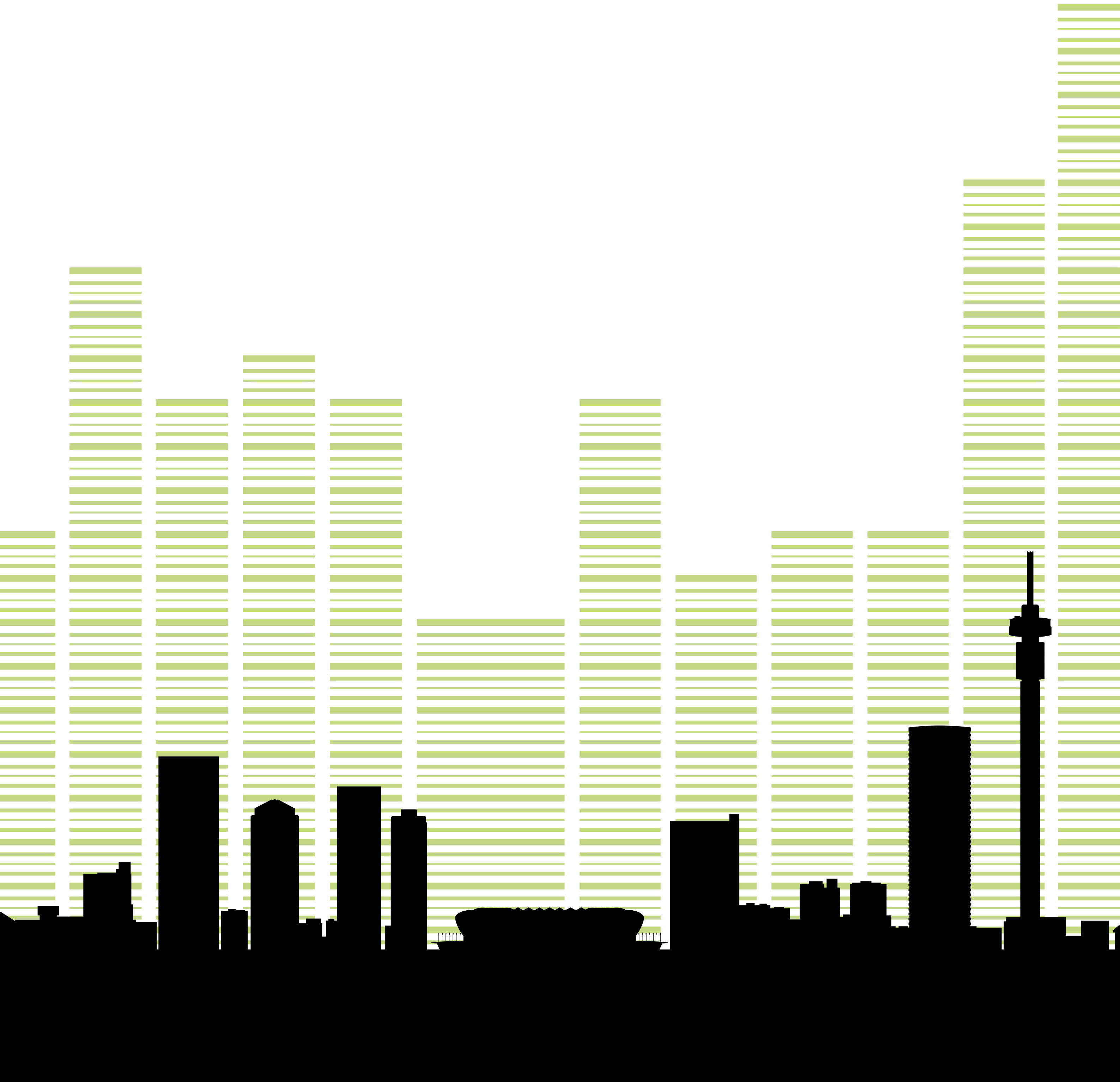

INTEGRATED ANNUAL REPORT FOR THE JSE LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

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NAVIGATION

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www.jse.co.za

Page referencing for additional reading in this report

Competitiveness

Integrated diversification

Human capital optimisation

Technological reliability, security and governance

Regulatory readiness

Stakeholder responsiveness

ABOUT THIS REPORT

Scope and boundaries

The information presented in this report describes the Exchange, its five financial markets and the investor protection funds associated with certain markets. The report excludes associate Strate (Pty) Ltd, in which the JSE holds 44.5%, as Strate has an independent management team and board. The JSE equity accounts for Strate. The legal Group structure can be found at *http://www.jsereporting.co.za/ar2015/download_pdf/group-structure-2015.pdf*.

This report presents the activities and annual financial statements of the JSE and its consolidated entities as shown in the Group structure for the year ended 31 December 2015. It also describes the strategic path that the Group has taken over the past year and the way this fits into the Group's broader strategy.

Complementary information can be found online at *http://www.jsereporting.co.za*. The online information should be read in conjunction with areas of relevance and, together with this report, forms the comprehensive integrated annual report. The online information includes:

- The King III narrative *http://www.jsereporting.co.za/ar2015/download_pdf/kingIII-report-2015.pdf*
- The social and ethics report by the HRSE Committee *http://www.jsereporting.co.za/ar2015/download_pdf/social-ethics-report-2015.pdf*
- Stakeholder engagement *http://www.jsereporting.co.za/ar2015/download_pdf/stakeholder-report-2015.pdf*
- The remuneration report *http://www.jsereporting.co.za/ar2015/download_pdf/remuneration-report-2015.pdf*
- The environmental management report *http://www.jsereporting.co.za/ar2015/download_pdf/environmental-report-2015.pdf*

Although a specific reporting framework has not been applied, the content provided in the integrated report has been informed by a range of local and international requirements, standards and guidance, including, but not limited to:

- The South African Companies Act, 71 of 2008 (as amended) (Companies Act);
- The JSE Listings Requirements;
- International Financial Reporting Standards (IFRS);
- The third King Code of Governance Principles (King III);
- Reporting frameworks such as the International Integrated Reporting Council's IR framework; and
- The relevant indicators of FTSE Russell's environmental, social and governance (ESG) ratings methodology as applied for purposes of the FTSE/JSE Responsible Investment Index Series.

In summary, the report presents all material information stakeholders need to analyse the Company in the short, medium and long term and is to be read in conjunction with supplementary data, which is available on the JSE's website and which is referenced throughout this document, where relevant. References to online data are highlighted with this icon:

Certain icons also link detailed and operational information to the JSE's material issues, which are highlighted in the report. These icons are referenced in the *material issues* section on page 11.

Board responsibility for integrated annual report

The directors of the JSE Limited (called "the Company", "the Exchange", "the Group" or "the JSE" in this report) acknowledge responsibility for the integrity of the integrated annual report. The directors have applied their minds to the report and believe that it covers all material issues and fairly presents the integrated performance of the Group.

The Board is comfortable with the reliability and integrity of the information contained in this report.

Forward-looking statements and disclaimer

Many of the statements in the integrated annual report constitute forward-looking statements. These are not guarantees or predictions of future performance. As discussed in the report, the business faces risks and other factors outside its control, which may lead to outcomes unforeseen by the Group. These are not reflected in the report. Readers are warned not to place undue reliance on forward-looking statements.

Disclosure and assurance

The Group strives to achieve high standards in all disclosures included in this report to provide meaningful, accurate, complete, transparent and balanced information to stakeholders. The annual financial statements have been independently assured by KPMG. This report in its entirety was not independently assured.

Feedback

This report has been compiled with information that the Board and management believe is relevant to stakeholders and that will provide them with a comprehensive view of the Group's performance for the financial year.

The integrated reporting process is an ongoing journey, in which the JSE continues to strive to improve on the quality of its reporting. We therefore welcome feedback from stakeholders on this report and invite you to contact *IR@jse.co.za* should you have any questions.

A CD copy of this report is available from the Investor Relations department.

ABOUT THE JSE

What is the JSE?

- The JSE is a key institutional feature of South Africa's economic landscape, providing a Primary and a Secondary Market as well as post-trade and technology services. It also sells market data, and regulates the Primary and Secondary markets.
- The Exchange connects buyers and sellers in a variety of financial markets:
  - Equities, Financial Derivatives, Commodity Derivatives, Currency Derivatives and Interest Rate Instruments.
- The JSE is licensed to operate under the Financial Markets Act, 19 of 2012, and is the largest African exchange by market capitalisation and value traded.
- The Exchange has global reach through its international investor base and range of tradable instruments, enabled by cutting-edge technology. It offers exposure to investments from South Africa, the African continent and further afield.

The *Global Competitiveness Report 2015-2016* published by the World Economic Forum recognised South Africa as being one of the top two best regulated securities exchanges in the world, for six years running.

Resilience and Sustainability – How we look at our business

The JSE's strategy is to build a resilient, multi-product and world-class exchange, that is well positioned for the future (page 10). This is strongly reinforced by the understanding that a sustainable business is one that not only operates with a long-term perspective, but also recognises that it both impacts and is impacted by the context (including the stakeholder, environmental, political, legal, and economic context) in which the business operates. Accordingly, to the JSE, sustainability is about what needs to be done to have the best chance not only still to be viable over at least the next 16 years, but also to be able to create value in the longer term.

The JSE recognises that it is uniquely positioned:

- as a critical, and for the moment sole, product and service provider to South Africa's financial market (which is globally recognised as a centre of excellence); and
- as an interface between those who supply financial and other forms of capital, those who need capital to fund their businesses and those who rely on returns for short-, medium- or long-term purposes; whether that interface is of a regulatory, service provision or influencing nature.

This external dimension of the JSE's role is inextricably linked to the JSE's operational strategies and decisions. For example, the JSE's efforts to achieve internal efficiencies support its own business prospects but also enable the JSE to dedicate time and effort to influencing its external stakeholders.

The Group's understanding of its positioning and deep commitment to achieving its strategic objectives in this context can be summarised as follows:

- **The JSE business is operated in a manner that tries to balance the interests of all stakeholders,** hence:
  - the JSE does not try to maximise prices to clients, dividends to shareholders or rewards to staff, but strives to find a fair balance for and between all of these. The JSE invests in people and technology in a way that will ensure that more can be offered to clients over time while sustaining the robustness and trustworthiness of fairly priced products and services.
- **The JSE strives to achieve sufficient investment in its people and technology to drive innovation and a stable technology platform,** hence:
  - substantial long-term investments may be incurred at a time when markets may appear to be volatile, given the JSE's conviction that, without such investments, clients will not be able to use products and services as they need to, which is detrimental to long-term business growth and sustainability;
  - prices may remain stable or trend down in order to remain competitive with global peers; and
  - salaries are intended to be sufficiently competitive and incentivising to ensure that the organisation can attract and retain appropriately qualified and motivated people to drive the JSE business with the single-mindedness necessary for the long-term.
- **A lot of effort is put into keeping current clients engaged with the JSE and its products and services**, hence:
  - various channels are employed to ensure the creation of an enabling environment within which constructive dialogue can take place, for instance, through advisory committees, focused client engagements and the like.
- **Considerable time is spent with stakeholders, demystifying the role of a well-functioning exchange in a growing economy to try to build an understanding of the JSE as a partner in the success of this country's promise**, hence:
  - the JSE participates in and initiates a wide range of forums and initiatives such as SA Tomorrow and business/government interaction. These activities focus on discussing the evolution of financial markets globally, as well as challenges, opportunities and innovations.
- **As far as possible, the JSE business is operated and positioned in a manner that not only provides thought leadership impacting or influencing stakeholders, but also sets an example**, hence:
  - the JSE is well established as a global thought-leader in the field of governance and sustainability and the related standards and disclosure, and remains committed to being an active participant in the ongoing debate around sustainable, transparent business and responsible investment. These commitments particularly relate to:
    - ◊ continuing to participate in the setting of standards, such as through all three iterations of the King Report and Code on Corporate Governance, as well as with King IV, which is currently under development;
    - ◊ maintaining a strong and globally pre-eminent regulatory framework for our listed companies and reviewing this regularly to ensure sufficient governance and disclosure practices are in place. The recently published Listings Requirements, requiring all boards to publish their gender empowerment strategy at board level and to report against this annually, are an example of this;
    - ◊ evolving and expanding the JSE's ESG product offering through indices, bonds and other initiatives;
    - ◊ engaging issuer and investor communities as well as facilitating the issuer-investor interface;
    - ◊ participating in a wide range of related forums to enable impact, for instance through vice-chairmanship of the World Federation of Exchanges' Sustainability Working Group; and
    - ◊ ensuring that the JSE considers the ESG risks, impacts and opportunities of its own activities, managing them appropriately and making the necessary disclosures.

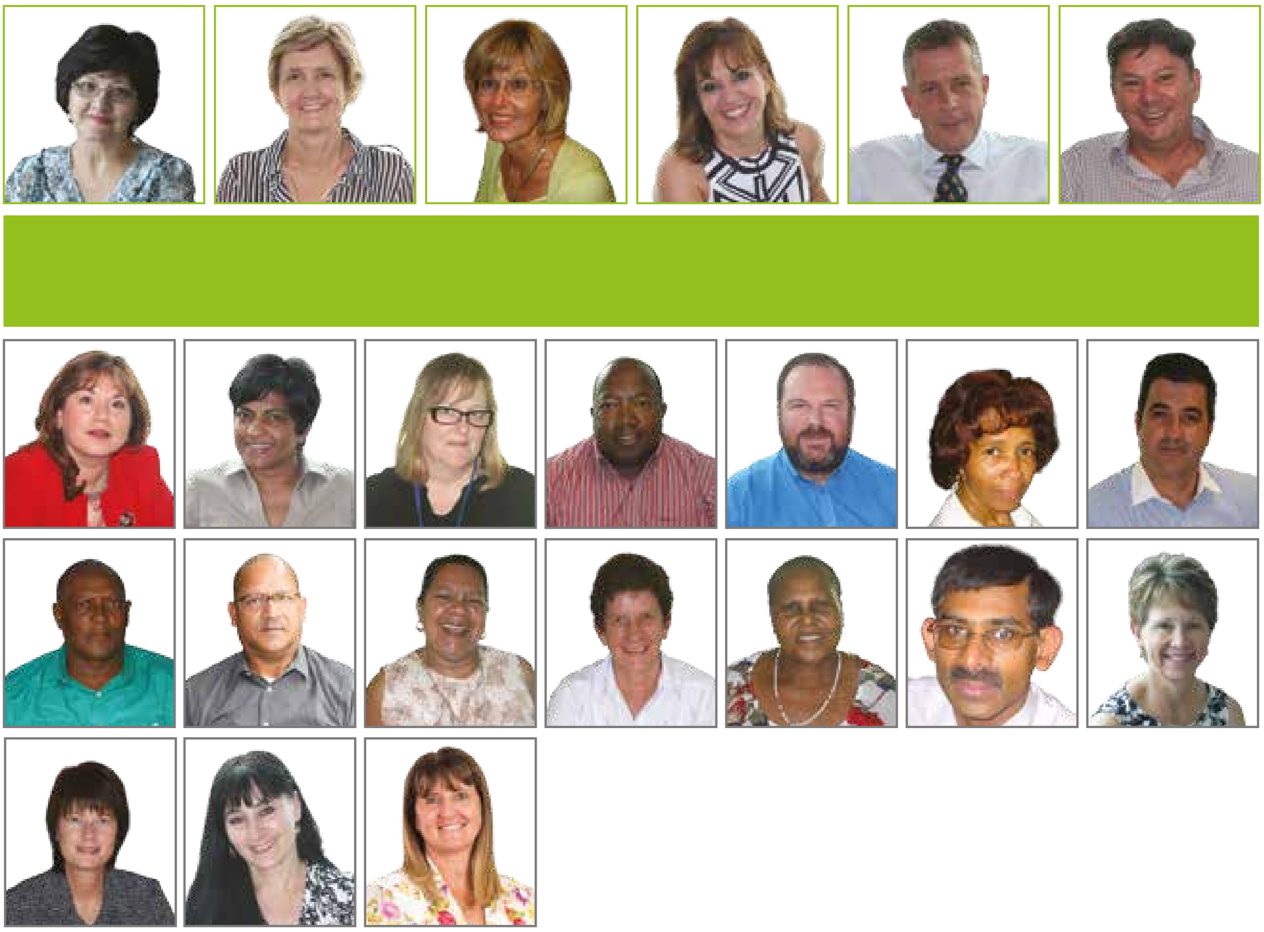
A number of areas requiring work remain, but the JSE has recently made good strides in its gender and racial diversity at senior levels (having recently been recognised by both ABSIP and the Commonwealth for diversity at executive and board level), and continues to take active steps to reduce energy and water consumption.

