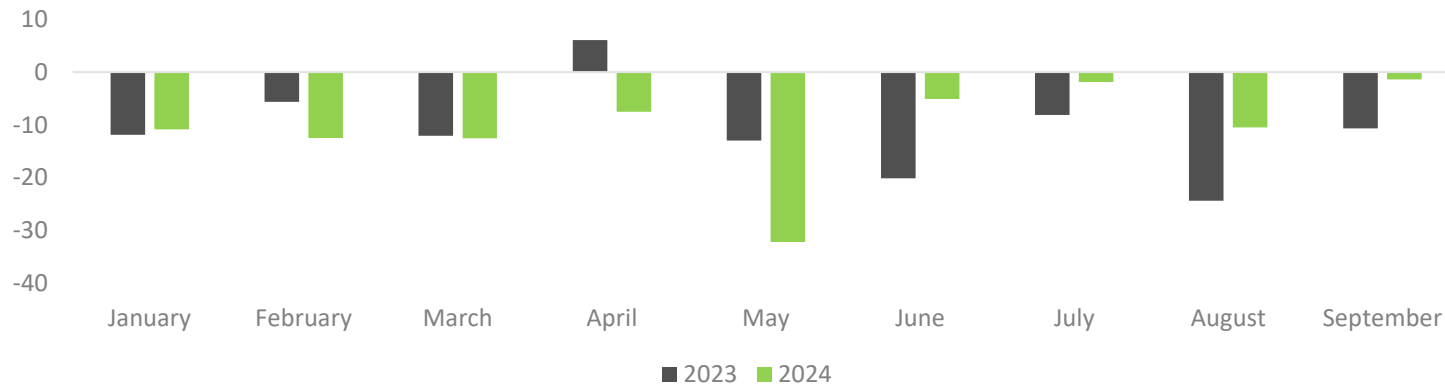


- Non-trading income as a % of operating income
- Non-trading income (incl. margin income)
- Trading income

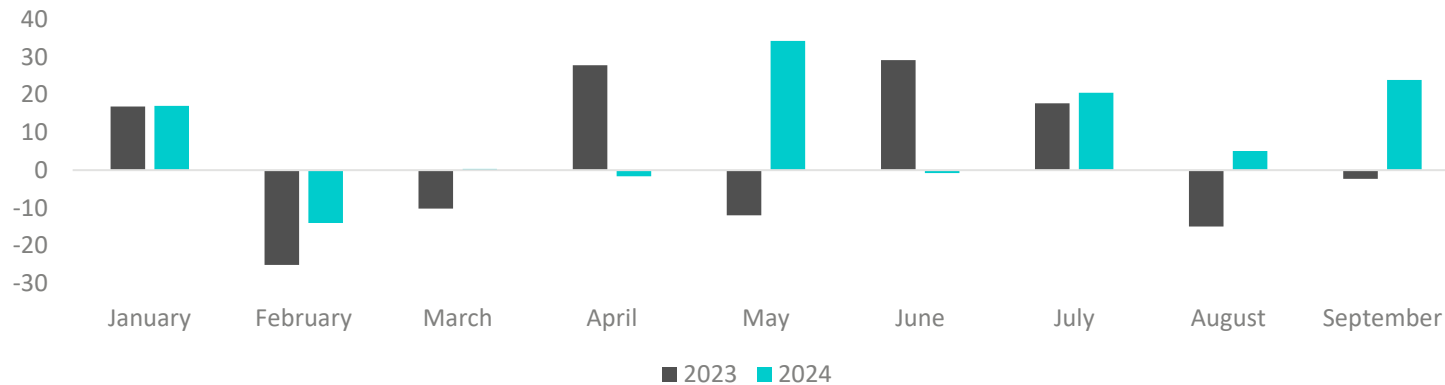
Note: Non-trading income includes Market data fees (Information Services), JSE Investor Services, Margin income, Colocation fees and Primary market fees

Improving sentiment reflected in foreign flows

Equity market – monthly foreign flows (R billion)



Bond market – monthly foreign flows (R billion)



- **Equity outflows significantly reduced in June** following the formation of the GNU – lower outflows YoY in Q3 2024 versus 2023
- **Equity market cumulative outflows reduced to -R94.4bn in Sep 2024** (versus -R99.8bn in Sep 2023)
- **Bond market foreign flows turn positive in May** prior to election results, with positive inflows maintained in Q3 2024
- **Bond market cumulative inflows increased around 3x to R84.7bn in Sep 2024** (versus R27.0bn in Sep 2023)

Adapting our business to meet current and future needs



2019

- ITaC¹ went live

2020

- Link Market Services acquisition
- Globacap transaction
- Launched sustainability segment

2021

- Acquired Investec SPS²
- JSE Market Data Connect platform
- Published “Cutting Red Tape”

2022

- ICH3 operator license
- Transition & sustainability linked bonds
- Sustainability disclosure guidance
- Actively managed ETFs and certificates
- JSE Trade Explorer

2023

- Securities collateral
- Cloud-based colocation services
- Enhanced listings requirements
- JSE Voluntary Carbon Market
- Equity and bond data to the cloud (Data lake)
- Big xyt ecosystems
- AWS partnership

2024

- Colo 2.0
- BDA modernisation

Key trends shaping our industry

Our industry is being reshaped by technology, faster transactions and empowered retail investors, driving innovation and efficiency in markets



**Disintermediation
of market
infrastructures**



**Blockchain
and
digitisation**



M&A activity



**Shorter
settlement
cycles**



**New
marketplaces for
sustainable
capital formation
emerging**



**Growth in
technology,
data and
analytics**



**Emerging
regulations**



**Technology
shifting
buying power
to retail**



**Rise of alternative
assets and private
markets**

Regulatory development remains a key driver of sentiment



1 547 downloads of
Sustainability
Disclosure Guidance

Sustainability segment:
Raised R11.7bn,
82 bonds listed¹

Enhance ESG
disclosure

Drive
responsible
investing

Facilitate
engagement

Creating an enabling environment to support sustainable value creation

Sustainability as a solution

Sustainability across our value chain

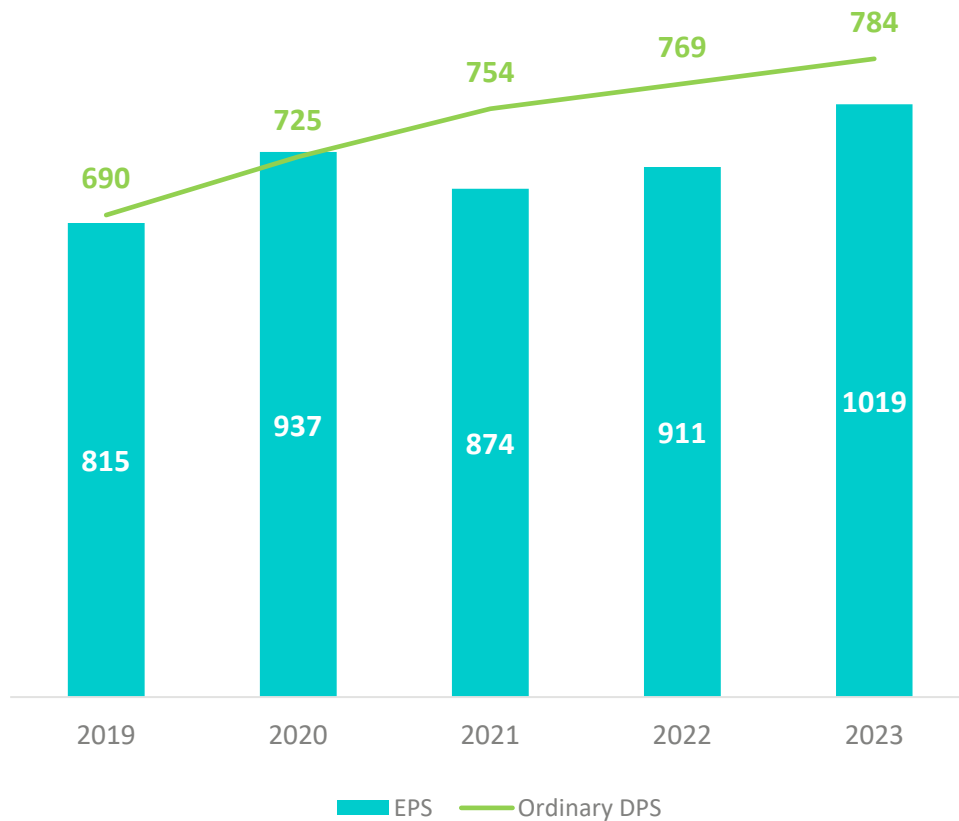
Enhance
internal
sustainability
performance

B-BBEE rating Level 1 (from level 3 in 2019)
NPS score -28 in 2019 to 33 in 2023



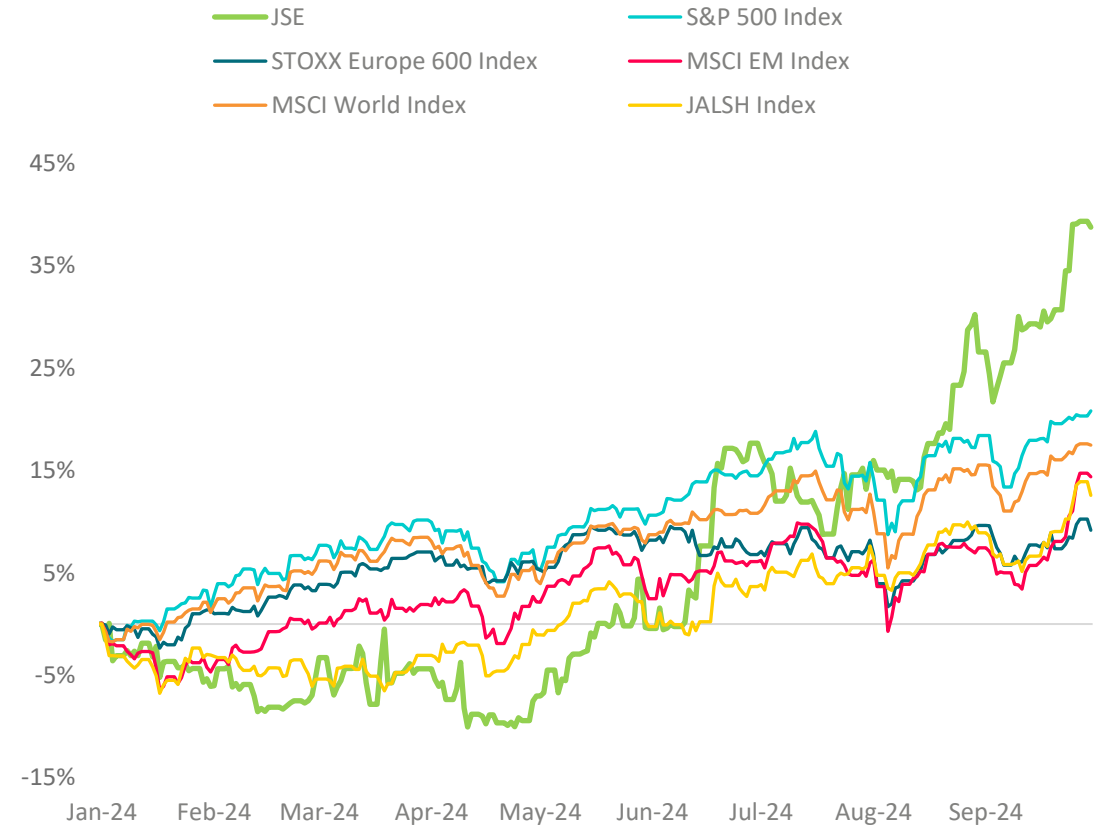
Resilient returns profile with further upside in 2024 driven by improving market sentiment