In conclusion, as reflected in the JSE's material issues and strategic journey (page 10, 11), achieving operational efficiencies and integration while facilitating growth and innovation is critical in building a resilient organisation and creating value in the long-term. The JSE strives to ensure that it remains a centre of excellence on which its clients and stakeholders can rely, whether that is:

- as a trusted place to raise capital;
- as a trusted place to buy or sell investments; or
- as a trusted bridge between SA Inc. and the investor community.

JSE staff long service

During 2015 the JSE celebrated 23 colleagues, each with more than 25 years of service.



HOW THE JSE CREATES VALUE

Products and services

In the exchange industry, the JSE is considered horizontally and vertically integrated. In other words, it offers a wide range of products (horizontal axis) and an end-to-end service from listing to clearing/settlement (vertical axis).

The JSE generates revenue from:

- Listing companies and other instruments;
- Trade and post-trade activity on a per trade basis (with fees related to a combination of the value and/or number of instruments or contracts traded for a trade or post-trade activity); and
- The sale of market data related to various markets or indices to a global client base. The JSE sells live, statistical, historical and end-of-day data from all JSE markets.
- The JSE also receives dividends from Strate, which is licensed as South Africa's central securities depository. Strate provides electronic settlement for the JSE, money market securities for the South African market and equities for the Namibian Stock Exchange. The JSE owns 44.5% of Strate.

MARKET DATA

Sells live, statistical, historical and end-of-day data from all JSE markets.

LISTINGS

Regulates issuers who list products on the Equity and Interest Rate markets

TRADING

Equity Market

Provides trading in equities, warrants and exchange-traded products (ETFs and ETNs).

Page 23

Financial Derivatives Market

Provides trading in equity and equity-related futures and options.

Page 23, 24

Commodity Derivatives Market

Provides trading in agricultural grain products and cash-settled rand-denominated derivatives on various international benchmark commodities.

Page 25

Interest Rate Market

Provides trading in interest rate products in both the cash and the derivative markets. Trading is on exchange (central order book) or reported to the JSE.

Page 24

Currency Derivatives Market

Provides trading in currency futures and options.

Page 24

CLEARING

Provides settlement assurance for trades dealt in equity securities listed on the JSE, executed on the equity trading system. Also provides clearing of the JSE's derivatives products.

SETTLEMENT

Role in the economy

The JSE provides a cost effective, efficient, well regulated, transparent and trusted platform for financial transactions to take place. These contributions are among the tools needed to spur growth and deal with the challenges faced by South Africa as well as to enable value creation.

This helps South Africa to do three things:

- Raise finance for companies and the government from both domestic and international pools of capital;
- Manage risk; and
- Gain access to a mechanism for sustainable wealth creation.

MECHANISM

Raise capital efficiently	Manage risk	Create wealth

OUTCOME AND IMPACT/INFLUENCE

Economy	Government	Companies	Investors
Finance to reduce the current account deficit	Finance for development	Finance for growth and risk management	Opportunities for wealth creation

Economy more stable. Less reliance on public debt to balance national accounts

Suitable economic growth

More government funding available

More public spending on South Africans

More revenue

National tax revenue

HOW WE ENABLE VALUE CREATION FOR ORDINARY SOUTH AFRICANS

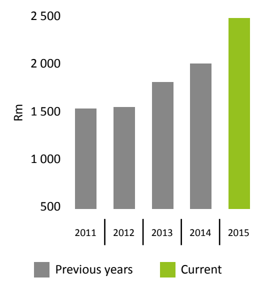
- Better services (electricity, water and sanitation)
- Better infrastructure (like roads and railways)
- Better hospitals and schools
- More sustainable welfare
- More jobs
- Higher wages
- Better products and services
- Better standards of living
- More security in old age
- Dignity

ECONOMIC VALUE CREATED FOR STAKEHOLDERS

Total value created for stakeholders

	Rm 2015	Rm 2014
Revenue	**2 134**	1 779
Other income, including share of associate income	**358**	225
Total value created	**2 492**	**2 004**

Total value created



DIVIDENDS TO * SHAREHOLDERS

JSE shareholders received

R354m

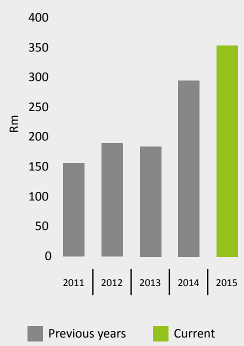
20% ↑

(2014: R295m)

in the form of dividends

**post-dividends tax of R62m (2014: R52m)*

Shareholders



INVESTING IN * EMPLOYEES

The JSE paid

R331m

3% ↑

(2014: R320m)

to employees in salaries, short- and long-term incentives and employee benefits

**post-PAYE of R158m (2014:R140m)*

Employees

PRICING BENEFITS TO MEMBERS

The JSE paid

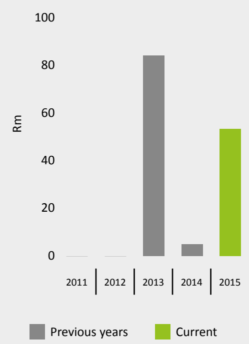
R53.2m

964% ↑

(2014: R5m)

to equity members in price reductions and rebates

Rebates to equity members



RETAINED IN BUSINESS

The JSE retained

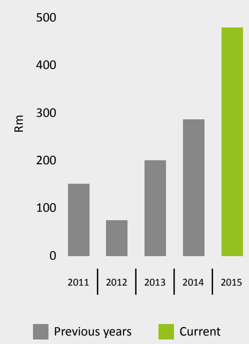
R492m

68% ↑

(2014: R293m)

for the future growth and sustainability of its business

Reinvested



LEARNING AND DEVELOPMENT

The JSE invested

R8.6m

26% ↑

(2014: R6.8m)

in developing employees through learnerships and training

COMMUNITY INVESTMENT

The JSE invested

R8.2m

4% ↑

(2014: R7.9m)

in the growth and sustainability of communities

OTHER EXPENSES

The JSE spent

R743m

14% ↑

(2014: R654m)

on operations and technology services

CONTRIBUTING TO SOUTH AFRICA

The JSE contributed

R555m

31% ↑

(2014: R425m)

to the South African Government in the form of taxes

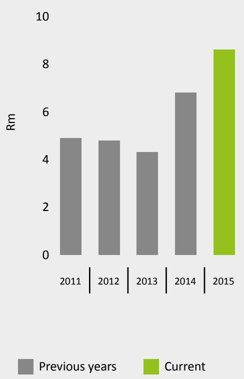
This amount was made up as follows:

Type of tax	2015	2014
Corporate taxes	**R335m**	R233m
PAYE taxes	**R158m**	R140m
Dividend taxes	**R62m**	R52m
Total	**R555m**	R425m

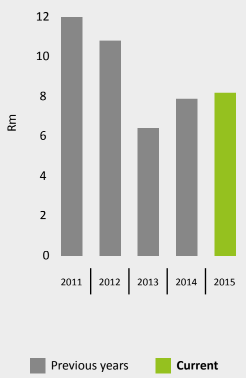
Income tax includes the effect of the deferred tax movement

Movement does not take into account the VAT of R202m (2014: R172m)

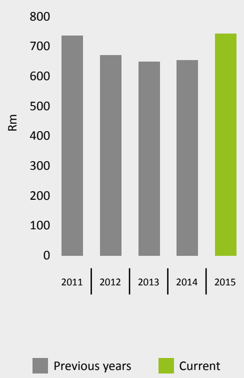
Learning and development



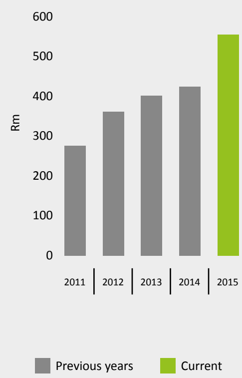
Community investment



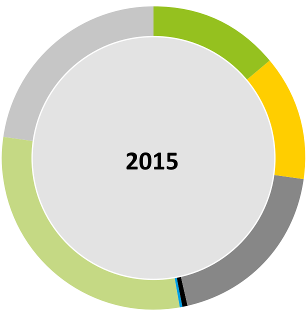
Operating expenses



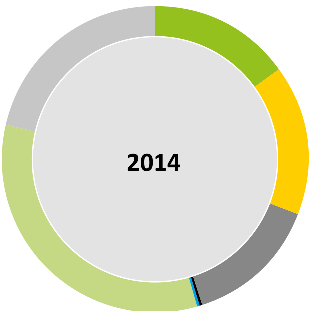
Government taxes



Distribution of total value



	2015
Shareholders	14.2%
Employees	13.2%
Retained in business	19.7%
Learning & development	0.4%
Community investment	0.3%
Operating expenses	30%
SA Inc. (taxes)	22.2%



	2014
Shareholders	14.8%
Employees	16%
Retained in business	14.6%
Learning & development	0.3%
Community investment	0.4%
Operating expenses	32.7%
SA Inc. (taxes)	21.2%

STAKEHOLDER ENGAGEMENT

The JSE and its stakeholder groups have a symbiotic relationship. Our experience is that, by working to create and contribute to an environment in which its stakeholders may be able to flourish, the Exchange supports its own long-term ability to continue creating value for these stakeholders.

STAKEHOLDER

JSE LIMITED SHAREHOLDERS AND ANALYSTS

KEY INTEREST **JSE financial performance and how we create value**

WHAT THE JSE ENGAGES ABOUT

- Performance
- Growth areas
- Company sustainability
- Costs
- Dividend policy
- Share schemes
- Prospects

ISSUES

- Requests for a capex roadmap for the year ahead and guidance regarding the total ITaC spend were dealt with during the announcement of the interim results 2015, which provided shareholders with total capex spend on ITaC by 2017

STAKEHOLDER

JSE REGULATOR

KEY INTEREST **Areas of mutual and regulatory interest**

WHAT THE JSE ENGAGES ABOUT

- Investment policy
- Regulatory issues
- Development of products and services
- Surveillance
- Investor and market protection mechanisms

ISSUES

- The JSE continues to engage the regulator on the progress being made towards the implementation of T+3 settlement in the local equities market
- The JSE continues to engage the FSB and SARB on anticipated changes to the regulatory framework following on from the anticipated implementation of a twin peaks regulatory model later

STAKEHOLDER

CLIENTS

Issuers

KEY INTEREST **Requirements to bring traded products on market**

WHAT THE JSE ENGAGES ABOUT

- Listings Requirements
- Additional capital raising
- Ongoing disclosure obligations
- Sustainability (environment, social and governance) issues and assessments

ISSUES

- Issues relate primarily to the flexibility around specific transaction structures, corporate actions and disclosure requirements and these are addressed through one-on-one engagement with issuers and their sponsors and through formal channels such as advisory committees

Members

KEY INTEREST **Ensuring the JSE understands member needs**

WHAT THE JSE ENGAGES ABOUT

- Customer service, including trading systems, contract specifications and rules and directives
- Customer expectations, including fee models, market practices, market and new product development

ISSUES

- Significant project spend under way, including the transition to T+3 settlement in the Equities Market and the implementation of the ITaC technology migration
- Regular sessions are held with all stakeholders to provide updates and to obtain feedback. These issues are also addressed at the JSE's trading advisory committees, of which there is one for each main asset class

Investor community

KEY INTEREST **Understanding the range of investment products available through the JSE and how to invest in them**

WHAT THE JSE ENGAGES ABOUT

- Financial literacy and investor education
- JSE markets and products
- Aspects of JSE business
- Responsible investing and the importance of understanding and factoring ESG matters into investment analysis and decision-making

ISSUES

- A challenge faced in pursuing the aim of including sustainability into investment decision-making is how to understand what companies are doing and how to assess these actions with regard to their impact on sustainability. The JSE attempts to bridge that gap by creating platforms for engagement between issuers and investors to foster better dialogue and understanding
- SA Inc. is an issue for investors. The JSE addresses this by exposing them to South African government and corporate leaders

Sponsors and designated advisors (DAs)

KEY INTEREST **Ensuring up-to-date information on Listings Requirements changes**

WHAT THE JSE ENGAGES ABOUT

- General market conditions
- Changes to the JSE Listings Requirements
- Service levels and general conduct of staff
- Feedback provided on performance and interaction with investor relations officers

ISSUES

- Issues relate primarily to the flexibility around specific transaction structures, corporate actions and disclosure requirements. These are addressed through one-on-one engagement with issuers and their sponsors and through formal channels, such as advisory committees

STAKEHOLDER

EMPLOYEES

KEY INTERESTS ▶ **Development and training**
Wellness programmes

WHAT THE JSE ENGAGES ABOUT
- Employee assistance programme
- Remuneration, benefits
- Employment equity
- Personnel and company financial performance
- Code of conduct and ethics
- Employee engagement
- Career options

ISSUES
- The JSE encourages divisions to send employees on training regularly
- Wellness programmes build a sense of camaraderie with co-workers
- There are various associated benefits with regard to remuneration, which are currently being benchmarked with the industry
- Engagement survey used to measure engagement levels: Sharing survey results and creating action plans involving all employees to raise awareness and engagement levels

STAKEHOLDER

POTENTIAL EMPLOYEES

KEY INTEREST ▶ **The JSE as an employer of choice**

WHAT THE JSE ENGAGES ABOUT
- BBBEE
- Career opportunities
- JSE values

ISSUES
- Full disclosure regarding the JSE's BBBEE status is available on the JSE website
- Vacancies in the JSE are displayed on the JSE website as well as on LinkedIn and many other websites
- The JSE values are displayed and unpacked on the *Working at the JSE* web page

STAKEHOLDER

SUPPLIERS

KEY INTERESTS ▶ **Performance feedback**
Future requirements of company

WHAT THE JSE ENGAGES ABOUT
- Monitor performance
- Evaluations – Products and services
- Cost assessments
- Growth expectations and product and service developments
- Contractual agreements
- BBBEE vendor evaluations

ISSUES
- The JSE is working on an affirmative procurement policy. This will be published in 2016

STAKEHOLDER

NATIONAL AND LOCAL GOVERNMENT

KEY INTEREST ▶ **Areas of mutual interest (stakeholders include the National Treasury; the Department of Agriculture; the Department of Minerals and Energy; the South African Reserve Bank and the South African Revenue Service)**

WHAT THE JSE ENGAGES ABOUT
- Financial sector legislative and regulatory framework
- CPSS-IOSCO compliance, G-20 and Financial Stability Board matters
- Exchange control matters
- Tax issues as they impact capital markets and clients e.g. tax-free savings accounts
- Financial Intelligence Act (FICA) matters
- Market structure considerations, particularly in relation to new products, where regulatory support is critical

ISSUES
- The JSE has made formal submissions to the National Treasury regarding concerns relating to twin peaks and the Financial Market Act regulations. The JSE's engagements with the National Treasury have been constructive and the JSE expects to find a positive way forward

STAKEHOLDER

EXTERNAL PANELS AND ASSOCIATIONS

KEY INTEREST ▶ **Areas of mutual interest**

WHAT THE JSE ENGAGES ABOUT
- Various ongoing initiatives during the year, dealing with service, expectations, prospects, strategies, sustainability and regulation

ISSUES
- The JSE focuses on issues specific to enhancing the business environment and engages with political parties and other interest groups about South Africa and Africa as a whole

STAKEHOLDER

COMMUNITY

KEY INTERESTS ▶ **Corporate social investment**
Education and awareness

WHAT THE JSE ENGAGES ABOUT
- Education initiatives including:
  - JSE Investment Challenge
  - Financial literacy initiatives (JEF)
- Healthcare and community development
- Sponsorships and donations
- JSE Benevolent Fund

ISSUES
- As the Investment Challenge is the JSE's flagship CSI initiative, the JSE wishes every high school learner in the country to participate. The JSE is working closely with the Department of Education to achieve this

STAKEHOLDER ▶

MEDIA

KEY INTEREST ▶ **To create awareness of investment products and to promote financial literacy**

WHAT THE JSE ENGAGES ABOUT
- Performance
- Growth areas
- Company sustainability
- Dividend policy
- Share schemes
- Prospects
- Financial literacy and investor education
- JSE markets and products
- Aspects of JSE business

ISSUES
- Issues relate to the accessibility of senior leadership, the complexity of the JSE's business and the timing of results. The JSE regularly tries to address these ongoing issues.

THE JSE'S STRATEGIC JOURNEY

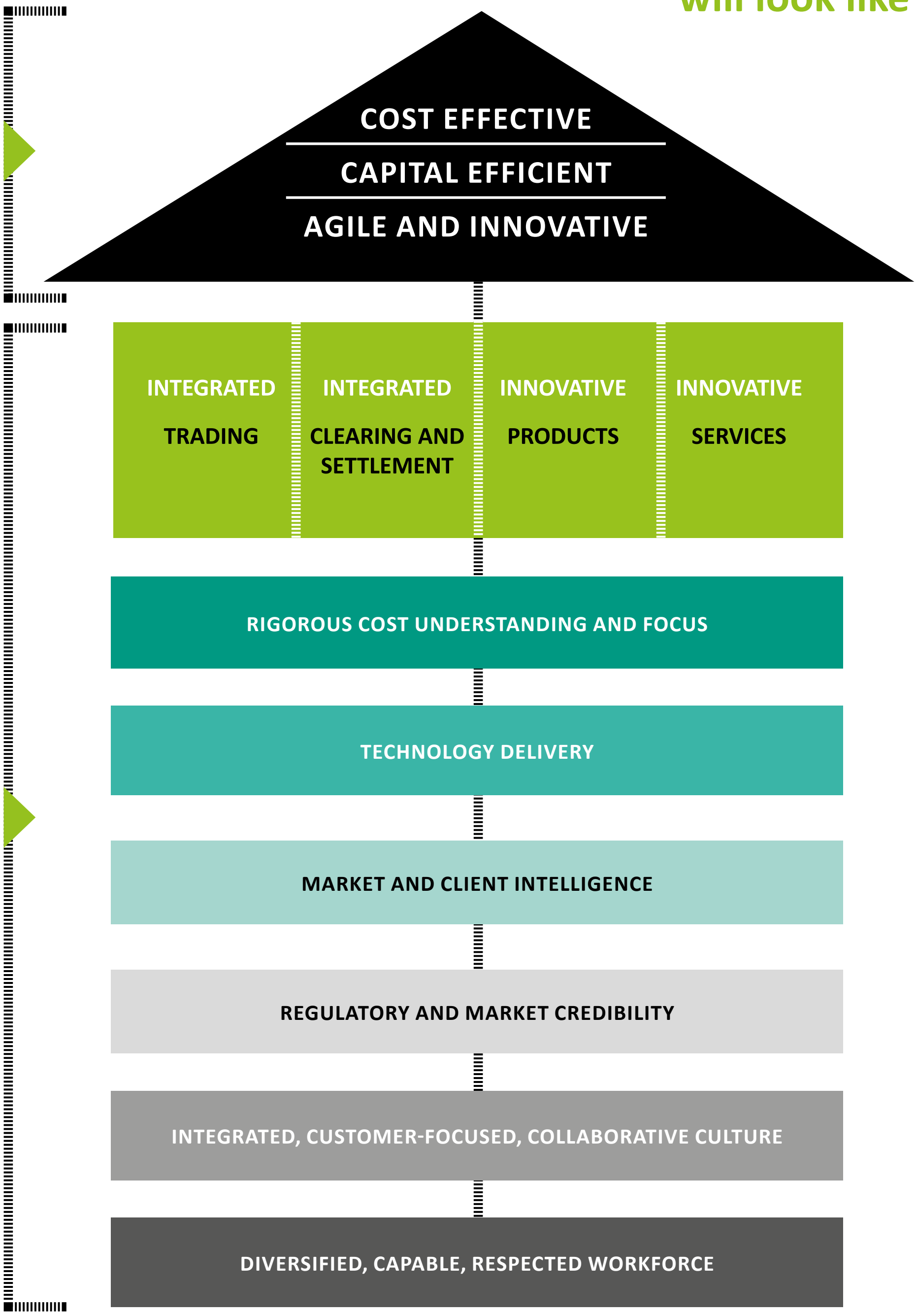
The JSE's current activities are guided by its strategy, which was agreed on in 2012 and will continue to be its primary focus. In 2015, the Exchange is more than halfway along this journey and continues to revisit it to ensure its relevance. The strategy is in response to and in some ways pre-emptive of an industry that continually undergoes rapid changes.

WHAT $UCCESS will look like

The JSE's strategy is to build a resilient, multi-product and world-class exchange, that is well positioned for the future. The JSE is doing this by solidifying its foundation and positioning itself as a cost-effective, capital-efficient, agile and innovative business – one that can offer relevant and innovative products and services to its customer base in a sustainable manner so that it is "built for the future".

Achieving this requires some very specific areas of focus, or goals: to achieve integrated trading, clearing and settlement across the JSE's markets, as well the delivery of innovative products and services. In pursuit of these goals, a strong foundation has to be built and this foundation, as the JSE sees it, is a rigorous cost understanding and focus, delivery on technology, strong market and client intelligence, regulatory and market credibility, an integrated, customer focused and collaborative culture as well as a diversified, capable and respected workforce.

This vision and the underpinning focus areas are depicted in the diagram alongside:



THE JSE'S MATERIAL ISSUES

In ascertaining how to achieve the vision set out in the JSE's strategic journey, what to focus on, and how best to optimise the business to create value in the long-term, a clear understanding of the issues that are material to achieving this vision is necessary. This is an ongoing process that is sensitive to and cognisant of the operating context.

Currently, determination of the JSE's material issues is based on identifying the key themes that emerge from consideration of the issues that affect or could affect its strategy and business model, and its ability to optimise these to create value over time.

Each theme has distinct relevance to the JSE in terms of both strategy and operations. The various themes are, however, also both closely interlinked and independent, particularly in how they relate to elements that drive value for the JSE, such as efficiency, integration, growth and innovation.

These material themes are likely to remain key to the JSE as it pursues its strategic path to 2017 and beyond. However, the JSE will continue to assess the relevance and particular content of each of them over time and intends to refine the process for the determination of material issues during 2016.

Please note that the icons provided for each material theme below appear throughout the document wherever the content has a particular bearing on the relevant theme.

COMPETITIVENESS

The JSE's business model – offering a comprehensive range of products and services to a broad range of clients – reduces the Group's vulnerability to competition from traditional exchanges.

However, within the context of technological advances, business model innovation, evolving customer needs and economic conditions, the organisation must remain focused on retaining and building its competitiveness in relation to offshore exchanges, prospective local entrants and non-traditional trading venues.

The consistent drive to enhance efficiency, continuously improve service levels, diversify service offerings, upgrade IT infrastructure and assess costs to clients is integral to ensuring that the JSE can establish, sustain and increase its competitive edge. This is evident from the fact that these issues feature in many of the other material themes.

INTEGRATED DIVERSIFICATION

Having begun its life as an equity-only exchange, the JSE has diversified strongly over the past 25 years and now offers a comprehensive range of products and services to attract a range of clients and reduce risk.

The JSE continues to diversify its services and products. However, it has also prioritised achieving integration in certain operational aspects such as trading, clearing and settlement, to ensure that it provides easy access and economies of scale across asset classes and related services.

HUMAN CAPITAL OPTIMISATION

The JSE is a highly specialised environment, with a reliance on financial market and technology expertise in particular. It is necessary to attract, cultivate and retain scarce skills to run and grow the business.

TECHNOLOGICAL RELIABILITY, SECURITY AND GOVERNANCE

The JSE is a technology-intensive business, with business areas from trading to post-trade services and market data sales relying heavily on automated systems. The Exchange's surveillance and back office functions are also technology dependent. In this environment, the reliability of technology, as well as the JSE's ability to remain at the cutting edge of advances in the broader industry, have major cost, revenue and reputational impacts.

REGULATORY READINESS

The global capital markets regulatory environment has seen a staggering pace of change recently, especially following the global financial crisis of 2008. To ensure the Exchange's sustainability and growth, it must stay ahead of these changes, become involved in the development and discussion of new regulatory approaches and know how to deal with their implications for the Group and the broader industry.

STAKEHOLDER RESPONSIVENESS

The JSE operates in an environment where a wide range of stakeholders is influenced or impacted by its activities, whether regulatory, commercial or otherwise. A number of these and other stakeholders also impact on the Group's ability to meet strategic objectives and operational priorities in a way that will create value for the organisation and its stakeholders. As is evident from the stakeholder report *http://www.jsereporting.co.za/ar2015/download_pdf/stakeholder-report-2015.pdf*, the JSE recognises that understanding and being responsive to the circumstances and needs of its stakeholders is critical to sustaining the organisation. Initiatives and internal structures have been put in place to ensure that the requisite awareness and ability to react are established and exploited.

Products and services

The JSE accomplished the final step in the evolution of the SRI Index when it announced on 3 June 2015 that it is partnering with FTSE Russell, the global index provider and the JSE's partner on the FTSE/JSE Africa Index Series, in progressing the JSE's work around promoting corporate sustainability practices. The JSE adopted the FTSE ESG ratings process to create the FTSE/ JSE Responsible Investment index series, which was launched on 12 October 2015. The series currently comprises two indices:

- The FTSE/JSE Responsible Investment Index: A market-cap weighted benchmark index calculated on an end-of-day basis, which comprises all eligible companies that achieve a FTSE ESG rating of 2.0 or above; and
- The FTSE/JSE Responsible Investment Top 30 Index: An equally weighted tradable index calculated on a real-time basis, which comprises the Top 30 companies ranked by FTSE ESG rating.

Calculation of the SRI Index ceased at the end of 2015.

The JSE is confident that the new offering brings more flexibility and expanded opportunities to meet the growing interest of investor clients in understanding the sustainability impacts of the companies listed on the JSE. For more regarding the new index series, see *http://www.jse.co.za/responsible-investment*.

In addition, the JSE is actively exploring opportunities to expand its product offering off the back of the new index series, as well as in its other asset classes. In this respect, the JSE is currently investigating project bonds, which will specifically fund infrastructure development. Within this work stream, there is also a work stream focusing on green bonds.

Stakeholder relationships

The annual ESG Investor Briefing took place for the fourth year running, with eight of the largest companies on the JSE presenting their sustainability approach to around 100 delegates from across the investment value chain. Two topical seminars were hosted.

Beyond the above, the JSE continues to participate in a wide range of forums that centre their attention on discussing and promoting the response to the sustainability imperative. During 2015, this included continuing involvement with the following:

- The World Federation of Exchanges (WFE) Sustainability Working Group (SWG) (of which the JSE's head of Sustainability is the vice-chair), which hosted a series of conference calls during the year and released guidance on corporate reporting during October 2015;
- The Sustainable Stock Exchanges Initiative (see *http://www.sseinitiative.org*), of which the JSE is a partner exchange and a member of the consultative group that developed the Model Guidance for Reporting released in September 2015;
- The UN-supported Principles for Responsible Investment, of which the JSE is a signatory in the service provider category;
- The Integrated Reporting Committee of South Africa (of which the JSE is a founding member) and its working group;
- The King Committee on Governance; and
- The Code for Responsible Investing (CRISA) Committee, on which the JSE is represented.

The JSE remains publicly committed to being an active participant in the debate around sustainable and responsible business practices, both globally and in South Africa, and will continue to work with issuers, investors, regulators and other key stakeholders and organisations to promote ESG disclosure.

Every year, the JSE's activities are guided by a corporate scorecard. The key performance indicators (KPIs) on the scorecard serve to focus organisational resources in a way that will optimally deliver on the JSE's vision. These KPIs broadly fall into the following areas:

- Strategy and business;
- Financial performance;
- Technology; and
- Stakeholder focus.

Goals in each area translate into the individual KPIs of executive committee members, also cascading into the KPIs of their respective team members. Each of the four corporate scorecard focus areas also ties back to the material issues (identified earlier on in the report) as well as the JSE's strategic vision. The corporate scorecard for 2015 is outlined on the next page. Each element is also mapped to the particular material issues to which it relates.

KEY PERFORMANCE INDICATORS 2015

Corporate scorecard focus areas 2015

FINANCIAL PERFORMANCE

OBJECTIVES

- Deliver financial performance in line with annual Group budget.
  - The product of our entire strategy.

HOW DID THE JSE PERFORM?

- Performance significantly exceeding budget. (Detail in CEO review, page 18)

Significant highlight

OBJECTIVES FOR 2016

- Deliver financial performance in line with the annual Group budget.
- Identify operating efficiencies that will result in a real reduction in costs at Exchange level over the next two years.

STRATEGY AND NEW BUSINESS

OBJECTIVES

- Identify initial JSE Group capital requirements, given emerging regulatory and economic capital regulations.
  - To drive our strategy of being capital efficient.
- Enable the implementation and take-up of a tax-free savings account (TFSA) that meets the TFSA requirements published by the National Treasury.
  - To drive our strategy of building on innovative products and services.
- Implement a technology solution and business model that enables derivatives data to be transmitted to, bought and used by clients in the UK to trade on the JSE, against the budget agreed by Exco.
  - To drive our strategy of building on innovative products and services.
- Improve on the JSE's current broad-based transformation performance.
  - To drive our strategy of having a diversified, capable, respected workforce and integrated and innovative products and services.
- Complete the request for proposal (RFP) for the Government Bond Market electronic trading platform (ETP).
  - To drive our strategy of building on innovative products and services.

HOW DID THE JSE PERFORM?

- Initial JSE Group capital requirements identified. (Detail in CEO review, page 19)

Above-target performance

- Enabled the implementation and take-up of a qualifying TFSA. (Detail in CEO review, page 19)

On-target performance

- Implemented a technology solution that enables derivatives data to be transmitted to, bought and used by UK-based clients. (Detail in CEO review, page 19)

Below-target performance, although a relatively minor deliverable

- Improved on the JSE's current broad-based transformation performance. (Detail in CEO review, page 20)

On-target performance

- Completed the RFP for the Government Bond Market ETP and selected a preferred vendor. (Detail in CEO review, page 20)

On-target performance

OBJECTIVES FOR 2016

- Implement new trading functionality, according to the timeline and within the budget agreed with the Board.
- Finalise short- and medium-term JSE Group capital requirements.
- Settle approach to Equity Market risk management in a manner that enables clear decisions on BDA and Equity Market surveillance.
- Identify new trading and data products or initiatives that will result in net new revenue in 2017.

Corporate scorecard focus areas 2015

TECHNOLOGY

OBJECTIVES

- Progress T+3 Phase 3 against the project timelines and budget.
  - To drive our strategy to maintain regulatory and market credibility.
- Progress the Integrated Trading and Clearing (ITaC) project against the project timelines and budget.
  - To drive our strategy to become an integrated trading, settlement and clearing environment.

HOW DID THE JSE PERFORM

- Progressed well against the project timelines for T+3 Phase 3, with final delivery scheduled between 25 June and 23 July 2016. (Detail in CEO review, page 20)

Highlight. Above-target performance

- Progressed ITaC against the project timelines and budget agreed with the Board. (Detail in CEO review, page 20)

On-target performance

OBJECTIVES FOR 2016

- Progress T+3 Phase 3 against the project timelines and budget.
- Progress the ITaC project against the project timelines and budget.
- Progress the implementation of JSE-related changes to enable Strate's debt instrument solution against the timelines agreed with Strate.

STAKEHOLDER FOCUS

OBJECTIVES

- Staff: Make clear progress in building and retaining motivated, settled and productive staff.
  - To drive our strategy of having a diversified, capable, respected workforce.
- Clients: Address operational vulnerabilities in IT (e.g. reduced number and duration of priority 1 incidents) and business processes (e.g. closing out client queries and valuations).
  - To drive our strategy of building on market and technology credibility.
- Retain strong JSE relationships with regulatory bodies and the government and build on and strengthen the JSE's role in facilitating dialogue between JSE clients and the relevant government and international stakeholders.
  - To drive our strategy of maintaining regulatory and market credibility.

HOW DID THE JSE PERFORM

Staff:

- Focused on our staff, hiring strong candidates at senior level across the business, and finalised some important staff hygiene factors.

On-target performance

Client satisfaction:

- Reduced number, duration and impact of priority 1 IT incidents and improved business processes.