Ordinary Dividend per Share¹ & Earnings per Share (cents)



¹Note: Chart does not include special dividend of 150 cents in 2019 and 100 cents in 2021

Global Indices Relative Performance YTD (31 Dec 2023 to 30 Sep 2024)





Capital Markets

Valdene Reddy



Interconnectivity across the capital markets value chain

Capital raising & trading

Primary markets

Initial and additional listing fees based on value or number of securities. Annual fees charged based on market capitalisation (equity) or time to maturity (debt)

Secondary markets

Fees based on value traded (or volume for certain derivative markets)

Services

Colocation

Initial set up fees, monthly fees and various service fees

JPP via Globacap

Listing fees (value-based) and transaction fees (successful deal facilitation, based on % of value)

Carbon market

Revenue share agreement with Xpansiv, trading fees charged on a per credit basis

New businesses

JIS and Issuer Services

Dependant on service type – flat fees attached to certain services, while other services are more bespoke in nature, and thus fees will depend on various factors

Protect, grow and diversify revenue through three key areas

01 Capital Formation

Attractiveness of Listing
Capital Raise: Debt and Equity
Growth of Sustainability Segment

SA Inc Roadshows
SOE's and funding for state entities and projects

02 Liquidity and Market Quality

New clients and growth across asset classes (foreign and local)
Growth of Colo and Scaling of Colo 2.0

New Trade Types and Mechanisms
Technology Enhancements
Regulatory Reforms

03 New Markets & Services

Carbon market launched Oct 2023
JPP launched Dec 2021

JIS launched Nov 2020, Asset Reunification

Capital formation: JSE as the capital destination of choice

Public Markets

Equities

- Solid pipeline of companies listing
- Increase in corporate action events
- Increase in capital raised in 2024 vs 2023

Debt

- Focus on Government Bonds
- Introduction of Sustainability Segment

Structured products

- Growing actively managed with 8 new AMETFs and 6 AMCs listed YTD (30 Aug 2024)

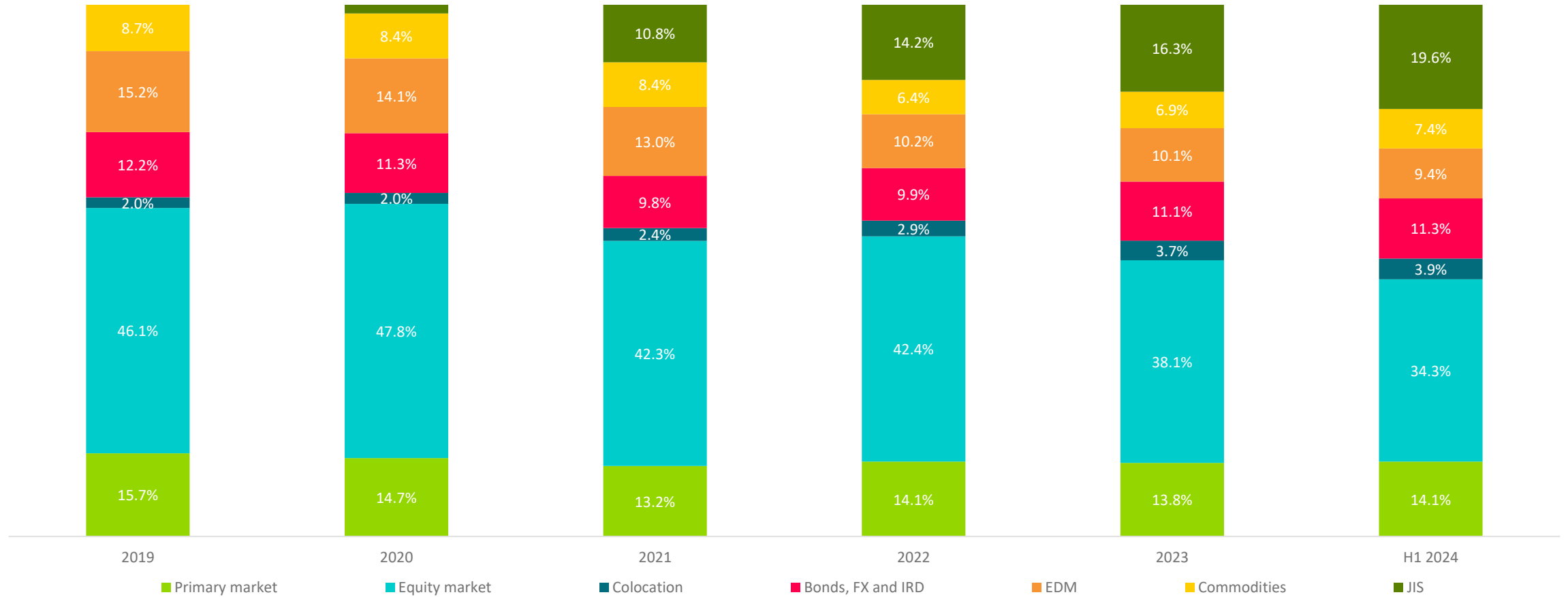
Private Markets

Equities & Debt

- Attractive alternative capital raising platform for SME's, SOE's and other projects (debt or equity)
- Investment into FinTech to aid time to market

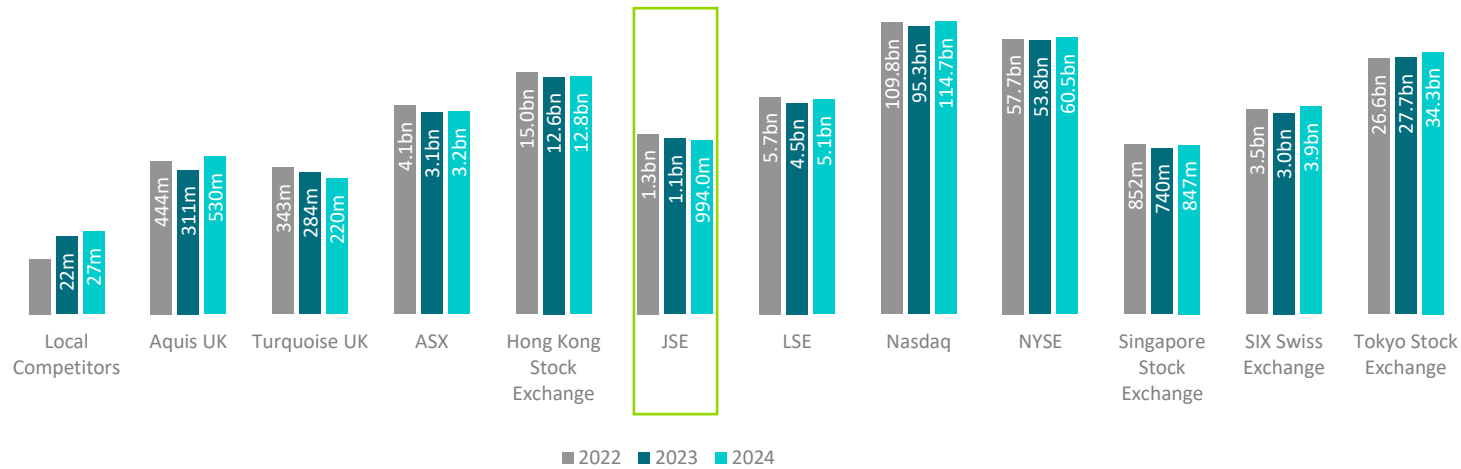
Business and asset class diversification

Capital Markets Revenue Diversification

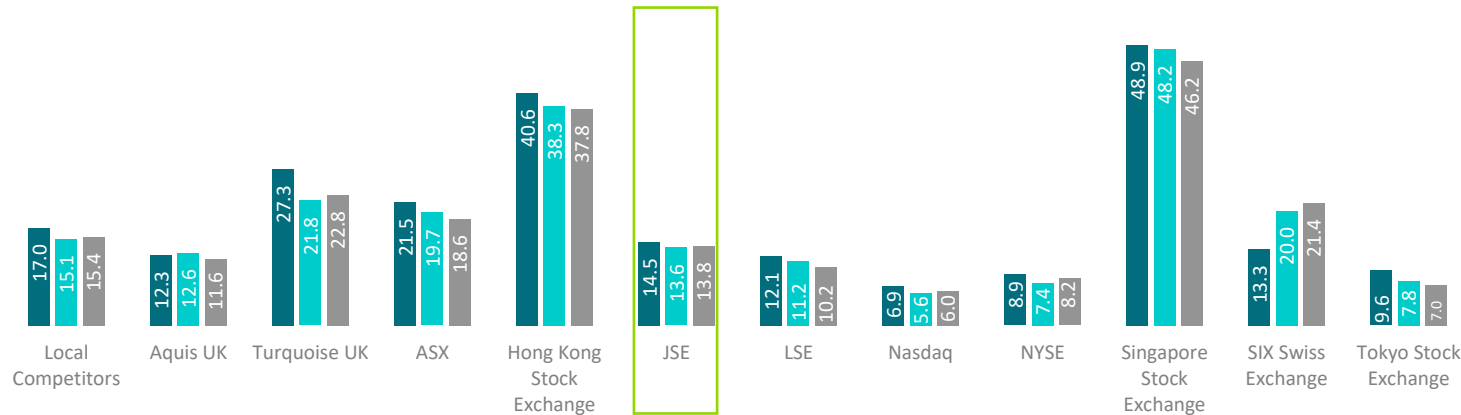


Enhancing market liquidity and reducing execution costs through innovation

Average Daily Value Traded (USD)



Quoted Spread (bps)



Liquidity

Globally there has been decline in volumes executed through exchanges, as indicated by the drop in ADV across multiple venues. There has been a recovery in ADV since the outcome of the election and the formation of the GNU

The JSE remains a globally competitive venue for central orderbook liquidity



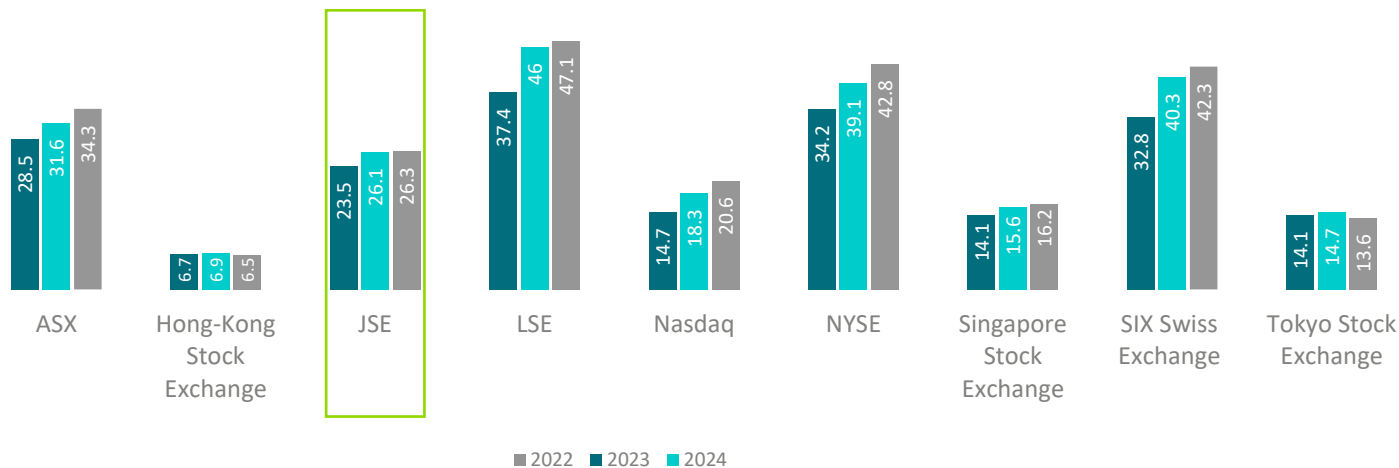
Cost of execution

Quoted spreads have been on a downward trend since the highs experienced around the start of the Covid pandemic in March 2020

The JSE's quoted spreads YTD compare favorably to its peers and are trending below the 2022 average, consistent with global exchange trends

Liquidity & market quality

Auction % of Lit Activity



Probability of Fill (%)



Closing auction activity

The global trend of increasing inflows to passive managers and passive investment products is evidenced by the increase in the share of lit activity executed in closing auctions

These global trends are consistent with the increasing importance of the closing price as the benchmark price



Fill probability

The probability of an order being filled at the JSE is significantly higher compared to many of our peers

The JSE is consistently on par with other major global financial centers

JSE Investor Services (JIS)

Strategic Importance

- Link acquired and JIS launched late in 2020
- JIS provides additional services in the JSE value chain
- JIS revenue was ~19.6% of total CM revenue in H1 of 2024 (up from ~10.8% in 2021)
- Contributed over 9% towards total JSE revenue in H1 of 2024
- Recently launched the nationwide dividend reunification campaign, that is looking to return unclaimed dividends to beneficiaries across South Africa

JIS Services



Registry

Comprehensive listed and unlisted share registry, meetings services as well as multi-channel investor communications



Custodial Services

JSE Investor Services (Pty) Limited will hold your shares and funds in safe custody.



Shareholder Management

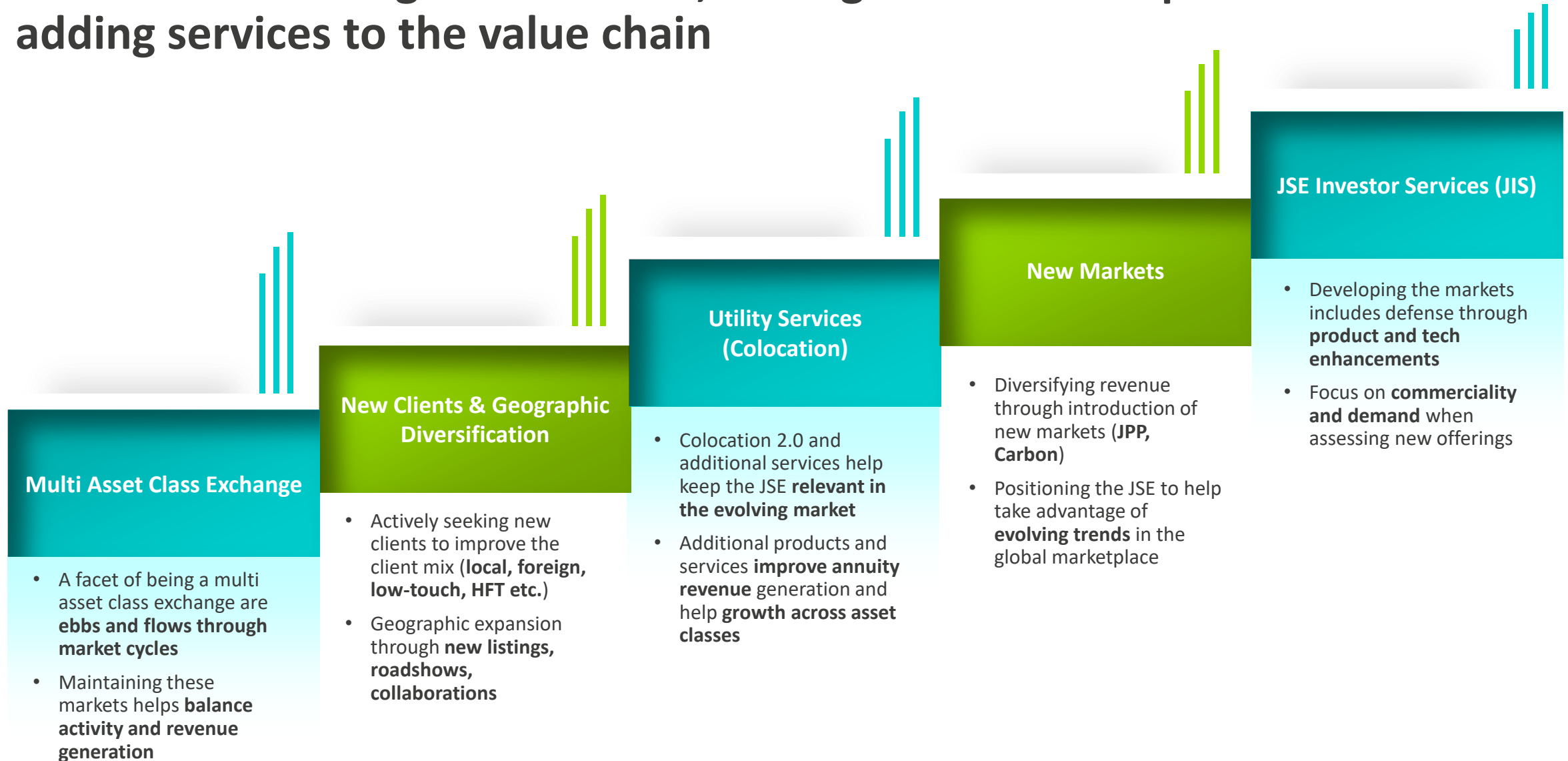
Share ownership analysis, market intelligence, investor communication and shareholder management technology



Stakeholder Engagement

Comprehensive advisory, execution and proxy solicitation services

Focussed on scaling new markets, driving new client acquisitions and adding services to the value chain





Digital Markets

Alicia Greenwood



Growing demand and regulatory evolution in digital assets

Global and local demand for digital assets continue to grow

Significant market development in digital assets over the last 6 months

- **Bitcoin ETF listings** in numerous jurisdictions i.e. US, UK, AUS and HK
- **Increased clarity and harmonization of cryptocurrency regulations** locally and globally

Increased regulatory efforts in firming up policies and frameworks for cryptocurrencies and tokenised assets

Opportunity exists in the SA market for trusted institutional grade digital asset products and services

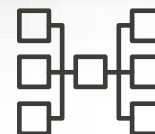
- Buyside firms have indicated strong interest in getting products that give them exposure to alternative assets, include cryptocurrencies



1. Launch cryptocurrency ETFs/ETNs on existing JSE and market participant infrastructure
2. Develop a digital asset platform that allows institutional and retail market participants to issue and trade tokenised assets

2024

1. Define listings framework
2. Define Digital Asset Marketplace proposal and roadmap



2025

1. List crypto ETF / ETN
2. Define detailed business operating model and secure bank / buyside participation; procure infrastructure



Post Trade Services

Alicia Greenwood



Post Trade Services: Core pillar of market efficiency and stability



Seller sets price

Trading Post Trade Services

Trade confirmation
agreement of trade details and terms

Clearing
obligations and netting

Risk management
margin collection

Settlement
transferring ownership of the traded asset and payment

Corporate actions
processing e.g. dividend payments, stock splits

Record-keeping
and reporting



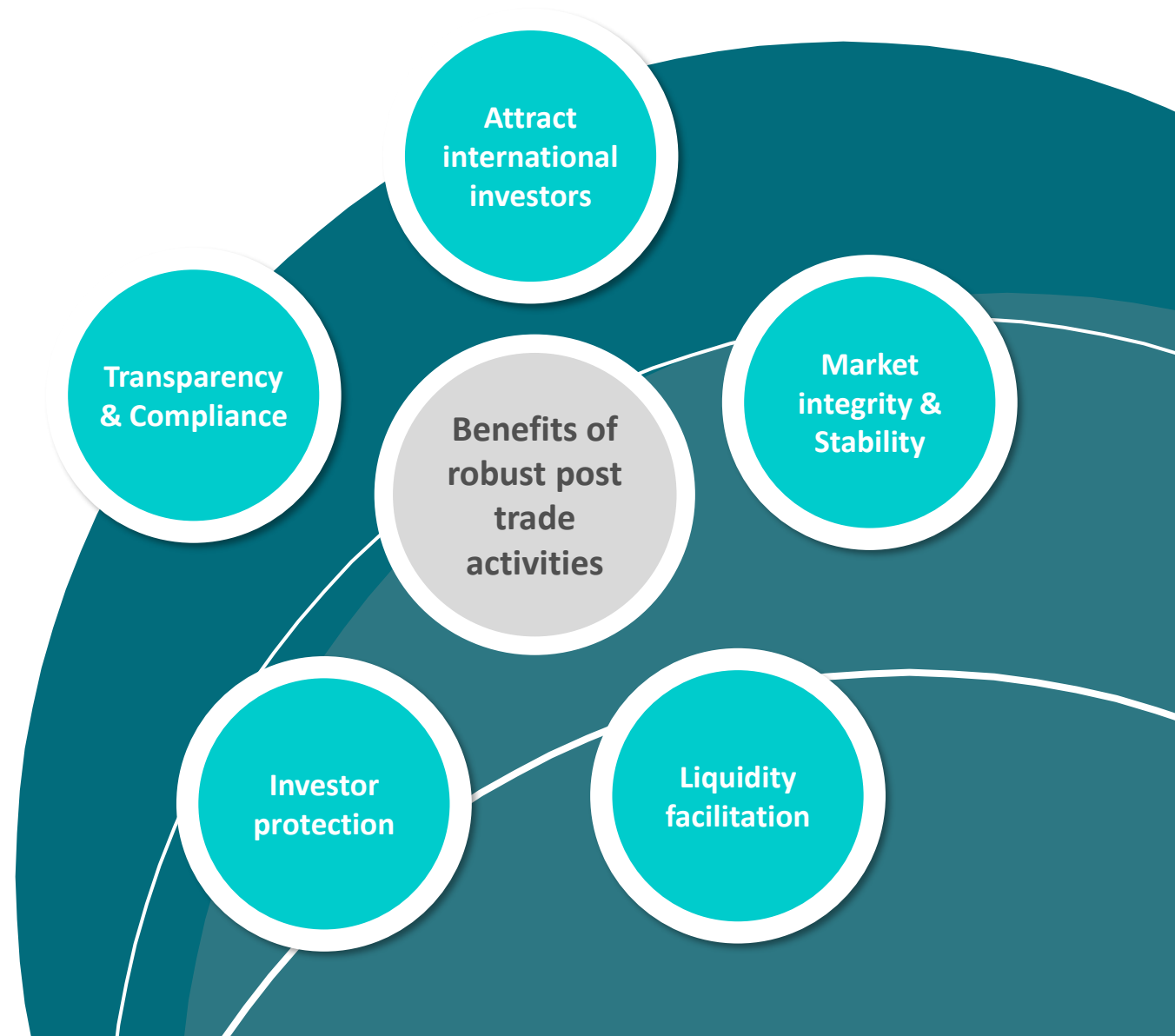
Seller gets cash



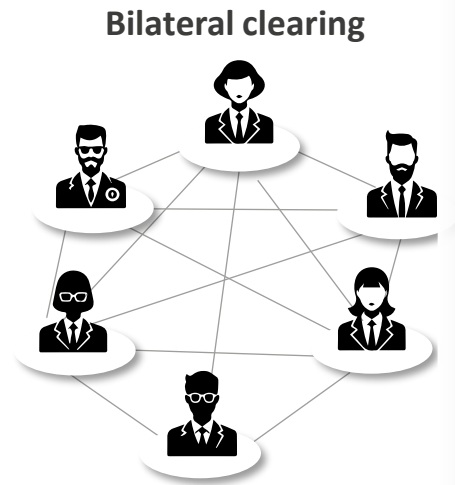
Buyer accepts price



Buyer gets instrument



Modernising Post Trade Services: From bilateral clearing to CCPs and beyond



2008 - 2020

Post Trade Trends and Drivers

- Global **regulatory standards** set, with adoption by in-country regulators
- Many regulators force CCP clearing of **OTC derivatives** via regulatory mandates, replacing bilateral clearing
- Keen focus on **core CCP capability**: Risk management, collateral and financial resource determination & default management processes
- By 2020, > **60 CCPs** have been established globally