On-target performance

JSE relationships with regulatory bodies and the government:

- Strengthened the JSE's role in facilitating dialogue between JSE clients and the relevant government and international stakeholders.
- Extensive series of engagements across the public sector, dealing with the JSE's role and contribution to South Africa. (Detail in CEO review, page 21)

On-target performance

OBJECTIVES FOR 2016

- Implement staff engagement strategies, including progressing the implementation of a new HR system in accordance with the timeline and costs agreed by Exco.
- Retain strong JSE relationships with regulatory bodies and the government and build on and strengthen the JSE's role in facilitating dialogue between JSE clients and the relevant government and international stakeholders.

CHAIRMAN'S LETTER

Dear Stakeholder

The JSE delivered excellent financial results, growing Group earnings after tax by 42% to R899 million (2014: R634 million).

On the basis of strong cash generation, I am pleased that we were able to increase our ordinary dividend from 480 cents to 625 cents per share.

The operating environment in 2015

Our operating environment is more challenging and uncertain than it has been for some time. "May you live in interesting times" is a distinctly sardonic wish, intended as a curse rather than to invoke good fortune. Looking back on the past year's global and local events, one cannot help but conclude that 2015 epitomised the kind of times to which this expression refers. Many economies continued to struggle to return to their pre-financial-crisis glory and many more joined the ranks of the afflicted, signalling a retreat in world economic growth relative to 2014.

China, Russia, Brazil and various countries in sub-Saharan Africa all experienced an economic slowdown that became widespread and entrenched because of the increased interconnectedness between economies. However, India's strong economic performance stood in sharp contrast with its BRICS partners' woes, highlighting the difference that apt policy reforms can make in supporting growth.

In Europe, the Greek economic crisis, the refugee crisis, and terrorist attacks on European soil raised the risk of both political and economic instability, but in the United States, the turmoil on the global financial markets merely delayed an economic lift-off until December.

South Africa's economic growth slowed in tandem with that of the other developing economies, leading to persistently high unemployment and rising social discontent. The South African economy is expected to have shown a disappointing expansion of 1% to 1.5% in 2015.

Amid all these challenges and a tough domestic operating environment, South African business and consumer confidence deteriorated markedly.

The year was also difficult for South African policymakers, who had to balance tightening fiscal conditions with rising social challenges. The 2015 Budget delivered by the Minister of Finance and the subsequent Medium-Term Budget Policy Statement were sobering reminders of how far limited resources have been stretched and how desperately we need higher, sustainable economic growth to address inequality in the country.

With all these challenges facing civil society and the government, the sudden replacement of highly respected Minister of Finance Nhlanhla Nene in early December could not have been more damaging. The response of both the domestic business community and international investors to the announcement highlighted the fragility of South Africa's financial markets, investments and the economy at large.

All stakeholders have a responsibility to nurture economic stability to make it possible to realise a more equitable future for all South Africans. The JSE welcomes the return of Pravin Gordhan to this critical portfolio.

Impact on the JSE

The global and domestic backdrop of uncertainty resulted in increased volatility and hence greater activity on the Exchange, with higher trading values and volumes recorded across most of our markets in 2015.

The JSE All Share Index reached its historical peak in April, and then the year's low a mere four months later, shedding 13.7% from its peak when Chinese stocks plummeted on what has been termed China's Black Monday. Turnover on the bond market increased to levels last recorded in 2012, when South African bonds were included in Citibank's World Government Bond Index, as sentiment around the timing of tighter monetary policy waxed and waned. Higher activity in the equity and bond markets was aided by continued non-resident participation, despite fluctuating sentiment toward emerging markets.

In this stressed environment, the JSE is working with key stakeholders to contribute to meaningful change. The South African political and social environments remain strained, although there are indications that key leaders are increasingly looking to partner with business to deliver a number of initiatives aimed at addressing social and other pressing needs. We are working with the National Treasury and other role players to identify how the JSE may support the funding of key infrastructure projects in public-private partnerships (PPPs), positioning the JSE as the go-to source of infrastructure funding. We are also enhancing our relationship with the Gauteng provincial government as it builds support for its vision for the province.

Energy supply remains constrained. This has led the JSE and other members of the financial services industry to develop a contingency plan to ensure operations can continue during prolonged outages and to gain an understanding of how to deal with a total grid failure.

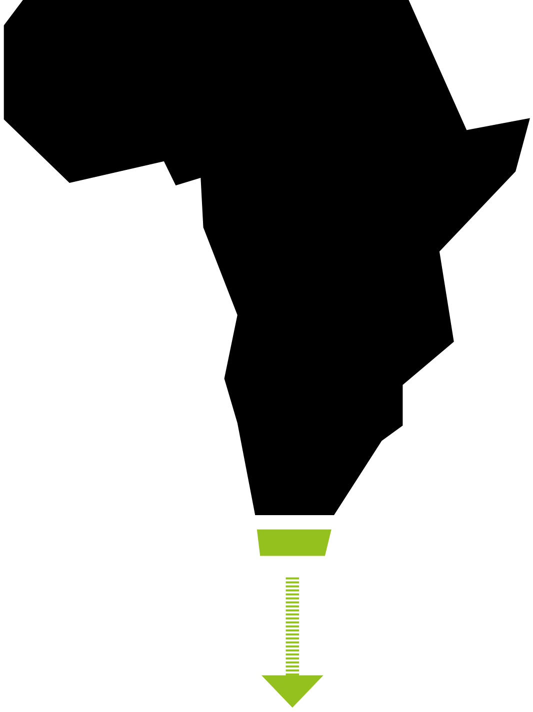
The pace of change in our regulatory landscape continues unabated. Regulatory issues range from the draft twin peaks legislation, to detailed engagement on the draft capital requirements, to some recently announced developments regarding the possible issuance of additional exchange licences. We are engaging in great detail with the relevant policy makers and role players on all of these issues.

We are energised about the possibility of competition from other exchanges, and have used this opportunity as a spur to look afresh at some of the tried and tested ways we do things. Our track record in, and understanding of, our industry, as well as our sound financial position, provide us with a firm platform from which to face competitive challenges.

The operating environment for 2016

2016 promises to be at least as challenging as the past year.

South African policymakers will continue to face conditions that will require them to make difficult choices. Corporates and individuals may also be required to sacrifice more to help rebalance the fiscus. We expect policy changes across the financial sector in order to ensure a better regulatory environment under a twin peaks framework to continue in 2016. Decisive, swift and targeted action on the part of all stakeholders will be required to counteract the economy's underlying weakness.



All of this will become increasingly vital to support South Africa through the challenging times that lie ahead.

Consequences for the JSE

There appears to be an increasing disconnect between the on-the-ground economic reality and the level of activity in capital markets. That said, market activity has been strong.

We continue to have very positive interactions with both local and international clients. In short, the quality of our market, the technology and regulatory standards we apply and the strength of the management of South African corporates still presents a positive investment case.

The technology arms race may be less in the spotlight at the moment than it has been in the past, but low-latency trading and its associated electronic approaches to trading are here to stay. This trend manifests irrespective of the nature of the market participant's business model. The JSE colocation offering supports this trend. We continue to invest in technology to remain relevant and competitive.

Clearing and risk management are growing in importance. The quality of the JSE's risk management and clearing (cash equities and derivatives) is an important driver of local and global confidence in the South African capital markets and we have been building significant expertise in this field.

The Board and executive management of the JSE recognise that transformation is a moral and strategic business imperative and embrace the challenge of being a progressive and transformed organisation. We are confident that we will regain our level 3 rating and will be challenging ourselves with regard to further transformational opportunities under the Revised Financial Sector Code (RFSC), which we anticipate being gazetted in early 2016.

Global exchange trends

Exchanges continue their endeavours to diversify revenue streams and product offerings through a variety of both novel and traditional avenues. Some of these are clearly in response to regulatory imperatives aimed at improving market efficiency and security. There is pressure for greater transparency, lower costs, better management of systemic risk and enhanced efficiencies in portfolio management. Other endeavours show a greater focus on responding to client needs and connecting to the real economy. This takes a variety of forms, including cross-business connections, technology enhancement, the establishment of new markets, and mergers and acquisitions.

Cross-border regulation continues to exasperate market operators. Issues range from a lack of alignment between US and European post-2008 regulation, to Singapore's decision not to compel more over-the-counter (OTC) trading on-market, in contrast to the approach taken in the US, Europe and Japan, to the Europeans continuing to introduce new regulations with extra-territorial impact.

The unintended consequence of many new regulatory requirements prompt global financial stability concerns and post-crisis regulation to reduce systemic risks in the financial system may have had the opposite effect. Market-making activity seems to have been reduced and market activity seems to be concentrating on the most liquid instruments, leaving less liquid ones, such as corporate bonds, out in the cold.

Showcasing South Africa

As South Africa competes for investors' attention, we hosted the again well-attended and very well received SA Tomorrow conference in New York with UBS, Standard Bank, the National Treasury and Old Mutual. We use the conference, which is addressed by the Minister of Finance and the Governor of the Reserve Bank, as well as Top40 CEOs, to discuss the country's positioning in terms of its current economic outlook, challenges and developmental programmes with major United States investors. This is a unique opportunity for the investors to see business and government representatives in the same venue and to have one-on-one time with all South African delegates.

And so, as we start 2016, we need to be mindful that we need to compete for investment and that we have a lot to do to stand out from our peers, both in our neighbouring countries and among other emerging markets, which are clearly getting themselves ready to best South Africa in this regard.

At a national level, this needs to include: policy certainty and strategies for inclusive growth; a continued and demonstrated commitment to fiscal discipline; prioritised investment in growth-critical infrastructure (including electricity and water); proven leadership in state-owned entities so that they operate in a manner that is transparent and not draining of the national fiscus; willingness to make the hard decisions on issues that inhibit real innovation in education, skills development and other growth-critical areas; and further public-private partnerships to build trust in our shared commitment to the future of this country, and to accelerate development in critical areas.

Of course, much falls to us as a business to ensure that we operate our businesses not only with a keen eye on ensuring our long-term financial sustainability, but also conscious of the fact that we have a social licence to operate: one that requires us to respond proactively to socio-economic challenges.

Changes to directorate and Executive Committee

In 2015, there were a number of changes to our Board and Executive Committee:

- Sam Nematswerani retired as a Board member and as chairman of our Audit Committee on 21 May 2015 after 9 years and 10 months as a director;
- Suresh Kana joined the Board on 1 July 2015 after his retirement as senior partner of PwC Africa;

- Njabulo Mashigo, director of Human Resources, resigned on 30 November 2015;
- Dr Leila Fourie, executive director responsible for Post-Trade and Information Services (PTIS), has indicated that she will be leaving the JSE in mid-2016; and
- Dr Alicia Greenwood joined the JSE Executive Committee as director of Post-Trade and Information Services on 1 February 2016.

Appreciation

Against the background described in this letter, we are focused on making sure that we:

- achieve our key strategic ambitions and provide our clients with products and services that will make the JSE a compelling proposition for anyone who wishes to participate in the South African investment story; and
- are raising the issues of concern that impact the attractiveness of South Africa as an investment destination at the right policy levels.

In conclusion, 2015 was a year of hard work in an environment of uncertainty in a number of areas, not only for the JSE, but for business in general. The JSE team made good use of the year to lay a sound foundation for the challenges ahead.

I therefore take this opportunity to express my appreciation to the Board, the JSE executive and the staff as a whole.

The World Economic Forum ranked South Africa first with regard to the strength of auditing and reporting standards and financing through the local equity market, second with regard to the regulation of security exchanges, and third with regard to the efficacy of corporate boards and the protection of minority shareholders' interests. These accolades demonstrate how relevant and competitive our financial sector remains.

As an Exchange, we look forward to continuing to improve the way in which we provide investors and issuers with a safe and credible environment in which to trade, list and invest.

Nonkululeko Nyembezi-Heita
JSE Chairman

CEO'S REVIEW

Introduction

Our 2015 performance was delivered against the backdrop of increased noise around competition, demanding strategic deliverables and a turbulent regulatory landscape. That said, we have delivered well on our strategic objectives.

This year's financial results have enabled us to take some bold financial steps, including a BDA rebate and cutting BDA transaction fees by 20%. They have also put us in a position to limit transaction fee increases and to significantly reduce the fees for certain report-only trade types for 2016.

This report reviews the Group's corporate performance during 2015, assessing this against what we set out to achieve during the year. Our strategic vision, which appears on page 10, sets the long-term vision for the JSE as a sustainable business and focuses on strengthening the foundational elements of our business (people, technology and regulation), diversifying revenues (particularly in the Derivatives Market, Market Data and Post-Trade Services areas), and driving enhanced capital and cost efficiencies.

Each year, we measure ourselves against a corporate scorecard (on page 13) that reflects a number of key performance indicators (KPIs) across four pillars, approved by the Board. Cumulatively, the KPI deliverables in the corporate scorecard are intended to ensure that we will achieve our strategic vision mentioned above.

The four KPI pillars are:

- Financial performance;
- Strategy and new business;
- Technology; and
- Stakeholder focus.

Finalising the move of the Equity Market to a three-day settlement cycle (T+3) and progressing the integration of our trading and clearing platforms (ITaC) are our top priorities in 2016 and a substantial portion of our corporate energy will be dedicated to working on these initiatives, to strictly defined project plans. We are on track to implement T+3 on time and within budget. ITaC is part of our strategic journey to migrate all our markets to a single trading and clearing platform as a fundamental strategy to provide all our markets with high capability trading and clearing venues. It too is on track.

In 2015 we had a large technology and strategic agenda (which is reflected in our 2015 corporate scorecard on pages 13-14) but we know that our industry is changing extremely fast. This means that, as we worked our way through our 2015 priorities, we needed to be conscious of the changing winds, including the following:

- The extensive regulatory changes suggested through the draft twin peaks legislation;
- The draft regulations regarding the regulatory capital that financial market infrastructures like the JSE Group will be required to hold;
- The need to be able to deliver elements of the product innovation that our clients are seeking while we implement the technology changes we know are necessary for the sustainability of our business;
- The possibility of one or more competitors seeking exchange licences leading to a more direct competitor model, and the challenge this may pose to our wider business model;
- The possibility that over-the-counter (OTC) clearing will again become a focus area for the banks and banking regulators; and
- The possibility of severe energy constraints and what this might mean for our business.

Financial review

Excellent financial performance

The JSE Limited ("the JSE" or "the Group") delivered an excellent financial performance in 2015. This is principally attributable to double-digit revenue growth across all operating divisions, driven by significantly higher market activity, which was well handled by the increasingly robust technology in which we continue to invest. Group earnings after tax for 2015 increased by 42% to R899 million (2014: R634 million), with operating revenue growing by 20% to R2.1 billion (2014: R1.8 billion).

Group earnings before interest and tax (EBIT) increased by 45% (2014: 22%) to R1 billion (2014: R704 million). The earnings per share (EPS) and headline earnings per share (HEPS) statistics, at 1 051.0 cents (up 42%) and 1 026.3 cents (up 40%) respectively, reflect the Group's well established commercial momentum.

Revenue

With regard to operating revenue, good contributions were made by:

- The Primary Market, where there was an 20% increase in revenue to R161 million (2014: R134 million) as a result of increased listings activity and annual Equity listing fees being brought in line with global peers;
- The Equity Market, where billable value traded grew by 26%, resulting in a 25% increase in cash equities trading revenue to R501 million (2014: R402 million);
- BDA, where revenue grew by 16% to R311 million (2014: R268 million) as a result of a 33% growth in the number of Equity Market transactions. This was offset by rebates of R22 million paid in the first half of 2015 and enabled a price reduction of 20% from September 2015;
- The Equities Derivatives Market, where value traded increased by 11%, resulting in an 18% increase in revenue to R173 million (2014: R147 million);
- The Currency Derivatives Market, where revenue increased by 48% to R34 million (2014: R23 million);
- The Interest Rate Market, where bond nominal value traded increased by 21%, resulting in a 14% increase in revenue to R50 million (2014: R44 million);
- The Commodities Derivatives Market, where the increased number and value of contracts traded resulted in a 33% increase in revenue to R73 million (2014: R55 million);
- Post-Trade Services, where clearing and settlement revenue related to equity trading grew by 19% to R357 million (2014: R299 million). The billing model was moved to a value-based model in the second half of 2014; and
- Market Data, where revenue grew by 16% (R31 million) to R226 million (2014: R195 million) owing to new business. Revenue from colocation contributed R19 million, up from R9 million, completing the first year of this product offering. Colocation accounted for 26% of the total value traded during the period.

Other income

Included in other income are forex gains of R83 million (2014: R19 million) related to the revaluation of the USD bank account and foreign receivables.

Continued cost containment

The Group's total operating expenses increased by 11% (2014: 5.5%) to R1.26 billion (2014: R1.14 billion) including a deliberate increase in general expenses of R291 million (14%). Also included in operating expenses is R37 million (2014: R17 million) of project related operating expenditure (opex) to deliver our key strategic technology initiatives. This leaves business-as-usual (BAU) expense growth of 9% for 2015.

Technology costs increased by 16% to R235 million (2014: R202 million). This was mainly owing to planned and preventative maintenance on key technology assets.

Personnel costs increased by 6% to R496 million (2014: R467 million). This is made up as follows:

- Gross remuneration per employee increased by 7%. However, average headcount was 5% lower (excluding 17 learners appointed in August 2015), declining from 494 to 472. This resulted in a net 2 percentage point increase in the payroll bill. Headcount at year-end was 506 (2014: 485);
- The discretionary bonus pool increased by R19 million to R82 million (2014: R63 million) owing to higher profits and represents a further 4 percentage point increase;
- A tertiary education bursary fund for children of JSE staff who were not of a senior position level. This amounted to R4 million (2014: R0 million) and increased personnel cost growth by 1 percentage point;
- The accounting impact for LTIS increased by R3 million to R30 million (2014: R27 million), contributing 1 percentage point to the total growth; and
- Remuneration capitalised to projects increased by R8 million to R18 million (2014: R10 million) as work on strategic projects accelerated. This decreased personnel cost growth by 2 percentage points.

Depreciation was largely flat at R100 million (2014: R99 million), as a result of increased colocation and T+3 Phase 2 amortisation, which was offset by fully depreciated assets.

General expenses increased by 14% to R291 million (2014: R256 million) largely owing to deliberate marketing costs (the launch of the TFSA, Eris interest rate swap futures, and the hosting of the ASEA Conference) and placement costs for senior staff.

Robust balance sheet

We generated R888 million (2014: 768 million) and ended the year with a robust balance sheet, including R1.9 billion (2014: R1.6 billion) in cash.

We remain committed to our Group external capital expenditure, with R159 million (2014: R116 million) committed to our strategic initiatives. All currently planned investments and capital requirements for 2015 can be funded from the Group's own resources.

The Board believes that the JSE is appropriately capitalised, given the nature of the risks we currently face and given the uncertain nature of future regulatory capital requirements.

Dividend

The Board decided to declare an ordinary and a special dividend for the year ended 31 December 2015, of 520 cents and 105 cents per ordinary share respectively. This represents a 30% increase year-on-year.

This is reflective of the strong growth in earnings and is consistent with our dividend philosophy – in terms of which we aim for steady growth in the ordinary dividend over time, and provide an additional return to shareholders via special dividends to the extent that the annual financial performance and Group's capital position permits.

Strategic initiatives and new business

Competition

The topic of a competitor to the JSE has attracted a lot of attention over the past year.

For the JSE, the launch of another exchange has always been a possibility, so it is not new to us. First, we have long competed with exchanges across the globe, measuring our competitiveness in relation to offshore exchanges. Second, we have local competitors in all key product lines. Third, we continually work to position ourselves as if there were other licensed exchange operators by offering our clients products and services they find valuable at prices we continue to reduce. This means we are comfortable with competition on a level playing field.

The JSE is experienced, has a proven track record and is led by a recognised leadership team. We aim to be cost competitive for the services offered, and have a track record of decreasing costs over time while increasing efficiency and service delivery.

This exchange attracts global investors to our market owing to their comfort with factors ranging from our investor protection and regulatory capabilities to our equity market technology and initiatives relating to systems of other markets and ongoing initiatives to upgrade the systems we use in other markets. The JSE continues to provide clients with world-class systems offering world-class execution speed, ensuring that this is done in a measured way to minimise risk for our investors.

JSE Group capital requirements

Capital planning is a strategically relevant and long-term concept that is important in positioning the JSE and the Group central counterparty (CCP), JSE Clear, as world class. Capital management in exchanges and CCPs is globally attracting increasing attention and starting to drive market views on the efficiency and prudence of the CCP and the Exchange. Perceived capital adequacy, and therefore trading and settlement assurance, is becoming an important driver of investor sentiment and trading flows.

We have identified the initial Group capital requirements, given emerging regulatory and economic capital regulations, and have made significant progress in the JSE's Group capital plan, which we will start to roll out in mid-2016, in advance of the capital regulations being finalised.

When the regulations are finalised, the JSE will be in a position to quantify the required regulatory and economic capital with certainty.

Tax-free savings account (TFSA)

We successfully implemented and had good take-up of a qualifying tax-free savings account (TFSA) that meets the TFSA requirements published by the National Treasury and allows investors substantially lower trading costs.

TFSAs are intended to incentivise tax-efficient savings and are targeted at retail investors. The launching of a JSE-enabled TFSA with a low-cost transaction structure, in conjunction with our member firms and other retail-focused clients, is broadening retail participation on the JSE as well as providing a tangible demonstration of our understanding of the need to serve more than the top end of the market. This offering competes with TFSAs offered by other entities.

As at the end of December 2015, 11 713 BDA-controlled TFSA accounts had been opened – this is 26% of the TFSA market share in South Africa. Two member firms contributed to 96% of the accounts opened. Financial services providers (FSPs) that have partnered with the JSE indicated that they had opened another 4 600 accounts as at the end of December.

Market data initiatives – Expansion of derivatives data to the UK

We have implemented a technology solution and business model that enables derivatives data to be transmitted to, bought and used by UK-based clients. As an interim step before ITaC delivers the upgraded derivatives trading engine, we implemented a technology solution that will enable derivatives data to be provided to UK clients through the JSE's London point of presence (PoP) in an appropriate format to enable them to trade more actively.

Broad-based transformation

The JSE is confident it will regain its level 3 rating, up from level 4 in 2014.

We have developed a detailed transformation strategy aimed at integrating the way we look at transformation across all elements of our business. The transformation strategy also contains specific elements to address the impact of the Revised Financial Sector Codes (RFSC). Our progress is detailed on pages 28-30 (The JSE's transformation journey).

Specific achievements that have driven the higher rating include:

- The number of black appointments in our most senior grades below Exco doubled from 8 to 16 (black females increasing from 3 to 8).
- Learnerships were successfully implemented in August 2015, which will result in increased skills development points. We will receive 100% of the available learnership points in 2015 (2014: 19%).
- We scored the maximum enterprise development (ED) and corporate social investment (CSI) points, through our support of the JSE Empowerment Fund Trust (JEF), which provides financial support to deserving black students studying for degrees relevant to our industry, and through various other education and CSI initiatives we support.

We have recently been recognised by ABSIP for our leadership position in gender empowerment.

Electronic trading platform (ETP) for government bonds

The development of the Government Bond Market ETP in conjunction with the National Treasury remains an important strategic initiative for the JSE. The choice of the technology for the ETP (and the business model that would best enable that technology to be cost-effectively operated) is more complex in this project than in others because it requires the detailed involvement of multiple stakeholders in both processes.

We have completed the request for proposal (RFP) for the government bond ETP and selected a preferred vendor. We are currently discussing our views in this regard with the relevant National Treasury officials.

Clearing over-the-counter (OTC) products

The Governor of the South African Reserve Bank (SARB) has indicated a strong preference for a local OTC clearing solution. We have indicated that we support the concept of a local solution and, to this end, have compiled a proposal for an indicative operating model and business case for a local OTC solution.

We await industry support before progressing this further.

Electricity constraints

The JSE is coordinating a joint industry plan with market participants, the Financial Services Board (FSB) and Strate to handle a power grid failure scenario. The approach has been agreed with the JSE's Business Continuity Market Forum, which includes Strate and the FSB, and has been discussed with the Financial Sector Contingency Forum (FSCF) chaired by the SARB.

Technology delivery

T+3

We have progressed well against the project timelines, with delivery scheduled between 25 June and 23 July 2016.

This third phase is the final and most complex phase of the project as it requires significant internal technology changes as well as business process and technology changes from multiple stakeholders.

T+3 is the JSE's top priority project and is seen as a major step in aligning ourselves with global best practice, as well as fulfilling obligations stipulated by our regulator, the FSB. Benefits of a shorter settlement cycle range from a reduction in the value of unsettled trades to improved liquidity and numerous operational efficiencies. The successful introduction of T+3 relies on collaboration from all market participants, and we are confident the implementation is achievable in the timeframe that has been proposed.

Integrated trading and clearing (ITaC)

We need to leverage our technology investments to provide all our markets with robust technology that can handle the growth we expect.

We have therefore decided to migrate all trading on our derivatives markets, commencing with equity derivatives, to Millennium IT Exchange technology, which we successfully deployed for equities trading during 2013. We expect this transition, which is complex, to take a number of years.

The decision to migrate to a single trading platform for all our markets also necessitates implementing a new clearing solution and we will therefore be implementing the Cinnober solution to provide clearing services for all our derivatives markets.

The ITaC programme is extensive and is the most significant programme of work the JSE has undertaken in recent years. ITaC Project 1 will deliver equity derivatives and currency derivatives, while also delivering the Cash Equity Market upgrade. Project 1 consists of the following work streams: trading, clearing, JSE systems and a supplementary work stream.

The ITaC programme is making good progress, with the trading and clearing work streams both on track.

Stakeholder focus

We have invested in our staff, making strong senior level hires across the business and closing out on some important staff hygiene factors. We have noted higher than normal staff turnover and have plans in place in 2016 to address these.

Our teams across the business continue to meet regularly with clients and the general feedback remains positive, although we are conscious of the need to continue to evolve the products and services we offer our clients and to make sure that they are at prices that keep trending down.

We have made good progress in addressing operational vulnerabilities and system stability has improved over 2014.

Given the global rise in information security threats, it is pleasing to note that, to date, no information security control failures have been reported during 2015. However, there is still more to do in this regard and our efforts will continue in 2016.

The JSE has a central and crucial role to play in corporate South Africa, not only in operating a world-class environment that stakeholders can trust, but also in using its voice to enable and support a robust and informed discourse at critical moments in our country.

We have had an extensive series of engagements across the public sector around the JSE's role and contribution to SA. These engagements have seen us:

- Host the Gauteng ANC chairman twice, as he discussed the role of shareholder activism in the allocation of capital (an important input to the upcoming ANC policy conference) with a range of participants.
- Have private meetings with senior politicians, discussing the role of the JSE.
- Host the premier of Gauteng (Mr David Makhura) and JSE-listed companies to discuss the role the private sector can play in the province's transformation. This has led to a number of constructive engagements between the premier and those attending. It also led to key speaking roles at the Gauteng Infrastructure Conference, about the use of the JSE, as a capital raising destination for infrastructure project funding.
- Partner with the National Treasury in developing a framework for the listing of project bonds.

It would be fair to say that these types of engagements have helped position the JSE as a partner in the development of our country.

We have also had an extensive series of engagements across the public sector around the JSE's role and contribution to South Africa. Most recently, I had to accept a memorandum from the leader of the EFF after a well attended and profiled march to the JSE. This resulted in very diverse reactions from many of our stakeholders.

There is a need for business to be heard and take a more robust stance on critical issues affecting the attractiveness of South Africa as an investment destination.

We hosted the again well attended and very well received SA Tomorrow conference in New York with UBS, Standard Bank, the National Treasury and Old Mutual. We use the conference, which is addressed by the Minister of Finance, the Governor of the Reserve Bank and Top40 CEOs, to discuss the country's positioning (current economic outlook, challenges and developmental programmes) with major US investors.

On the regulatory front, our extensive engagements have been robust because of the increasing speed with which fundamental changes are being proposed to the regulatory landscape.

We also hosted the well-attended Building African Capital Markets (BAFM) capacity-building seminar in September and hosted the African Securities Exchanges Association (ASEA) conference in November 2015. Both of these give the JSE the opportunity to leverage its Africa strategy and position itself as the go-to exchange on the continent – also among our continental peers.

Regulation

The Financial Stability Board (FSB), created post-crisis by the G-20, continues to drive an all-encompassing global reform agenda, including a regulatory overhaul of derivative markets and shadow banking, as well as introducing rigorous new requirements for bank capital, leverage and liquidity and for the recovery and resolution of financial institutions. Implementation of these efforts will have significant long-term consequences, some of them unintended, for the liquidity and structure of global capital markets. Reform in some areas will likely exacerbate risks in others (for example, concentration of risk in global clearing houses), which may prompt further reform efforts. The FSB has also proposed voluntary disclosure by financial institutions in response to new risks resulting from climate change.

Locally, the impending implementation of the twin peaks model and the reform of the over-the-counter (OTC) derivatives markets will result in more rigorous prudential oversight of the JSE and JSE Clear, while National Treasury has also signalled its intent to introduce further prudential requirements to support the resilience, recovery and resolution of financial market infrastructures.

Prospects

The JSE is a largely fixed-cost business. Costs are tightly controlled and the necessary capital investments are made in areas that will enhance the Group's sustainability. Our revenues are variable and largely driven by activity on the various markets that we operate. For this reason, the Board makes no projections regarding the Group's financial performance in 2016.

Notwithstanding the difficult economic environment that the Chairman describes in her letter and in which we will be operating, we are clear about our 2016 priorities and hence the issues that we need to tackle in order to achieve our strategy. This sets us up for a demanding number of years of investment and delivery which, while impacting our income statement in the short term, are necessary to ensure our long-term sustainability.

Appreciation

2015 has been a hard year, but our focus on reviewing our business model and delivering as we planned to do have energised us to face the competitive threats and opportunities we anticipate. These will, I believe, be critical elements in establishing long-term sustainability.

I would like to thank all our stakeholders for their interaction with me and the JSE team. We have worked hard to build a more collaborative relationship and I look forward to continuing our work in this regard in 2016.

As we tackle this year, I would like to thank all my colleagues at the JSE, and particularly the members of Exco. It is such a pleasure to work alongside this team.

Nicky Newton-King
Chief executive officer

OPERATIONS

The JSE's drive to build a resilient and sustainable business has many elements; this section focuses on the revenue elements in the business. This is therefore not a complete review of operations; more detail on JSE initiatives can be found throughout the integrated annual report and in the CEO's review.

Capital Markets

Division responsibilities

The Primary Market:

- Sources issuers to list on the JSE's Equity and Interest Rate markets.
- Also supports potential and existing issuers.

The Secondary Market:

- Provides trading and ancillary trading and customer support services in the Equities, Bonds and Financial Derivatives, and Commodity Derivatives markets.

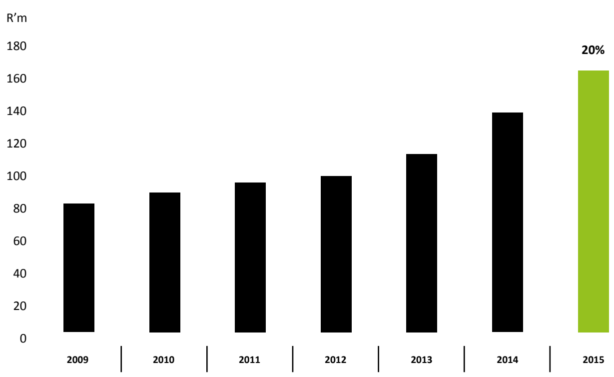
The Equity Market provides trading in equities. Products include:

- Primary and dual-listed ordinary shares, preference shares, depository receipts, property entities like real estate investment trusts (REITs), special purpose acquisition companies (SPACs), warrants, structured products and exchange-traded products (ETFs and ETNs).

The Financial Derivatives Market and the Bond Market provide secondary market access to financial derivatives and to debt instruments.

- The Financial Derivatives Market's products include:
  - Index and single-stock futures and options, can-do futures and options, exchange-traded contracts for difference (CFDs) and other sophisticated derivative Instruments in equities, currencies and interest rate asset classes.
- The Interest Rate Market's products include:
  - Bonds, floating-rate notes, commercial paper and hybrid instruments.
- The Commodity Derivatives Market's products include:
  - a range of cash-settled rand-denominated derivatives on various local and international benchmark commodities, including softs, energy and various metals, under licence from the CME Group, as well as the recently launched beef carcass contract.