2020 +

- Extension of CCP clearing to **more asset classes**, beyond OTC derivatives
- Settlement cycle **compression** to T+1
- Introduction of **adjacent services** - collateral management services, data and analytics
- Continued evolution and **escalation of regulatory requirements**
- Integration of **fintech** innovations - AI, Machine Learning, Cloud
- Enhancement of operational and cyber **resilience**

Clearing structure and fee structure

	Overview	Fee structure
Derivatives	<ul style="list-style-type: none">• Cleared using central counterparty approach, via separately licensed legal entity JSE Clear• JSE Clear becomes the legal counterparty to each buyer and each seller – each party takes risk against JSE Clear	<ul style="list-style-type: none">• Clearing fee based on value traded• Fee earned on margin invested on behalf of clients• Membership fee per Clearing Member
Equities	<ul style="list-style-type: none">• Cleared using the capital adequacy (CAPAD) approach;• T+3 settlement• JSE facilitates market settlement, JSE guarantee• Mandatory use of the Broker Dealer Administration system to support surveillance and risk management• Management of client funds held (JSE Trustees, JSET)	<ul style="list-style-type: none">• Clearing fee based on value traded• BDA transaction fees per transaction• Fee earned on JSET funds invested on behalf of clients
Bonds	<ul style="list-style-type: none">• Bilateral clearing - each party takes risk against the opposing party• JSE facilitates market settlement, No JSE guarantee	<ul style="list-style-type: none">• Fee to be introduced in 2025

JSE Clear overview

**Only CCP
licensed
in South Africa**

- Equity derivatives
- Interest rate derivatives
- Currency derivatives
- Commodity derivatives

**4
Markets**

Collateral resources
to cover losses in a
default

**50 -70Rbn
Margin**

To ensure access
to cash to
manage defaults
timeously

**3Rbn
Liquidity Facility**

ABSA
Investec
JP Morgan
Merrill Lynch
Nedbank
RMB
Standard Bank

**7
Clearing
Members**

Majority SA clients
150 Foreign clients

**5 200
Clients**

JSE Clear, R100m
Clearing members,
R400m

**500m
Default Fund**

Key initiatives to protect the core and drive growth

Bond Market

Bond CCP

Central clearing for bonds and repos

01

- Strengthen SA financial market infrastructure
- Improve liquidity in bond market (especially National Treasury's ETP market)
- New, diversified revenue for JSE

2024

- Complete business design, risk frameworks, rulebooks
- Submit licence application

2025

- Submit regulatory license application
- Commence technical build
- Go live H2 2026

Equity Market

BDA system modernisation

Migrate code from Cobol to Java

02

- Optimise operational resilience and system support; Deliver support and maintenance efficiencies
- Improve user experience

2024

- Contracted with Amazon Web Services (AWS)
- Commenced pilot

2025

- Code migration & testing phase (based on pilot outcomes)

BDA pricing model

Improve transparency and predictability

03

- Separate fees for functions supported by BDA - market surveillance, risk management, broker accounting

2024

- Define new model, obtain buy-in and agreement from market

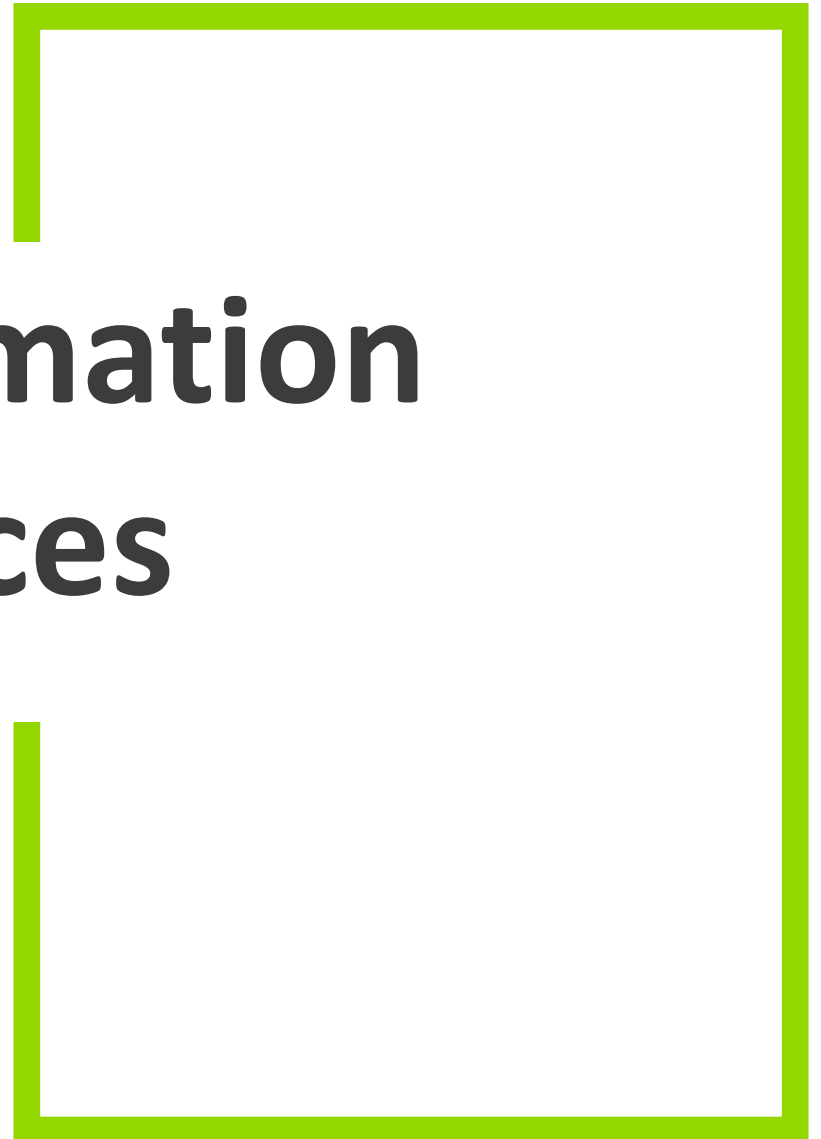
2025

- Implement new model



Information Services

Mark Randall



Information Services: A key enabler of diversification

Tradeable Instrument Data

Data Governance

Valuations

Exchange Client

Data Products

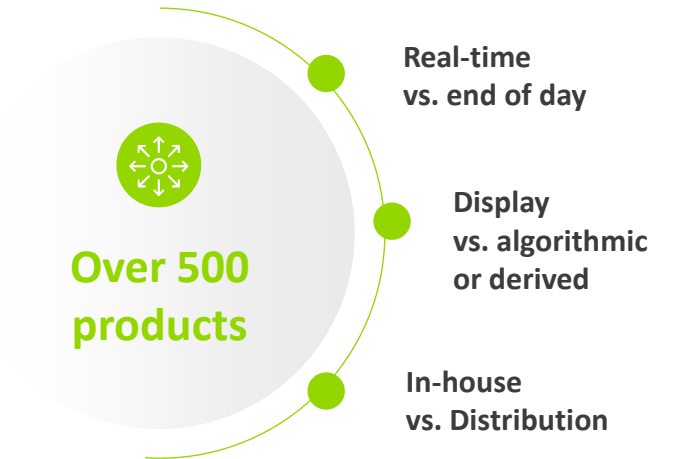
Analytics

Indices

Overview

Delivers FMI Data Operations to the JSE in support of trading and clearing functions

500+ clients diversified across industries and countries – data vendors, sell-side, buy-side and media



Fee structure

Over 60% contribution from USD-denominated sales

Top product lines

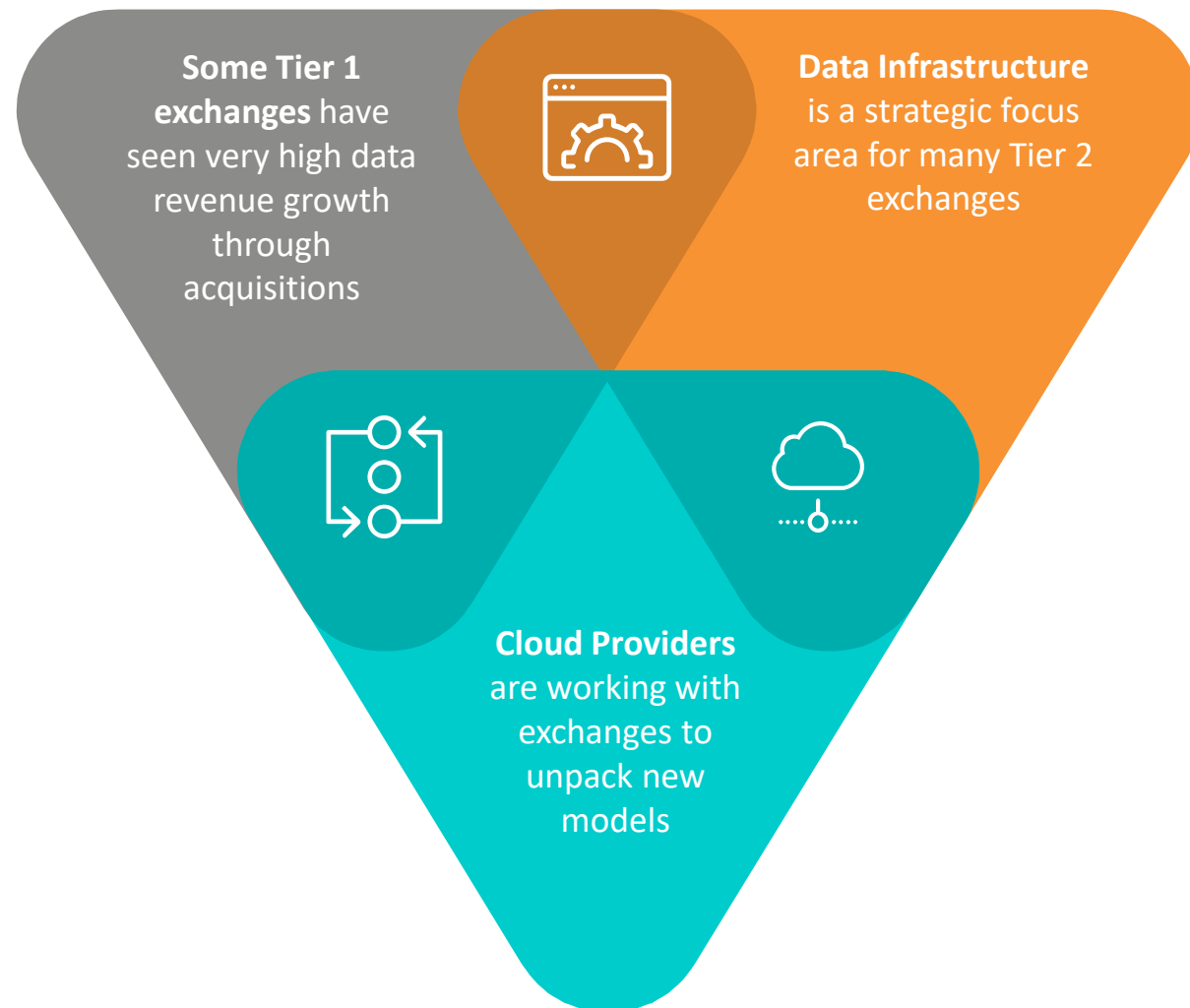
include real-time equity market feeds and the FTSE/JSE index partnership