Primary Market



How money is made

- Fees for new issuances, annual listing fees for existing issuers, as well as documentation fees for dealing with specific corporate actions that companies undertake during the year generate revenue.
- In 2015, the price cap based on market capitalisation was increased from R201 000 to R275 000.

2015 IN REVIEW

Revenue rose by 20% to

R161 million

(2014: R134 million) as a result of increased listing activity and restructured equity annual listing fees.

Percentage of total operating revenue (excluding Strate *ad valorem* fees): 8%.

Ended 2015 with 23 new company listings, compared with 24 last year. Listed two new exchange-traded funds (ETFs), one exchange-traded note (ETN), 264 warrants and 49 structured products.

Cross-listed exchange-traded funds on African exchanges, specifically the Kenyan and Nigerian stock exchanges.

Issued 942 new bonds during the year (2014: 837).

The total nominal listed bond value by year-end December 2014 was R2.3 trillion (2014: R2.0 trillion), with 1 946 listings in total by year-end December 2015 (2014: 1 695).

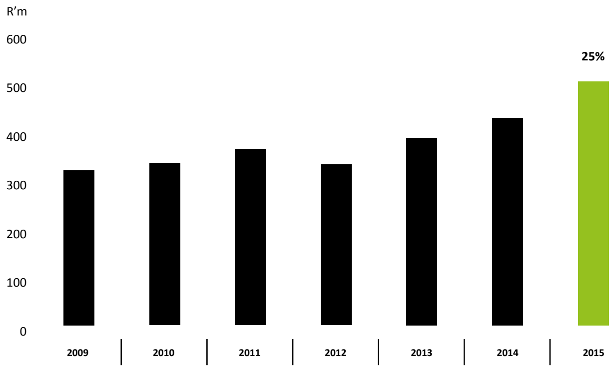
There were eight new listings on AltX in 2015.

Looking ahead to 2016

- The JSE will continue to encourage listings by promoting inward and fast-track listings, like the recent listing in 2016 of AB InBev, across asset classes as well as alternative risk structures, using AltX's flexible listings requirements, listed project bonds and the empowerment segment.
- The JSE will also focus on initiatives aiming to facilitate entrepreneurs in sub-AltX counters.
- The JSE will also focus on attracting meaningful African cross-listings and other new products that enable participation in the African growth story.
- The team will continue to pursue new ETNs, ETFs, indices and cross-listings.

Secondary Market

Equity Market



How money is made

- Charges on equity transactions, based on the value of each transaction leg with a 0.0053% value-based charge and a maximum fee per transaction of R316 in 2015, are the main revenue earner.
- The model discounts the highest value trades through the trade cap.

2015 IN REVIEW

Revenue rose by 25% to

R501 million

(2014: R402 million), where billable value traded grew by 26%.

Percentage of total revenue (excluding Strate *ad valorem* fees): 26%.

Value traded increased by 24%. The JSE recorded 60.3 billion of value traded in the equity market on 17 December 2015 (previous record: 53.7 billion of value traded).

The number of transactions year-on-year rose by 34% to 62 million (2014: 46 million).

Average size per trade continued to decline (2015: 1 202; 2014: 1 333; 2013: 1 640; 2012: 2 296).

Colocation accounts for 26% of value traded.

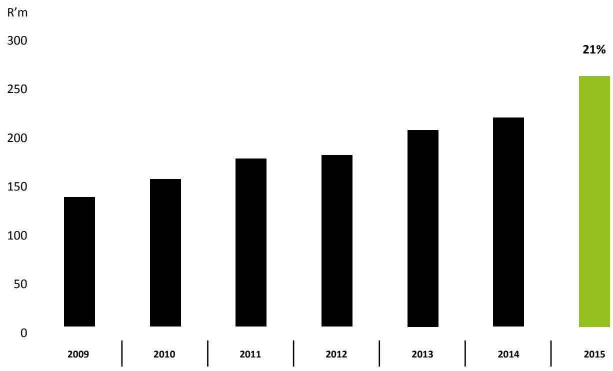
The JSE introduced a revision to the rules governing block trading, aimed at increasing accessibility for certain qualifying investors and enhancing protection for buy-side traders.

Continuing to evolve ways clients can transact through new trade types.

Looking ahead to 2016

- The local and international markets' adoption of the JSE's colocation facility continues to show potential for growth.
- Increasing the use of the local market by foreign markets.
- The focus will remain on new clients and new products in 2016.

Bonds and Financial Derivatives markets



How money is made

- The use of a range of fee models, either based on the contracts traded or on the market value of transactions, generates revenue.
- In order to promote on-screen trading, the fee associated with on-screen trading is normally lower than that for reported trades.
  - Certain markets provide value-based incentives in their fees model.
  - For markets that require the support of market makers, the fee model may also include specific incentives for this activity.
- Certain fee models were reviewed during 2015.
  - No changes were made to the Interest Rate Derivatives Market.
  - A new concept was introduced to the Currency Derivatives Market fee model to promote the liquidity of on-screen products.
  - New pricing models have been agreed for the Bond Market (primary and secondary) and will come into effect in January 2016.

2015 REVIEW

Total divisional revenue rose by 21% to

R257 million

(2014: R213 million).

Percentage of total revenue (excluding Strate *ad valorem* fees): 13%.

EQUITY DERIVATIVES MARKET

Equity derivatives revenue rose by 18% to

R173 million

(2014: R147 million) because of the increase in value traded.

Value traded rose to R6.6 trillion (2014: R4.9 trillion), an 11% increase.

The number of contracts traded rose by 78% to 448 million (2014: 202.3 million).

Equity derivative futures performed strongly, with a monthly average value traded of R26.5 billion – 10% more than the R24 billion average traded in 2014.

Index futures value traded is up by 11% from R6 trillion to R6.6 trillion.

Foreign participation in index futures by number of contracts traded increased by 4% year-on-year to 11 million.

Substantial foreign participation in can-dos, at 33%, well surpassed the 15% participation of the previous year.

A bigger appetite for the JSE's international derivative (IDX) product range resulted in IDX value traded more than doubling (2015: R44 billion; 2014: R21 billion).

CURRENCY DERIVATIVES MARKET

Currency derivatives revenue rose by 48% to

R34 million

(2014: R23 million) largely owing to the restructuring of the billing model.

The number of contracts traded increased by 1% year-on-year to 45.1 million (2014: 44.6 million).

Value traded increased by 17% to R604 billion (2014: R515.2 billion)

The US dollar/rand contract remains the largest contributor to volumes traded in the market.

INTEREST RATE MARKET

Interest Rate Market revenue rose by 14% to

R50 million

(2014: R44 million) because of increased nominal value traded.

Bond Market volumes rose by 21% to a nominal value of R23 trillion in 2015 (2014: R18.8 trillion).

The number of interest rate derivatives contracts traded rose by 13% to 5.7 million (2014: 5 million).

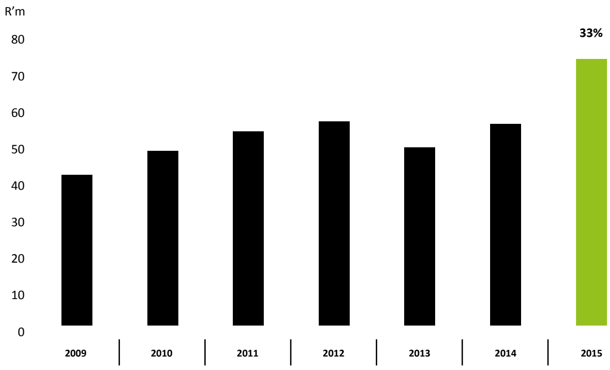
Open interest in the Interest Rate Derivatives Market as at 31 December 2015 rose by 54% to 696 991 contracts from 453 330 contracts in 2014.

The JSE launched the new Eris methodology for interest rate swaps on 31 August 2015. This product is intended to replicate the economics of OTC swaps in a capital-efficient way, using futures.

Looking ahead to 2016

- Product innovation remains a driver for growth in all of the Financial Derivatives markets. The JSE will continue to progress its multi-asset-class integrated trading requirements.
  - Progress is being made with the migration of the Equity Derivatives and Currency markets to the same trading engine as the JSE's Equity Market and to a new clearing engine. This will leverage the JSE's investment in advanced trading technology. This decision forms part of the JSE's commitment to an integrated trading and clearing vision.
- The team will close out on sourcing technology for an electronic trading platform (ETP) for government bonds.
- There will also be a focus on simplifying billing models and market maker incentive programmes to enhance on-screen liquidity.
- The JSE sees important opportunities related to the real economy, debt cap raising in the local currency, and refinancing renewable energy transactions.

Commodity Derivatives Market



How money is made

- A fee per contract traded, based on the underlying instrument, and generates revenue.
- A fee collected per ton of grain physically delivered also contributes to revenue.

2015 IN REVIEW

Revenue rose by 33% to

R73 million

(2014: R55 million) because of the increased number and value of contracts traded.

Percentage of total revenue (excluding Strate *ad valorem* fees): 4%.

The number of contracts traded increased by 28% to 3.5 million (2014: 2.7 million), with a daily record high of 34 000 recorded in February 2015.

Daily average contracts traded increased by 28% to 13 900 (2014: 10 900).

Value traded rose by 53% to R749.4 billion (2014: R490.5 billion).

Switched the 10-ton yellow and white maize (mini-maize) contract from physical settlement to cash settlement.

Listed the Euronext milling wheat futures contract.

Introduced a 1 000 kg cash-settled beef carcass contract.

Announced cooperation with the Zambian Commodity Exchange (ZAMACE), where electronic warehouse receipts were issued using the same warehouse receipt platform as the JSE. The aim is to introduce derivative contracts on Zambian grain early in 2016.

Looking ahead to 2016

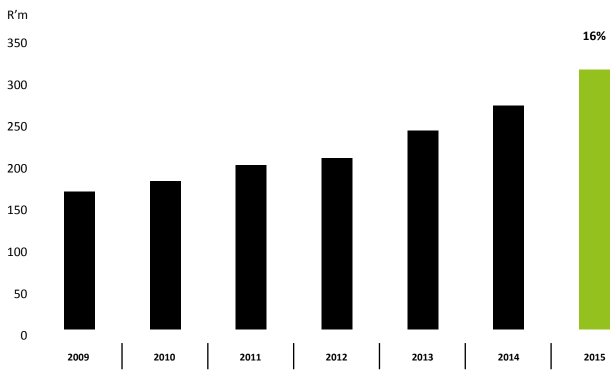
- The team will focus on introducing the Zambian contracts and will embark on an education campaign in Zambia to maximise participation in a deliverable white maize, wheat and soya bean contract.
- The JSE will continue to explore ways to provide financial participants with access to a South African commodity index as a diversified investment alternative.
- The JSE will seek to progress the idea of a weather derivatives offering and will work with market participants to introduce a limited number of base weather products. The Exchange remains ready and available to facilitate the trading and transfer of carbon credits within its existing technology base.

Trading and Market Services (TMS)

Division responsibilities

- TMS includes Trading Services, the Client Service Centre, Market Services (which includes BDA), Business Continuity and Client Data.
- Back-Office Services (also called the Broker Deal Accounting (BDA) system) gives the JSE world-class surveillance capabilities, allowing the JSE to see certain transactions to client level in real time. Equity members are mandated to use the system. The system keeps the securities records and books of individual broking firms and of their clients. It also enables the Exchange to provide settlement assurance for central order book equity transactions.

Back-Office Services (BDA)



How money is made

- Revenues for Back-Office Services are somewhat linked to the number of equity transactions that take place on the Cash Equity Market.
- BDA fees are mostly charged on a per BDA transaction basis, with connectivity, subscription and dissemination fees being charged differently.
- The JSE reduced the BDA fee by 20%. This change was implemented on 31 August 2015.

2015 IN REVIEW

Revenue rose by 16% to

R311 million

(2014: R268 million), partially linked to Equity Market transaction volumes.

Percentage of total revenue (excluding Strate *ad valorem* fees): 15%.

The JSE continues to make changes to BDA to facilitate regulatory compliance and to introduce requirements for offerings such as the tax-free savings accounts (TFSAs).

Looking ahead to 2016

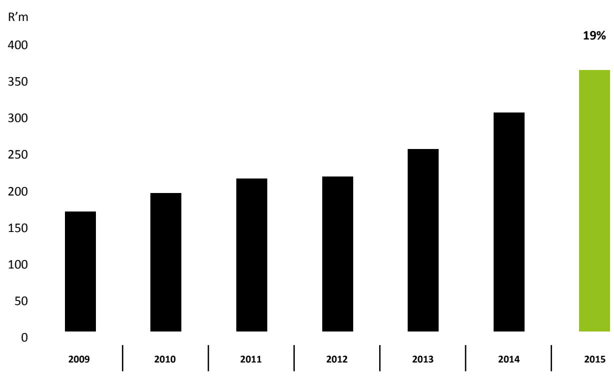
- The JSE will continue maintaining BDA in addition to making the significant changes required to achieve T+3, improve functionality and meet increasing regulatory demands.

Post-Trade and Information Services (PTIS)

Division responsibilities

- PTIS includes Market Data, Group Economics, Public Policy, Indices, Business Intelligence Analytics, and Valuations and Risk Management. It is also responsible for clearing and settlement assurance for the Equity Market and for managing the Group's derivatives clearing business (the JSE Clear central counterparty (CCP)).
- Market Data provides financial market participants with fast, reliable and accurate information as well as investable index solutions. The division promotes and sells live, statistical, historical and end-of-day data for all JSE markets. It is also responsible for licensing all JSE indices as well as promoting and selling colocation services.

Risk Management



How money is made

- Risk Management revenue reflects only the value-based Equity Market clearing and settlement fees, which were set at 0.0036, with a maximum fee per transaction leg of R137, for 2015.
  - The value-based fee will remain in place for 2016 and the cap will increase by less than inflation, from R137 to R145 per trade.
- Though Risk Management revenues are linked to the number of equity transactions that take place on the Equity Market, the increase in clearing and settlement revenues did not track equity trading activity exactly, because of the different caps applied to equity trading and clearing (both of which are value-based, but at different pricing points).
- Although the division risk manages the clearing of derivative transactions, the JSE does not bill separately for this service. Derivative transactions are billed using a per contract fee, which is accounted for in the Bonds and Financial Derivatives division.

2015 IN REVIEW

Revenue rose by 19% to

R357 million

(2013: R299 million).

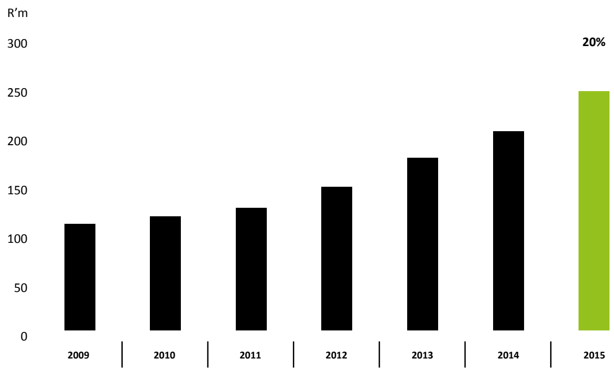
Percentage of total revenue (excluding Strate *ad valorem* fees): 18%.

The JSE's top priority project to reduce the settlement cycle from five days to three progressed well.

Looking ahead to 2016

- Phase 3 of the T+3 project will be implemented between 25 June and 23 July 2016.
- There will be a continued focus on various initiatives to strengthen the on-exchange clearing business, including revising the equity risk model and making risk enhancements to the CCP, as well as revising valuation services.
- The integrated clearing solution for all markets is progressing well and will be implemented over the next four years. This solution will introduce real-time clearing and will enable a central point of risk management across markets. Benefits from this technology include real-time risk management and non-cash and dollar collateral.
- The JSE continues to make enhancements to the sophistication of post-trade risk and capital management in all markets.

Market Data



How money is made

- Revenue is generated by licensing data for all markets and passively tracking products on indices as well as charging a fee per user or terminal and non-display usage for algo participants.

2015 IN REVIEW

Revenue rose by 20% to

R245 million

(2014: R204 million), owing to new business.

Percentage of total revenue (excluding Strate *ad valorem* fees): 12%.

61 new clients have signed up for Market Data products: (31 local clients and 30 international clients).

28 new non-display clients.

An additional five racks in the colocation centre were sold.

The derivative data solution was delivered to the UK point of presence (PoP).