Strategic alignment with market and regulatory developments

Competitive landscape

-  **Data distributors** largely dominate the global capital markets data aggregation and distribution arena
-  **Regulatory pressures on exchange data pricing** continue to be prevalent in the US and Europe
-  **Demand for JSE data** is intrinsically linked to demand to trade South Africa

Global exchange trends

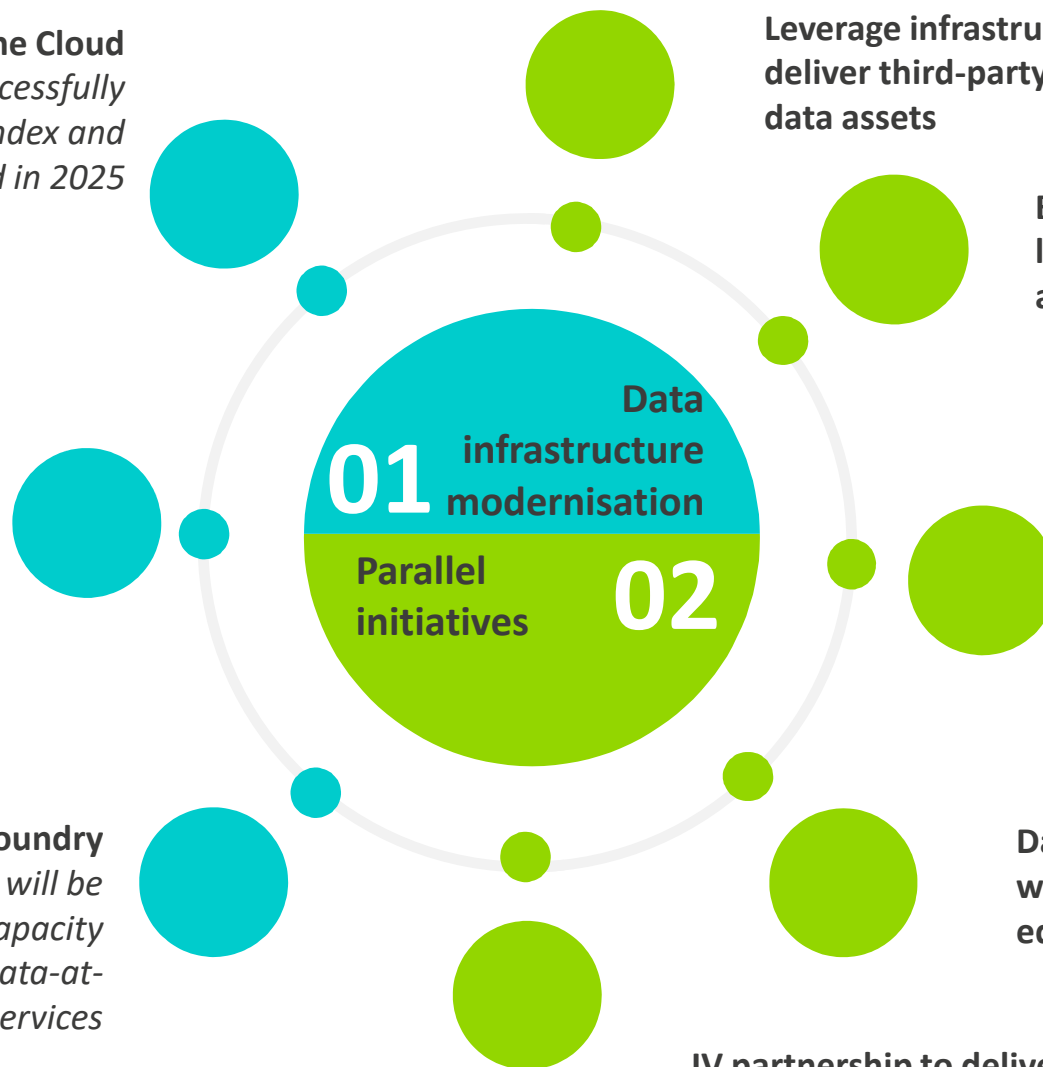


Primary focus on modernisation of data infrastructure

Transfer of Market Data to the Cloud
All core market data has been successfully transferred in 2024 with additional index and post-trade data being delivered in 2025

Market Data Connect
Market Place component will be fully client facing in 2024 with around 10 new products available

Foundry
Four core data delivery channels will be fully developed in 2024 creating capacity for a range of new streaming and data-at-rest services



Leverage infrastructure platform to deliver third-party capital markets data assets

ESG data platform to support listed companies in collating and submitting annual ESG data

Building new data assets such as structured listed company data

Data analytics tool in partnership with big xyt to deliver directly to equity market members

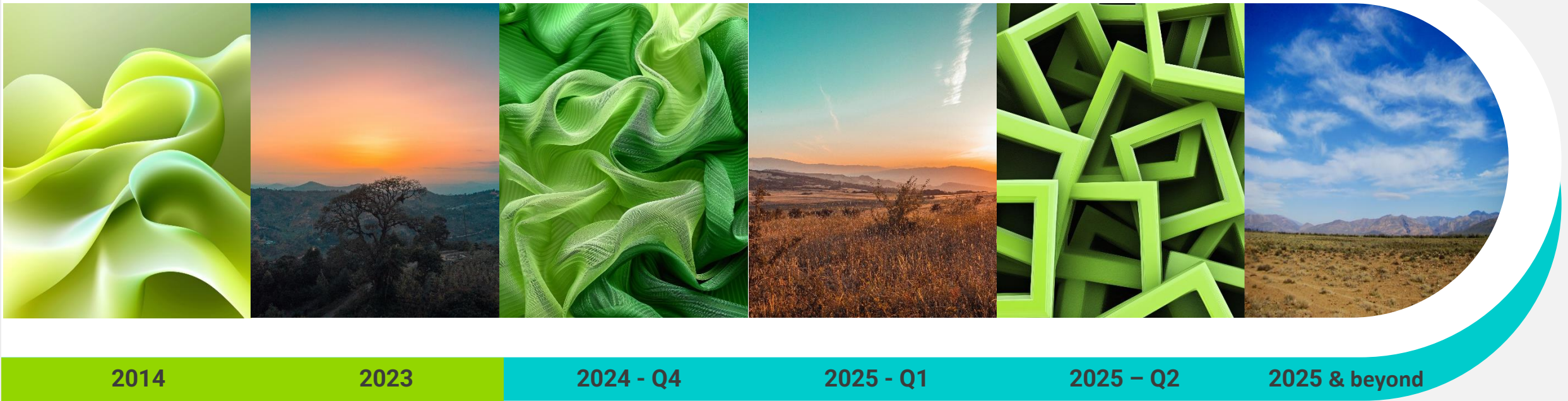
JV partnership to deliver similar services to other exchanges



Marketplace & Infrastructure Services

Tebalo Tsoaeli

Evolution of JSE's Marketplace Infrastructure services



2014

2023

2024 - Q4

2025 - Q1

2025 - Q2

2025 & beyond

JSE Colocation
launched

JSE Colo 2.0
launched

JSE FIX Hub

JSE Colo 2.0
secondary solution

JSE Network
Alliance

AWS Outposts and
Local Zone



Rapid Addition



Legend: ● Live ● On the roadmap

Leveraging AWS to modernise and co-create solutions



Driving growth and enhancing core operations

Cloud-based marketplace infrastructure that is modern, hyper-scalable, ultra-resilient, highly performant, and accessible