Looking ahead to 2016

- To grow revenue, the JSE will continue to diversify across client segments, data products and services, geographically and across all markets, with a continued focus on expanding its international client base.
- There will be a focus on broadening the product range across all markets. The JSE will launch new indices, as well as new indices data products and services.

THE JSE'S TRANSFORMATION JOURNEY

THE BOARD, EXECUTIVE MANAGEMENT AND SENIOR MEMBERS OF THE JSE

Recognise and understand that transformation is a moral and strategic business imperative

Embrace the challenge of being a progressive and transformed organisation

Value equity, fairness and diversity, and are

Active participants in the journey to drive the appropriate mindset and behaviour

Most notable progress recorded during the year under review in the following areas	
Employment equity	Black senior managers doubled
	Black female senior managers almost tripled
Skills development	Skills spend has increased by 67%
Learnerships	29 learnerships implemented in 2015, contributing to the JSE talent pipeline
Procurement	Procurement policy and processes redesigned

Employment equity

Management	# AIC black	December 2014	December 2015 (unaudited)	% increase
Senior	# Black	8	16	100
	# Black females	3	8	167
Middle	# Black	99	122	23
	# Black females	43	55	28

Skills development

Developmental stats	# AIC black	December 2014	December 2015 (unaudited)	% increase
Skills spend	# Black	R4.3 million	R6.3 million	47
	# Black females	R0.9 million	R3.7 million	311
Number of learnerships	# Black	7	29	314
	# Black females	1	18	1 700

Procurement

Procurement spend	December 2014	December 2015 (unaudited)	% increase
All black suppliers	R388 million	R513 million	32
Black EMEs and QSEs*	R56 million	R81 million	45
50% black owned	R18 million	R59 million	327
30% black female owned	R18 million	R53 million	294

** EME stands for exempt micro-enterprise; QSE stands for qualifying small enterprise.*

Total number of employees 506

Total number of black employees 308

Total number of black female employees 162

Total number of female employees 261

Total number of male employees 245

Transformation strategy

The Board, executive management and senior members of the JSE recognise that transformation is a moral and strategic business imperative and embrace the challenge of being a progressive and transformed organisation. The Board values equity, fairness and diversity in the business, and seeks to provide meaningful work opportunities for all JSE employees. The Board views itself as an active participant in addressing the socioeconomic challenges faced by South Africa, and aims to create prosperity for all South Africans.

The Board believes that this mindset will ensure that the JSE's transformation efforts are focused in areas that will broaden the talent pool, develop people, improve stakeholder relationships, such as in enterprise and supplier development, and support procurement initiatives.

OWNERSHIP	Increase black ownership in JSE Limited on a sustainable and economically viable basis over time
MANAGEMENT CONTROL	Continue building a transformed Board and Exco over time
EMPLOYMENT EQUITY	Drive progressive integrated people plans
SKILLS DEVELOPMENT	Implement strategic talent management initiatives
PROCUREMENT AND ENTERPRISE AND SUPPLIER DEVELOPMENT	• Procurement: Embed preferential procurement practices • Supplier development: Identify fit-for-purpose supplier development opportunities • Enterprise development (ED): Maintain current ED initiative and seek fresh ED beneficiaries in 2016
CONSUMER EDUCATION AND SOCIOECONOMIC DEVELOPMENT	Retain JSE Investment Challenge as flagship consumer education (CE) project with feeder socioeconomic development (SED) initiatives

OUR STRATEGY

reflects an integrated approach to transformation

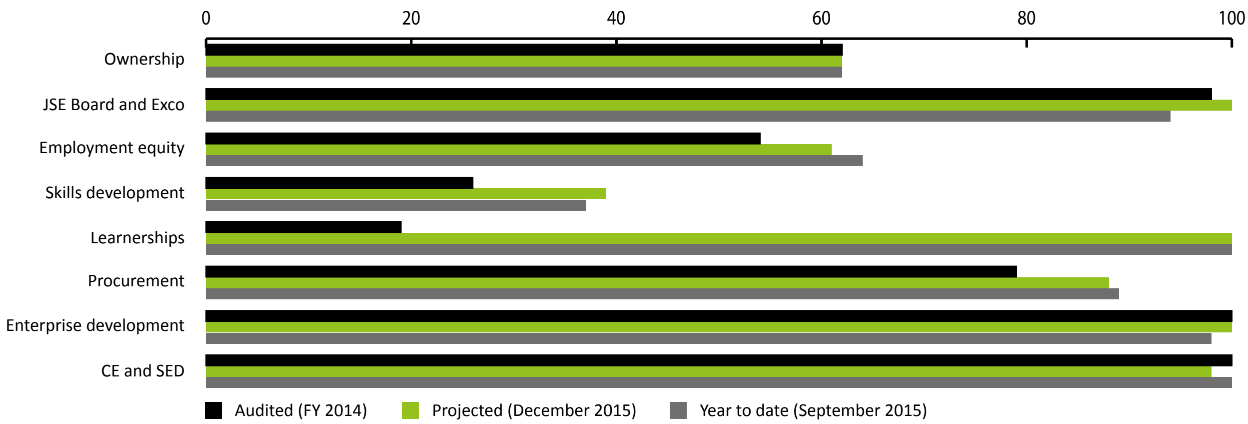
across our business

is value adding

and empowers our stakeholders

BBBEE measurement under the Financial Sector Code

During the period under review, the Board approved a revised transformation strategy focused on delivering the above outcomes and is confident that the JSE will regain its level 3 BEE status in respect of the 2015 financial period. The strategy was designed to yield the best possible rating under the Revised Financial Sector Code (RFSC) in respect of future financial periods.



	2014 Audited	BOY 2015 JSE Projected	EOY 2015 Unaudited
Total aggregate %	72%	79%	80%
BEE status	Level 4 achieved	Level 3 anticipated	Level 3 anticipated

Remaining challenges

Ownership	The JSE already has a core black ownership following the BEE scheme that was implemented when the JSE listed in 2006. Looking ahead, the Board and the executive management team will seek to improve black and black women ownership of the JSE. The Board has tasked the executive management team with keeping abreast of the issues at hand and finding meaningful, sustainable and economically viable solutions that are broad-based, allow for sufficient black employee representation and are inclusive of the JSE's major stakeholders.
Retention of staff	Natural attrition is part and parcel of business life. • Unforeseen changes at Board/Exco and senior management level • Natural attrition of black staff • Employee training fatigue • Loss of persons participating in learnerships
Procurement	JSE suppliers may experience challenges in achieving empowering supplier status

Looking forward to 2016

Key assumptions	Things to continue	Things to do
RFSC applicable in 2016	Maintain/improve representation at Board/Exco	Progress ownership discussion
High watermark principle continues to apply	Maintain/improve representation at senior and middle management levels	Disburse skills spend in line with new RFSC categories
JSE's approved 2015 transformation strategy to continue for FY2016	Maintain 29 learnerships	Disburse approved procurement spend in line with the new RFSC categories
		Seek and implement fresh ED initiatives
		Implement new supplier development initiatives
		Disburse CE and SED spend in line with new RFSC categories

Recent changes in financial sector

It is likely that the Revised Financial Sector Code (RFSC) will be gazetted for implementation during 2016. Management will remain abreast of developments.

The JSE is part of a working group that has actively contributed to the FSC alignment process.

GOVERNANCE

Ethical Board leadership

- In 2015, the Board continued to discharge its fiduciary duties, to act in good faith, with due diligence and care, and in the best interests of the JSE and all its stakeholders. It does this within the context of the Companies Act, 71 of 2008, the JSE's memorandum of incorporation, the JSE Listings Requirements and the King Code principles (King III).
- Through these practices, the directors are able to contribute to the future sustainability of the Company; enhance long-term shareholder value creation and ensure that other key stakeholders, such as clients, employees, regulators and suppliers, benefit from ongoing success.
- The JSE's philosophy of Board leadership is premised on the principle that the running of the Board and the executive responsibility for the running of the Exchange's business are two separate and distinct tasks. Consistent with this approach, the roles of Chairman and CEO are separate, with specific responsibilities divided between them, and there is a clear division of responsibilities between these two roles to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, or can dominate the Board's decisions. Only decisions of the Board acting as a unitary body are binding on the CEO.
- The Board retains full and effective control over all the companies in the Group and assumes overall responsibility for the JSE's compliance with the applicable legislation and governance provisions.

Application of the King Code principles (King III)

The JSE Board regards corporate governance as fundamentally important to the achievement of the JSE's mission, its financial objectives and the fulfilment of its corporate responsibilities. The Board is committed to applying the King III core governance principles, which prescribe accountability, integrity, fairness and transparency in all of the JSE's business dealings with its stakeholders.

The directors confirm that the Company applied the principles as set out in King III, in particular focusing on explanations for any departure or non-compliance, where practical and appropriate, for the period under review. This enables stakeholders to evaluate how the principles were applied and assess statements of the extent of compliance or non-compliance. The full King III narrative statement can be found at *http://www.jsereporting.co.za/ar2015/download_pdf/kingIII-report-2015.pdf*. This governance report sets out the key governance principles adopted by the directors in governing the Company.

Tenure and composition of the Board

LENGTH OF SERVICE (YEARS)			
0-3	**4-6**	**7-10**	**>10**
Dr M Jordaan@	NP Mnxasana@	N Nyembezi-Heita@	AM Mazwai@
Dr SP Kana@	Dr M Matooane@	D Lawrence@	NG Payne@
Dr L Fourie#	A Takoordeen#		AD Botha@
			NF Newton-King#
			LP Parsons^
			JH Burke^

COMPOSITION	
3	executive directors
8	independent non-executive directors
1	non-independent non-executive director
12	directors
2	alternate directors

@ *Non-executive directors.*
# *Executive directors.*
^ *Alternate directors.*

Gender diversity of the Board

Black	Black female	Female
50%	33%	50%

The Board is made up of a majority of independent non-executive directors. The Board is headed by a Chairman who is elected from the non-executive directors. As at December 2015, there were three executive directors: a chief executive officer (CEO), a chief financial officer (CFO) and an executive director (responsible for Post-Trade and Information Services).

The Board is satisfied with the progress achieved to date in reflecting diversity at Board level, including the Board's gender composition.

Corporate Governance matters addressed by the Board during 2015

COMPOSITION OF THE BOARD OF DIRECTORS	• Mr Sam Nematswerani retired from the Board, after chairing the Audit Committee since 2005, at the JSE's Annual General Meeting (AGM) held on 21 May. • On recommendation by the Nominations Committee, the Board appointed Dr Suresh Kana as a non-executive director with effect from 1 July 2015, following his retirement as senior partner of PwC Africa.
COMPOSITION OF THE BOARD COMMITTEES	• The Nominations Committee recommended changes to the various board committees in November 2014. These changes were approved by the Board, which implemented the following changes with immediate effect after the AGM held on 21 May 2015: – Nigel Payne was appointed as chairman of the Audit Committee. Nigel relinquished his role as chairman of the Risk Committee, but remains a member of the Risk Committee and the Self-Regulatory Organisation (SRO) Oversight Committee. – Dr Suresh Kana, who joined the Board on 1 July, was also appointed as a member of the Audit Committee, effective on the same date. – Dr Mantsika Matooane, who has been a non-executive director since 2012 and a member of the Risk Committee, was appointed as the chairman of the Risk Committee. – Nomavuso Mnxasana, who has been a non-executive director since 2012, was appointed to the Human Resources, Social and Ethics (HRSE) Committee and the SRO Oversight Committee. She remains a member of the Audit Committee. – David Lawrence, a non-executive director since 2008, was appointed to the Nominations Committee. He remains a member of the Risk Committee and the HRSE Committee.
BOARD SUCCESSION	• Dr Leila Fourie, executive director responsible for the JSE's Post-Trade and Information Services (PTIS), indicated that she will be leaving the JSE in mid-2016. • The JSE will use this considerable lead time to enable a smooth succession of Dr Fourie's executive responsibilities to Dr Alicia Greenwood, who has been appointed from 1 February as director of PTIS. Dr Greenwood will not join the Board.
DIRECTOR INDUCTION AND DEVELOPMENT	• One of the outcomes of the 2014 Board evaluation process was directors expressing the need for a formal programme to induct incoming directors and to provide for the ongoing education and awareness of existing directors. • A formal director induction programme was approved by the Board during August. The chairman encouraged directors to take up the opportunity to attend the formal programme through arrangement with the Company Secretary. • The programme was designed to be flexible enough to cater for an individual director's particular knowledge, background, experience and skills, thus focusing on areas of development. • Dr Suresh Kana was the first director to participate in the new programme. • Regarding ongoing director development, the Board was kept abreast of the following: – Twin peaks; – Bond trading; and – Economic capital.
BOARD EVALUATION	• During October, the Board engaged an external service provider to conduct and report on the effectiveness of the Board and the operation of the Board Committees. • The results of this effectiveness review were presented to the Nominations Committee and to the Board. The Group Company Secretary will address the findings from this review in conjunction with the Chairman and CEO.
DELEGATION OF AUTHORITY (DOA) FRAMEWORK	• A revised delegation of authority (DoA) framework was approved by the Board in August for immediate implementation, following endorsement by the JSE Exco and JSE Board Audit Committee. The revised DoA framework significantly improved upon its predecessor in that a clear and comprehensive set of operating guidelines in respect of authorities delegated by the Board was communicated to management.

NED EMOLUMENTS	• As required by the Companies Act, every two years the emoluments of non-executive directors (NEDs) are required to be approved by shareholders in an annual general meeting. Following input from management and external advisors, the HRSE Committee has recommended the fee structure for the next two-year period to the Board. The Board has endorsed the new fee structure and recommends that shareholders consider and approve such at the annual general meeting to be held on 26 May 2016. • The Board adopted a policy on NED shareholding in the Company, in terms of which policy all NEDs are encouraged to hold shares in JSE Limited, equivalent in value to the annual Board retainer. This is an elective rather than a mandatory policy. As at December 2015, three NEDs comply with this elective policy.
ANNUAL GENERAL MEETING (AGM)	• The Board recommends to shareholders to consider and approve at the next AGM, that Dr Suresh Kana, Mr Anton Botha, Mr Andile Mazwai and Mr David Lawrence, who retire by rotation, being eligible and having offered themselves for re-election, be reappointed to serve on the JSE Board. • The Board recommends to shareholders to consider and approve at the next AGM, that Mr Nigel Payne (Audit Committee chairman), Mr Anton Botha, Ms Nomavuso Mnxasana, Dr Suresh Kana and Mr Andile Mazwai be elected as members of the Audit Committee for the JSE Group for the ensuing year. • The Board has set the date for the eleventh annual general meeting of shareholders of the JSE. This will be held on Thursday, 26 May 2016, at the registered office of the Company, One Exchange Square, 2 Gwen Lane, Sandown. • The Board has determined and set the following record dates applicable to registered shareholders for 2016: – 4 March 2016: To receive the AGM notice together with the integrated annual report. – 18 March 2016: To be eligible to receive the dividends declared by the Board. – 20 May 2016: To be eligible to participate and vote either in person or by proxy at the 2016 AGM.

BOARD OF DIRECTORS

1. Nonkululeko Nyembezi-Heita (56)
Independent non-executive chairman
BSc; MSc; MBA

Number of years served as director: 6 years 9 months

Non-executive director of Old Mutual plc, Macsteel International Holdings BV, CEO of IchorCoal N.V.

Appointed to the Board in 2009

2. Nicky Newton-King (49)
Chief executive officer
BA LLB; LLM

Number of years served as director: 10 years 9 months

Director of JSE-related companies. World Economic Forum Young Global Leader; Yale World Fellow 2006.

Appointed to the Board in 2005
Appointed CEO in January 2012

3. Aarti Takoordeen (36)
Chief financial officer
BCompt (Hons); CTA; CA(SA)

Number of years served as director: 3 years 1 month

Appointed CFO in March 2013

4. Dr Leila Fourie (47)
Executive director of Post-Trade Services
Number of years served as director: 1 year 8 months

MCom (Economics); PhD (Economic and Financial Services)

Director of JSE-related companies.

Chairman of Clearing Advisory Committee, director of Strate and JSE Clear.

Appointed to the Board in 2014

5. Anton Botha (62)
Independent lead non-executive director
Number of years served as director: 10 years 9 months

BCom (Hons); BProc; Stanford Executive Programme

Director and co-owner of Imalivest; non-executive director of Sanlam Ltd and African Rainbow Minerals Ltd; chairman of Vukile Property Fund Ltd.