Next generation marketplace infrastructure

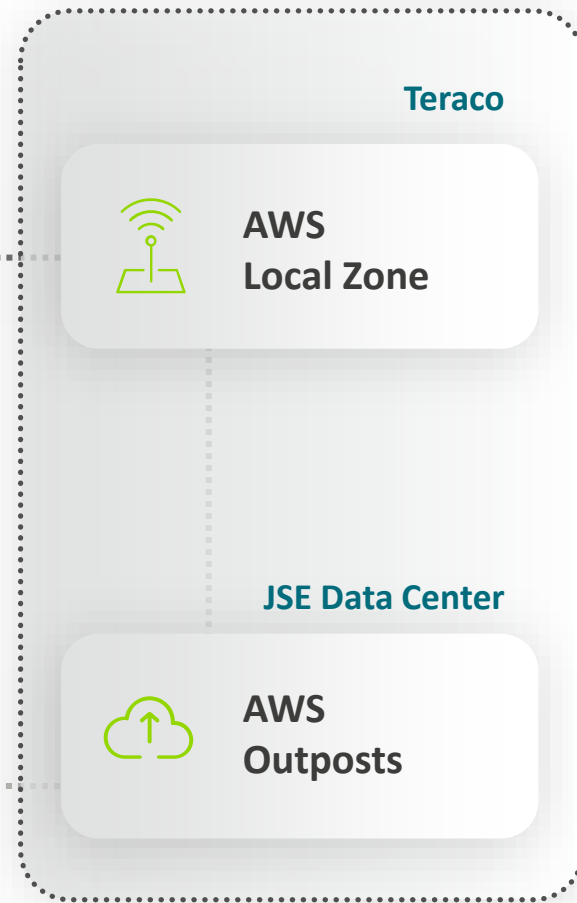


AWS Direct Connect



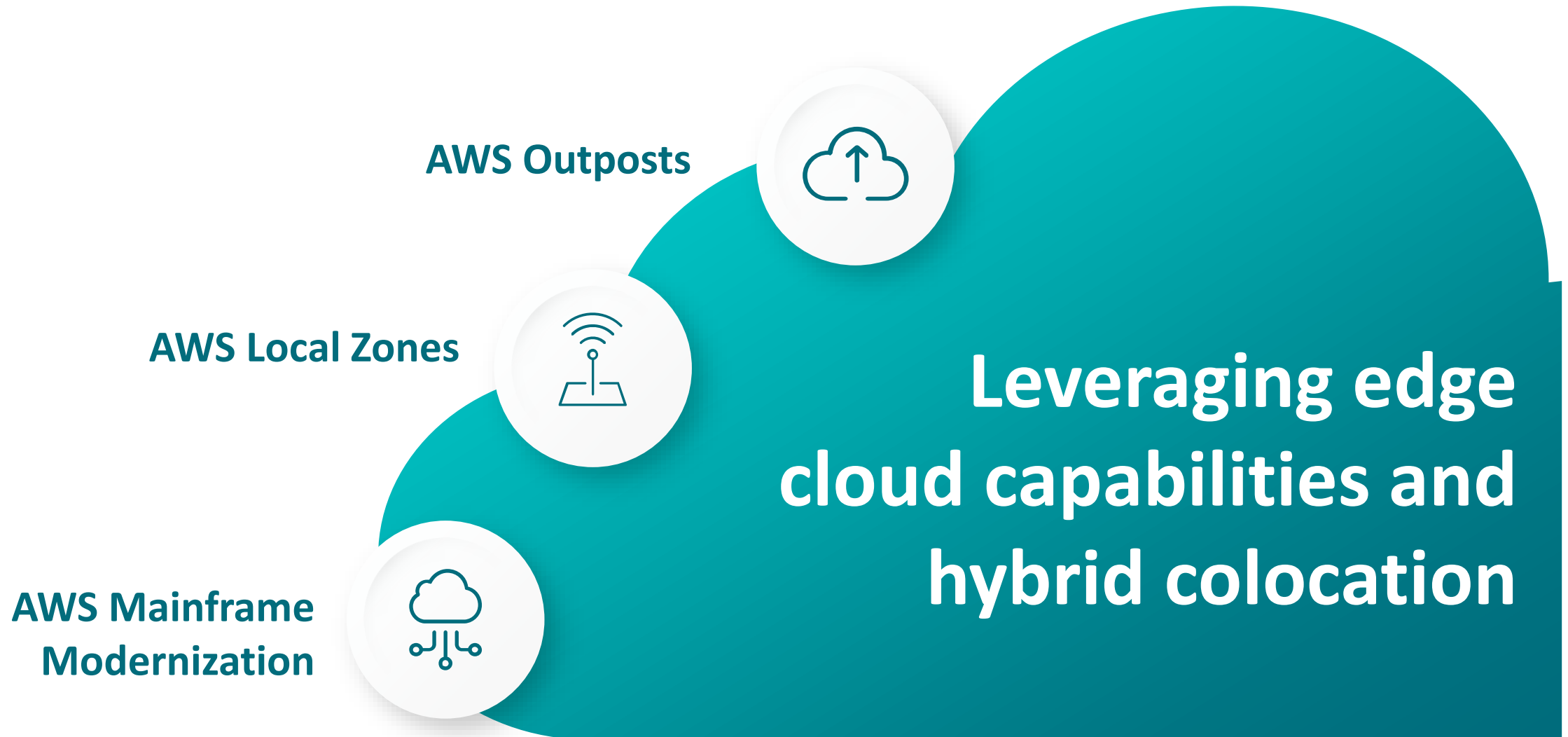
AWS Direct Connect

Johannesburg



AWS Edge Computing

Harnessing cloud solutions to support innovation



Generative AI goes mainstream

Amazon
Bedrock



Risk management

Amazon
SageMaker



Market surveillance

Amazon Q



Issuer regulation



Issuer Regulation

Andre Visser



JSE's responsibility

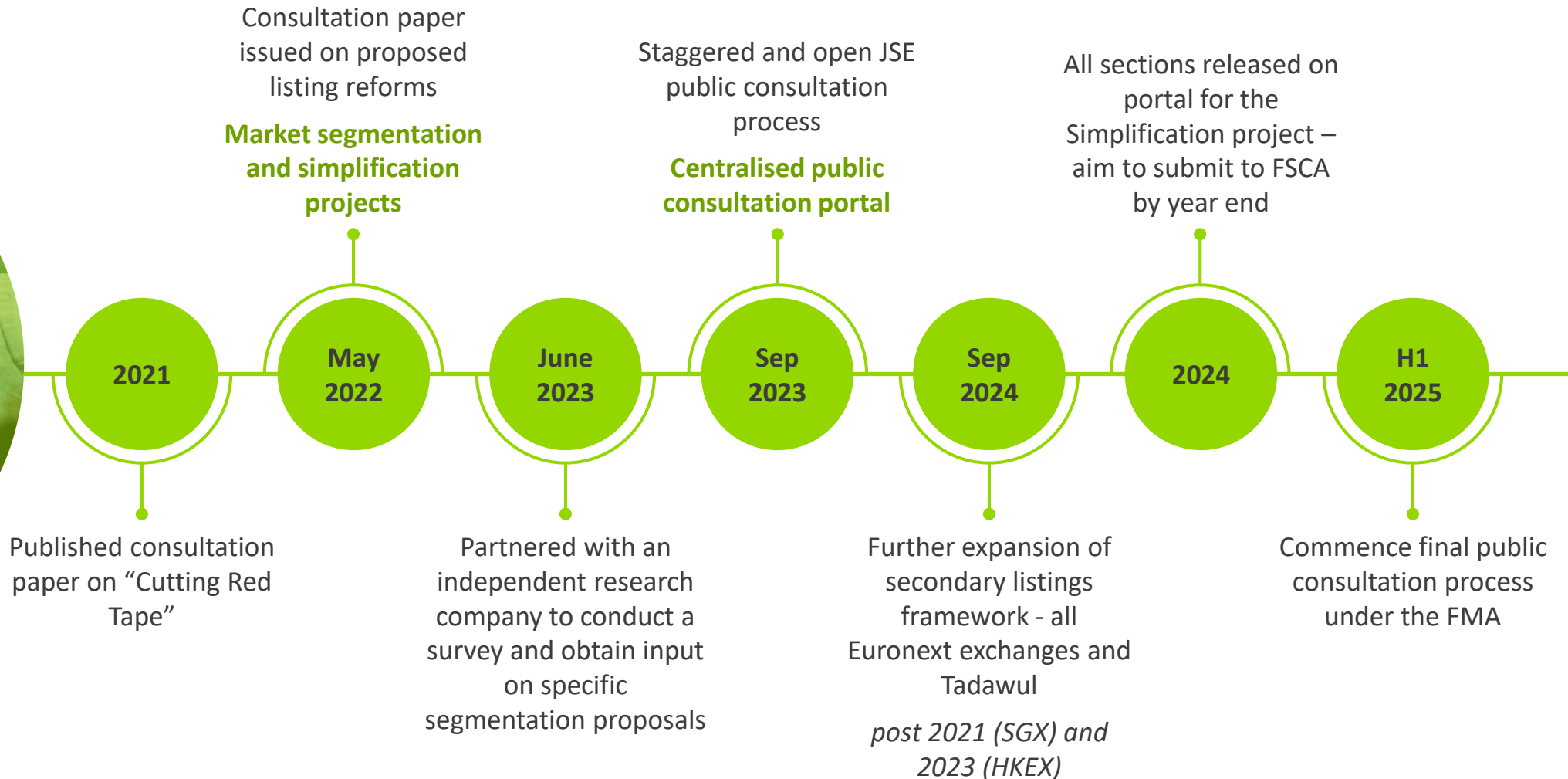
Set transparency and disclosure standards for equity, debt and specialist securities market

Listings Authority - legal mandate and responsibility to set and enforce the listings requirements

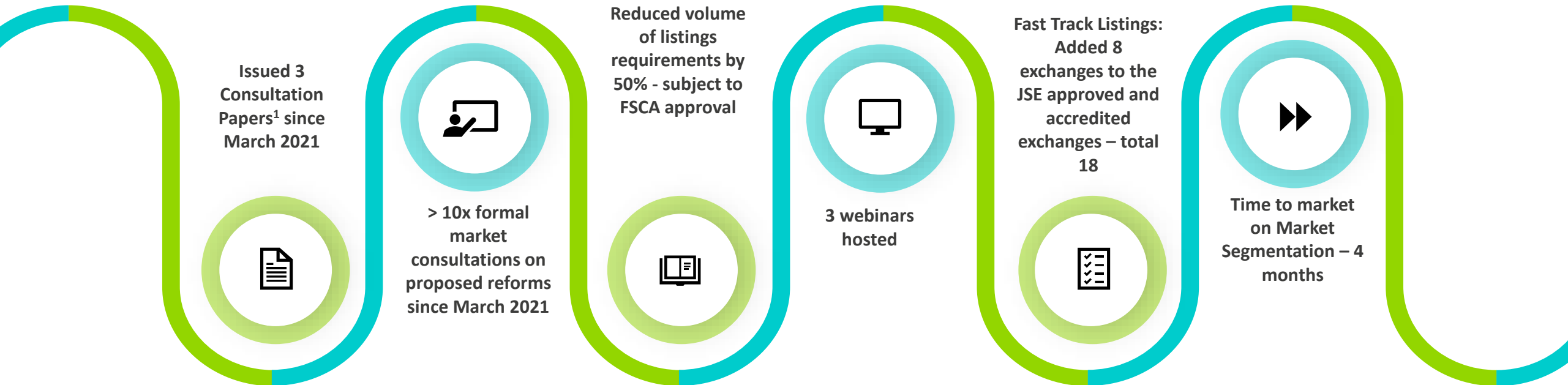


Ensure the listings framework remains competitive and fit for purpose

Track record demonstrates collaborative and proactive approach



Committed to enhancing the regulatory landscape



Proactive and responsive stakeholder engagement

Fit for purpose & competitive listings framework

Collaborating with Capital Markets to develop the listing framework for new products



Financial overview

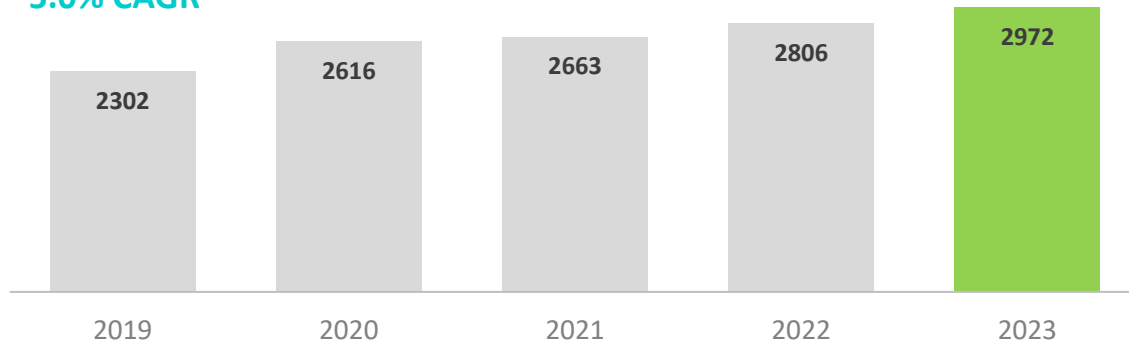
Fawzia Suliman



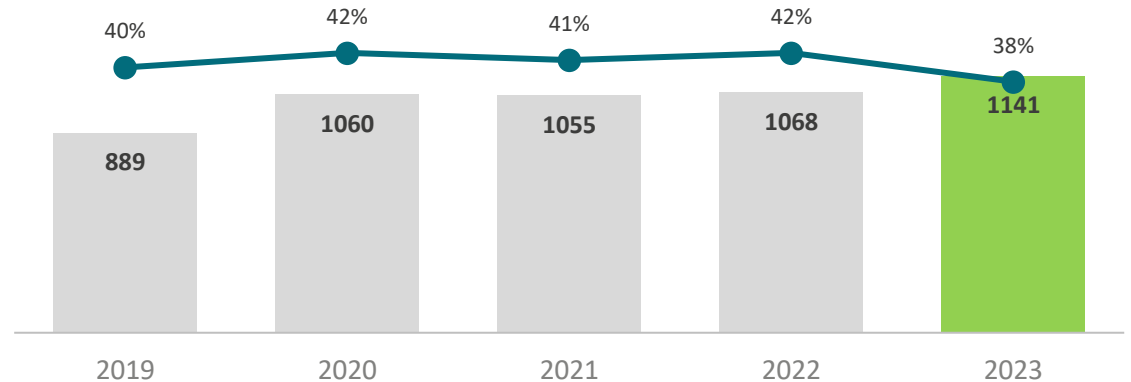
Performance supports focus on optimising shareholder returns

Total Income (Rm)

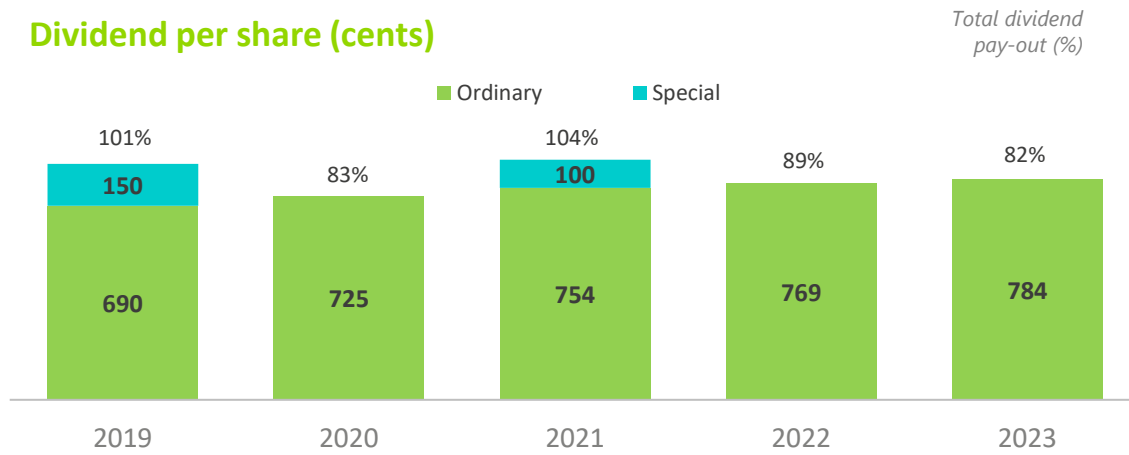
5.0% CAGR



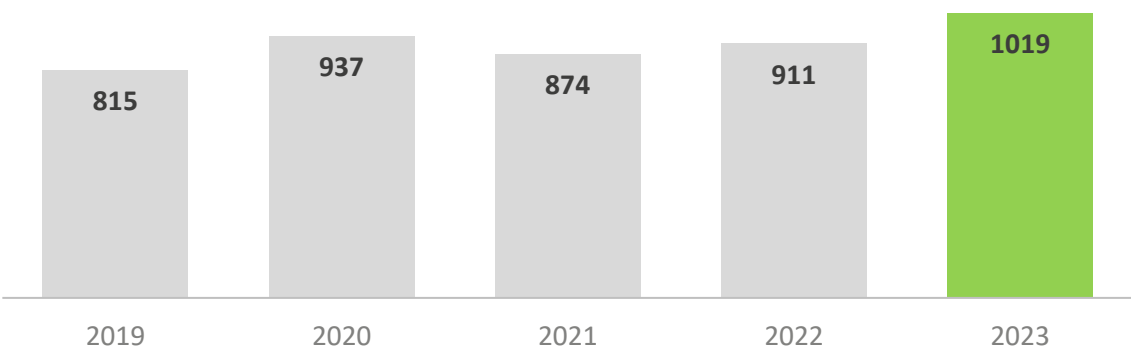
EBITDA and EBITDA Margin (%)



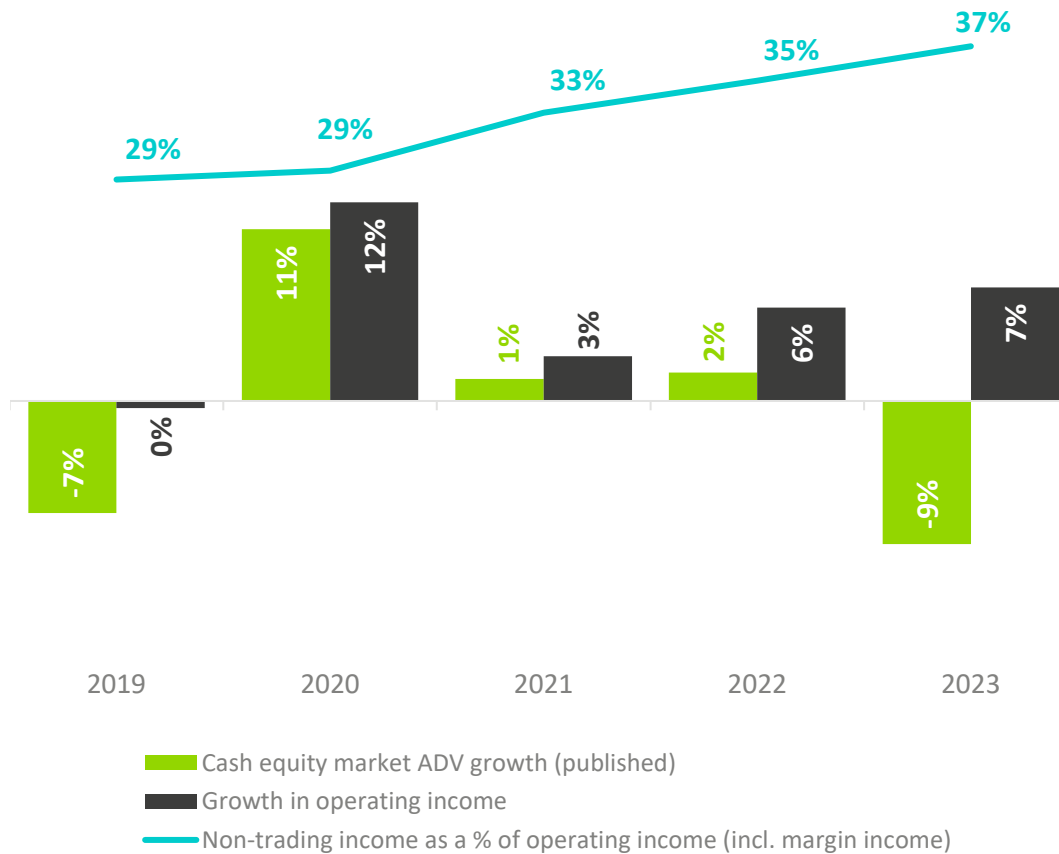
Dividend per share (cents)



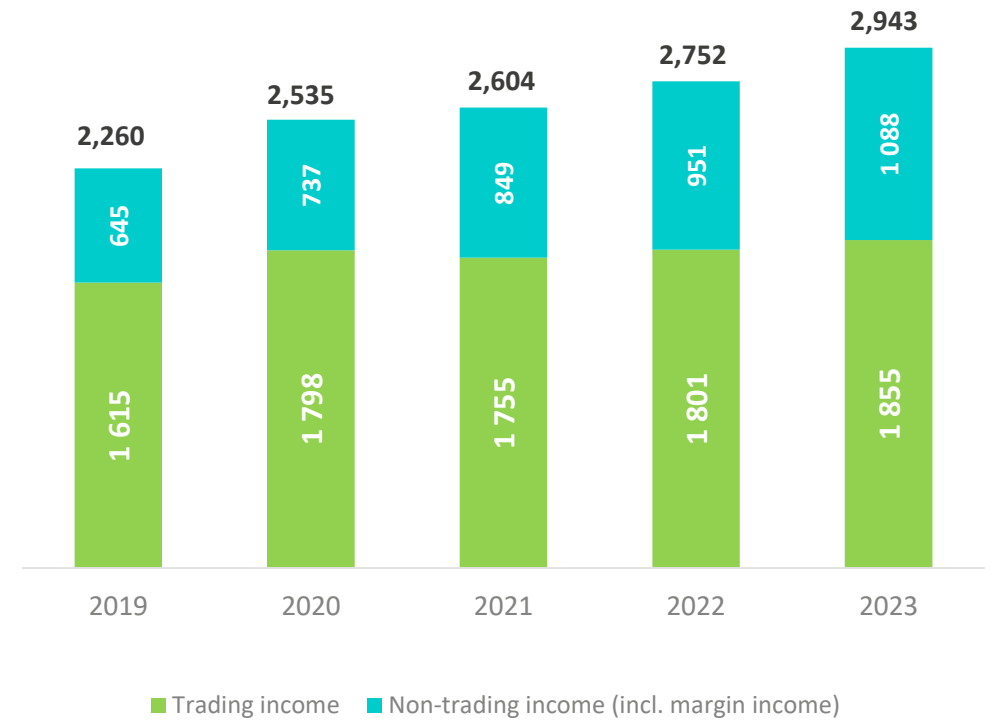
EPS (cents)



Committed to further revenue diversification

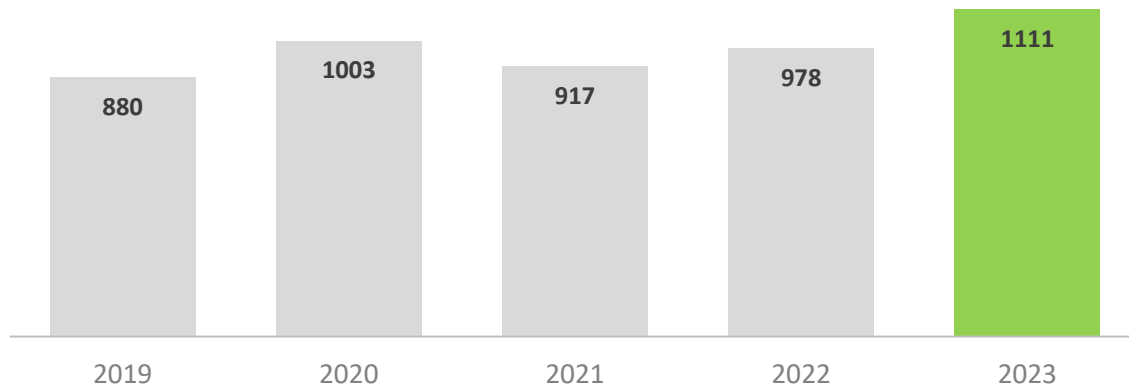


High single digit to low double-digit growth expected for non-trading income

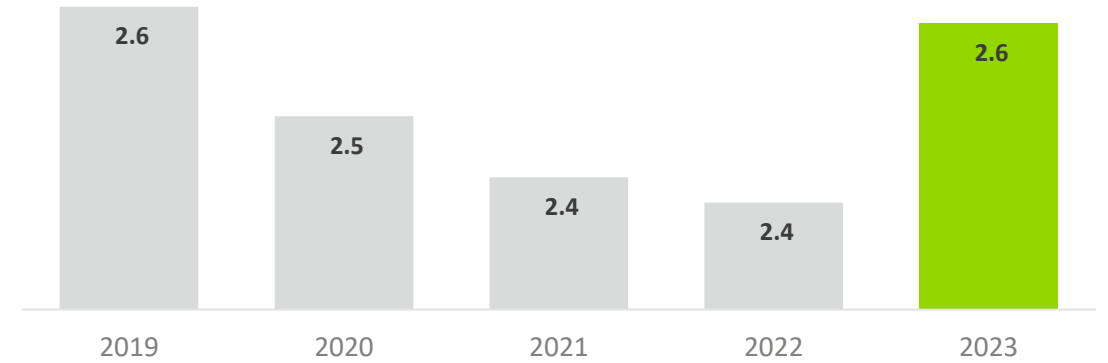


High cash generation remains a key facet of the business

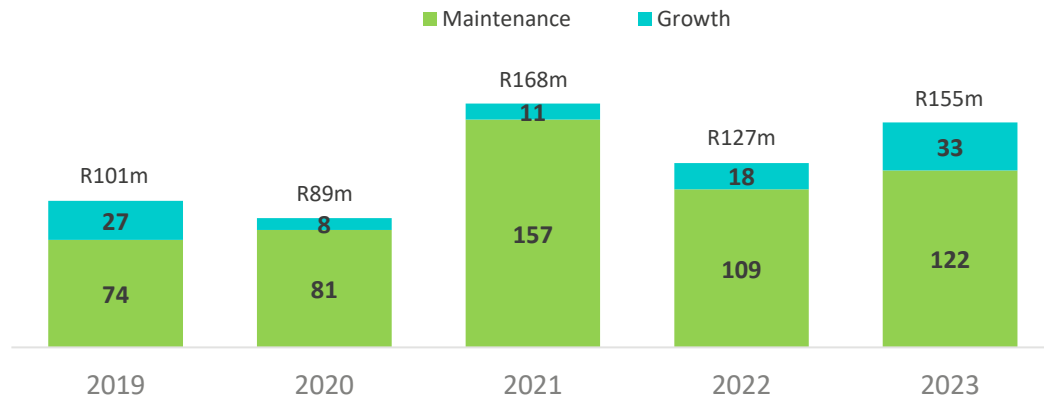
Cash generated by operating activities (Rm)



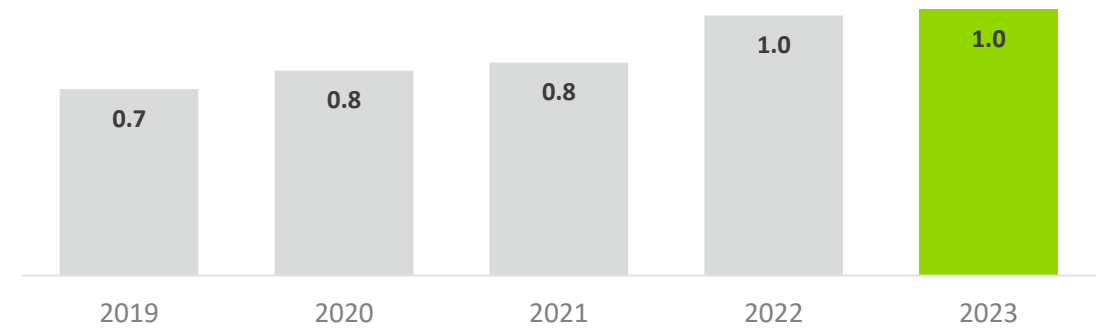
Cash balance (Rbn)¹



Capex (Rm)



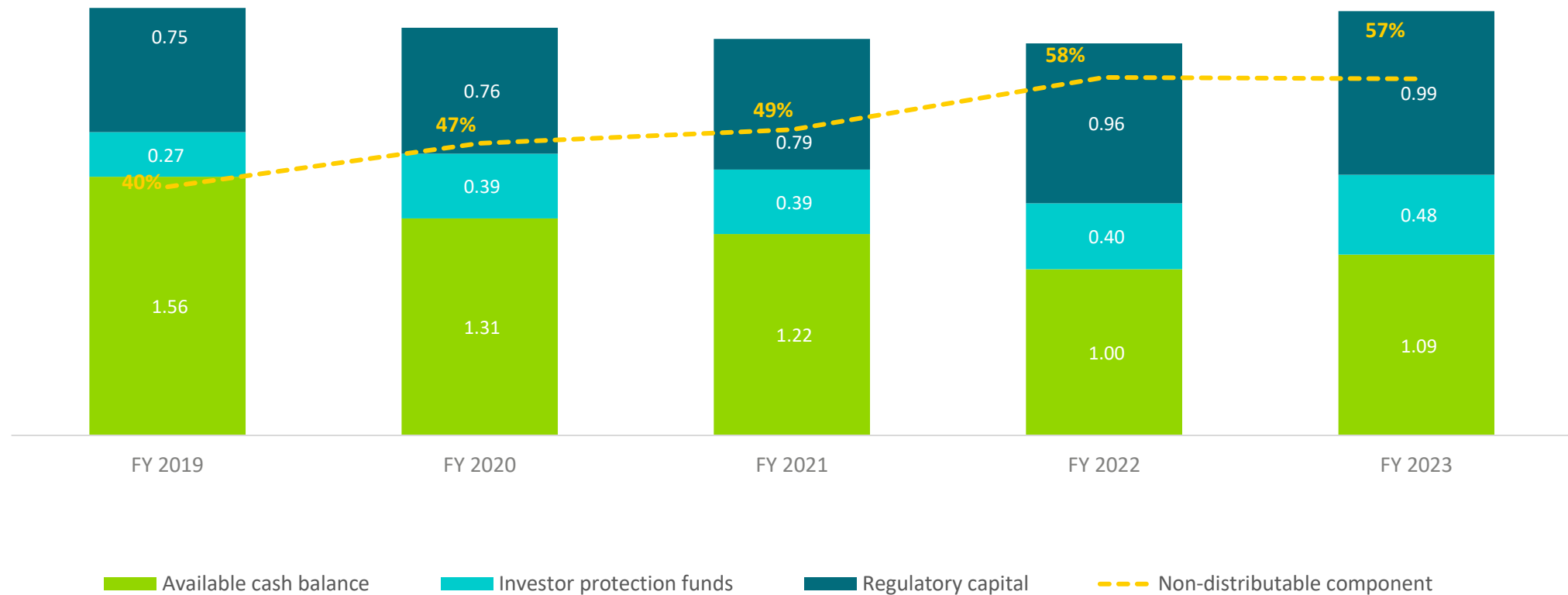
Regulatory capital (Rbn)



¹Cash balance includes bonds of R256m in 2023 and R143m in 2022

Committed to maintaining adequate regulatory capital and available cash

Cash and bonds investment (Rbn)



Disciplined capital allocation with strong commitment to value creation

Capital Expenditure

- Total Capex guidance
 - FY 2024: R145m – R165m (includes maintain and grow the business)

Shareholder returns

- Dividend policy
 - Pay-out ratio: 67% - 100% of earnings

M&A

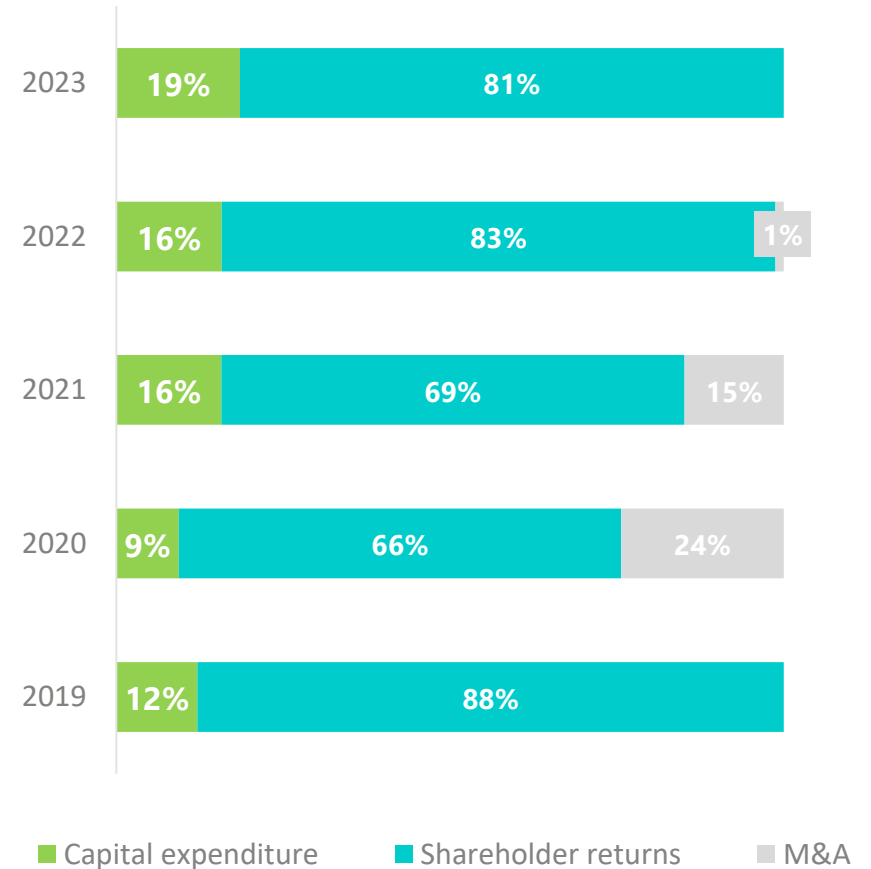
Focus on bolt-on opportunities

- Revenue diversification
- Transaction opportunity
- Synergy opportunities
- Value proposition
- Size & profitability

Assessment criteria

- ROI hurdle rate
- Growth potential
- Strategic alignment
- EBITDA potential

Split of capital allocation





Closing remarks

Leila Fourie



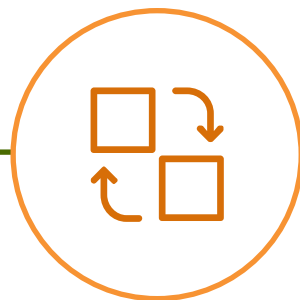
Focused on our 2026 strategic framework



**Protect the core
business**



**Transform our
business**



**Partner for a
sustainable
marketplace**



**Generate sustained,
high-quality
earnings**

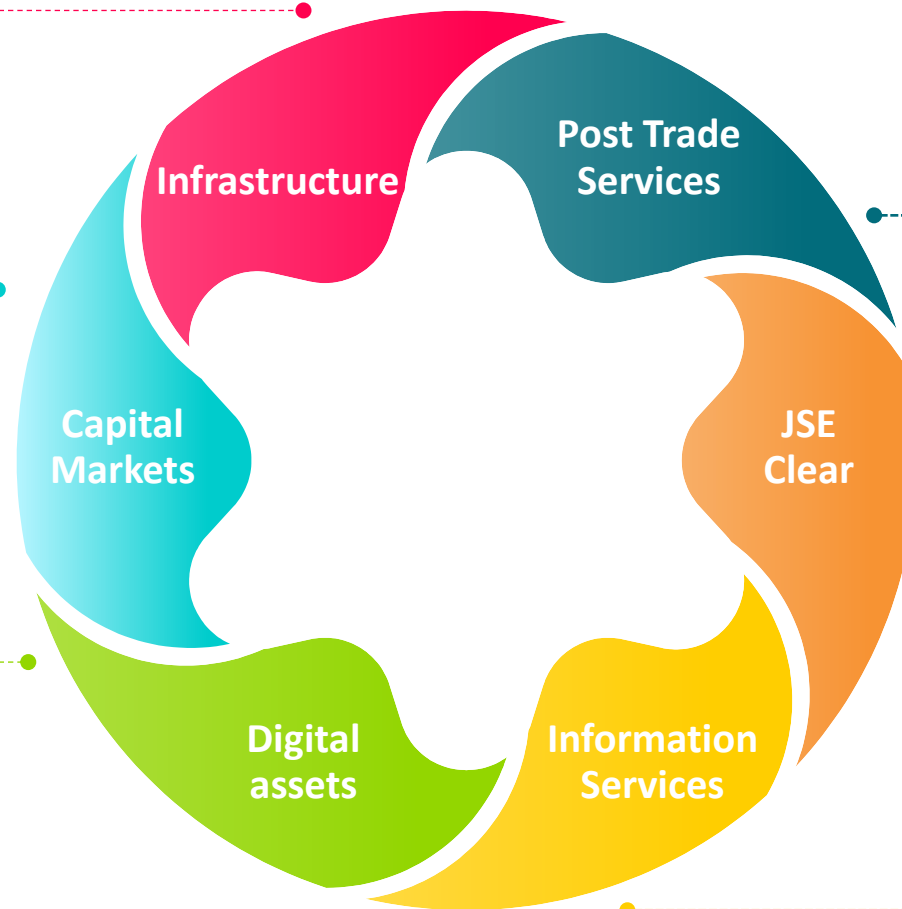
**Transition to a diversified exchange
adopting technology and market
advancements in new markets, services
and operations**

On track to achieve our strategic priorities as we protect and grow

- JSE FIX Hub
- JSE Network Alliance
- AWS Outposts and Local Zone

- JSE Colo 2.0 secondary solution
- Expanding JIS
- Growth of carbon markets

- Define detailed business operating model and secure bank / buy-side participation



Strong value proposition underwritten by strong execution capabilities



Transforming and modernizing through **partnerships** and **innovation**



Consistent **dividend profile**



Resilient and **stable markets**



Healthy cash generation & **robust balance sheet** with ability to self-finance current operations



Increasing **revenue diversification** across **business segments & asset classes**



Opportunistic M&A approach, successful track record of diversifying the business (JIS)



Q&A





Thank You

JSE

let's connect