Appointed to the Board in 2005

6. Andile Mazwai (44)
Independent non-executive director
Number of years served as director: 10 years 9 months

BCom (Hons)

Chief executive officer of National Stokvel Association of South Africa (NASASA).

Appointed to the Board in 2005

7. Nigel Payne (56)
Independent non-executive director
Number of years served as director: 10 years 8 months

BCom (Hons); HDip (Acc); CA(SA); Certified Internal Auditor; MBL

Independent non-executive chairman of Mr Price Group Ltd. Independent non-executive director of Bidvest Group Ltd, Vukile Property Fund Ltd, BSI Steel Ltd and Strate (Pty) Ltd.

Appointed to the Board in 2005

8. David Lawrence (64)
Non-executive director
Number of years served as directors: 7 years 11 months

BA; MCom

Deputy chairman of Investec Bank Ltd. Director of various companies.

Appointed to the Board in 2008

9. Dr Mantsika Matooane (40)
Independent non-executive director
Number of years served as director: 3 years 7 months

BSc (Maths); PhD (Comp Sc); MBA

Group executive (Information Management) at Transnet SOC Ltd. Non-executive director of NMG Consultants and Actuaries (Pty) Ltd.

Appointed to the Board in 2012

10. Nomavuso Mnxasana (59)
Independent non-executive director
Number of years served as director: 3 years 4 months

BCompt (Hons); CA(SA)

Non-executive director of Nedbank Group Ltd, Pareto Ltd, Winhold Ltd, Land and Agricultural Development Bank of South Africa, Telkom Ltd, Optimum Coal Holdings Ltd, Atterbury Investment Holdings Ltd and other investee companies.

Appointed to the Board in 2012

11. Dr Michael Jordaan (48)
Independent non-executive director
Number of years served as director: 2 years 3 months

MCom (Economics); PhD (Banking Supervision)

Chief executive officer of Montegray Capital (Pty) Ltd; chairman of Mxit SA (Pty) Ltd.

Appointed to the Board in 2014

12. Dr Suresh Kana (61)
Independent non-executive director
Number of years served as director: 9 months

CA(SA); MCom; PhD (Honorary)

Retired CEO and territory partner of PwC Africa. Non-executive director of Murray & Roberts Holdings Ltd and Illovo Sugar Ltd, Chairman of Imperial Group Ltd.

Appointed to the Board in 2015

Alternate directors and Group Company Secretary

13. Leanne Parsons (50)
Director of Trading & Market Services
Number of years served as director: 10 years 9 months

BCom

Director of JSE-related companies.

Appointed to the Board in 2005

14. John Burke (50)
Director of Issuer Regulation
Number of years served as director: 10 years 9 months

BCom (Hons); HDip (Corporate Law)

Chairman of the Issuer Services Advisory Committee; member of the King Committee on Corporate Governance; director of the Institute of Directors.

Appointed to the Board in 2005

15. Graeme Brookes (48)
Group Company Secretary
Number of years served: 1 year 8 months

BCom

Director of JSE-related companies.

Appointed Group Company Secretary in 2014

MEMBERS OF THE EXECUTIVE COMMITTEE

1

2

3

4

5

1. Nicky Newton-King (49)
Chief executive officer
Number of years in service: 19 years, 10 months

Number of years as CEO: 4 years, 3 months

BA LLB, University of Stellenbosch, LLM, University of Cambridge.

Director of JSE-related companies.

World Economic Forum Young Global Leader; Yale World Fellow 2006.

2. Aarti Takoordeen (36)
Chief financial officer
Number of years in service: 3 years, 2 months

Number of years as CFO: 3 years, 1 month

BCompt (Hons), CTA, University of South Africa, (CA)SA.

Appointed in February 2013

3. Dr Leila Fourie (47)
Director of Post-Trade Services
Number of years in service: 4 years, 1 month

MCom (Economics), University of Johannesburg, PhD (Economic and Financial Services).

Director of JSE-related companies.
Chairman of Clearing Advisory Committee, Director of Strate and JSE Clear.

Appointed in March 2013

4. Riaan van Wamelen (46)
Chief information officer
Number of years in service: 7 years, 11 months

BCom (Hons) (Informatics), University of Pretoria, MBA, Stellenbosch.

Appointed in May 2008

5. Graeme Brookes (48)
Director of Governance, Risk and Compliance and Group Company Secretary
Number of years in service: 6 years, 9 months

Number of years as Director: GRC: 1 year, 9 months

BCom, University of the Witwatersrand.

Director of JSE-related companies.
Appointed as Group Company Secretary in August 2014

6. Leanne Parsons (50)
Director of Equity Market
Number of years in service: 19 years

Number of years as director of EM: 10 years, 9 months

BCom, University of South Africa.

Chairman of the Equity Trading Advisory Committee; member of the Risk Management Committee.

Appointed in March 1997

7. John Burke (50)
Director of Issuer Regulation (alternate director of the JSE Board)
Number of years in service: 19 years

Number of years as director of IR: 10 years, 9 months

BCom (Hons) Investment Management, HDip Corporate Law, RAU (now University of Johannesburg).

Chairman of the Issuer Services Advisory Committee; member of the King Committee on Corporate Governance; director of the Institute of Directors; member of the Takeover Regulation Panel

Appointed in March 1997

8. Zeona Jacobs (52)
Director of Issuer and Investor Relations
Number of years in service: 3 years, 7 months

Diploma: Business Management, Damelin; Diploma: Management Advancement Programme, Wits Business School.

Chairman of the Johannesburg Social Housing Company.

Appointed in September 2012

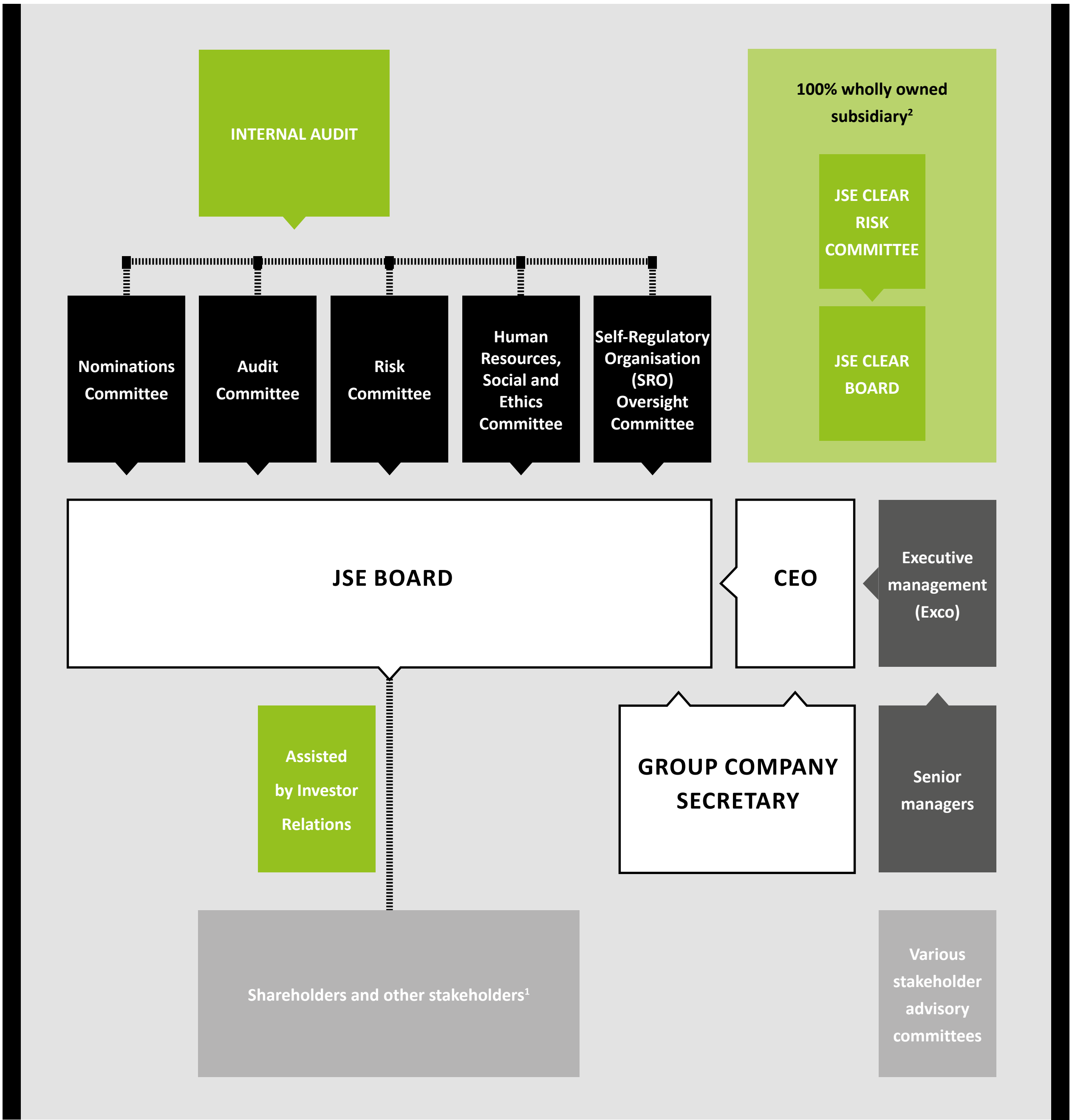
9. Donna Oosthuyse (58)
Director of Capital Markets
Number of years in service: 1 year, 8 months

MA in Comparative Area Studies/ Economics – Cum Laude (Georgetown University, Washington DC); BA in Latin American Studies/Economics (Duke University Durham, North Carolina).

Member of the New Products Committee and Risk Committee by invitation; Board Member of AMCHAM, Operation HOPE and Junior Achievement.

Appointed in August 2014

Governance structure



Notes:
[1] The JSE's regulator, the FSB, is invited to attend any Board and Board committee meetings.
[2] JSE Clear subsidiary.
The chairman of the JSE Clear board, who is the CEO of the JSE, reports on all JSE Clear material matters to the JSE Board.
In terms of the JSE Clear board charter, the management of the business of JSE Clear is outsourced to the JSE and overseen by the Responsible Officer (RO), who also has executive management responsibility for the Post-Trade and Information Services division and is also an executive director on the JSE Board.

Independence of the Board of Directors

DEFINITION	ASSESSMENT	OUTCOME
The independence of the JSE's non-executive directors is measured according to the following definition from King III: "An independent director should be independent in character and judgement and there should be no relationships or circumstances which are likely to affect, or could appear to affect, this independence. Independence is the absence of undue influence and bias, which can be affected by the intensity of the relationship between the director and the company rather than any particular fact such as length of service or age."	An assessment of the independence of the directors (and a more rigorous assessment for those directors who have served longer than nine years) was conducted in 2015. During the period under review, the Board is once again satisfied that there are no relationships or circumstances likely to affect, or appear to affect, the directors' judgements and that their independence is not impaired by their length of service.	With the exception of one non-executive director, the Board considers all of its non-executive directors to be independent. Refer to the directors' report for non-executive directors' interests in JSE Limited.

Lead independent director

The Chairman of the Board is supported by the lead independent director, specifically in scenarios where the Chairman is conflicted. The lead independent director conducts an annual informal evaluation of the Chairman. All directors are encouraged to raise any matters of concern with the Chairman, or with the lead independent director, where the matter directly involves the Chairman.

Evaluation of JSE Board effectiveness

Each year, the Board undertakes an assessment of its effectiveness as well as that of the Board committees and the individual directors.

These evaluations involve one-on-one engagements between the Chairman and individual directors, as well as meetings with relevant stakeholders such as the Financial Services Board. In alternate years, an independent advisor assists with the assessments. The Chairman is supported in the evaluation process by the lead independent director and the Group Company Secretary. All directors are encouraged to raise any matters of concern with the Chairman, or with the Lead Independent Director, if the matter directly involves the Chairman.

For the 2015 year, the Board appointed an outside independent service provider to undertake the evaluation process and provide insights and recommendations to the Board. The results of this independent effectiveness review were presented to both the Nominations Committee and the Board in November 2015.

In overall terms, the directors are of the view that the Board is functioning well, is effective and is independent. The Board will continue to strive for a balance between trust in executive management and challenging management's views, and to ensure there is space for fresh perspectives on the risks and opportunities facing the JSE.

Five-year history of retirement of directors by rotation

In terms of article 12.6.1 of the JSE's memorandum of incorporation, at least one-third of all directors are required to retire by rotation each year. Retiring directors, if eligible, may be re-elected by shareholders. At the next annual general meeting, to be held on Thursday, 26 May 2016, shareholders will be asked to confirm the reappointments as shown below. Refer to the online notice of AGM *http://www.jsereporting.co.za/ar2015/download_pdf/notice-agm-2015.pdf* for further details of directors.

NEXT AGM 2016

S Kana
D Lawrence
A Mazwai
A Botha

FIVE-YEAR HISTORY OF RETIREMENT OF DIRECTORS BY ROTATION

2015	2014	2013	2012	2011
L Fourie	N Newton-King	A Botha	N Payne	A Mazwai
A Takoordeen	A Mazwai	M Johnston	N Nyembezi-Heita	A Botha
N Mnxasana	N Payne	D Lawrence	K Combi	W Luhabe
M Matooane	N Nyembezi-Heita	S Nematswerani		G Serobe

Appointment of directors

The company has a formal and transparent policy regarding the appointment of directors to the board.

NOMINATIONS

The nomination of directors is delegated to the Nominations Committee, which makes recommendations to the Board. The Nominations Committee proposes directors to the Board on the basis of their skills, knowledge and experience, and gender diversity appropriate to the strategic direction of the JSE. Knowledge of JSE business, gained over time, ensures continuity and enhances the direction that the Board provides to the JSE executive.

BOARD

The Board considers all recommendations put forward by the Nominations Committee before making an appointment.

SHAREHOLDERS

In accordance with article 12.6.2 of the JSE's memorandum of incorporation (MOI), the Board tables approved nominations for confirmation at the next annual general meeting of shareholders.

- The Nominations committee will first consider a proposed director's CV and do the necessary interviews to establish the integrity and skills of the person and ensure that the person has not been disqualified from being a director. In most instances an external head-hunting firm is contracted to perform the required reference checks.
- The Nominations committee ensures that all statutory requirements for the appointment are complied with and that the new director is properly briefed on his/her roles. The Group Company Secretary assists the committee in discharging these duties.
- Non-executive directors are required to sign a letter of appointment, setting out all salient terms of their engagement, including but not limited to key responsibilities, time commitment, committee service, outside interests, director evaluation and remuneration.

Director induction and development

The objective of the induction programme is to provide all new directors with the information they require in order to be effective in their role as a director of JSE Limited. In line with King III, the induction programme is a formal process and is supplemented with ongoing education. The programme equips new directors with the requisite knowledge of company strategy, risks, operations and industry perspectives, thus enabling them to participate and be fully effective from their first Board meeting. Existing members of the JSE Board are encouraged to attend to stay abreast of new developments.

Director induction programme

THE PROCESS

On appointment, directors undergo a formal induction programme and are provided with electronic access to all relevant reading material aimed at facilitating their understanding of the JSE, the business environment and the markets in which it operates.

New directors are expected to make additional days available during the first year of appointment to undergo the induction programme.

The programme is delivered via a series of meetings and/or presentations with executive members of management or their designated representatives.

Directors are expected to attend all mandatory modules and are required to familiarise themselves with the supporting mandatory content.

TIMING AND LOCATION

The programme is tailored to cater for individual directors' knowledge, taking into account each director's background, knowledge, experience and skills.

The programme is delivered over a number of days or half days, depending on directors' availability. Mandatory modules are scheduled to be completed prior to directors attending their first Board meeting.

All meetings and presentations, site visits and events that are part of the programme take place at the JSE offices in Sandton.

THEMES AND KEY LEARNING OBJECTIVES

1. **Strategy, structure and stakeholders of the JSE:** Building an understanding of the group structure, history, business model, corporate strategy and scorecard, material issues, risks and stakeholders.
2. An **overview of JSE key business areas** and how they make money:
   - **Capital Markets (Primary Market):** Listing companies and other instruments
   - **Capital Markets (Secondary Market):** Providing markets to trade equity; bonds and financial derivatives; and commodity derivatives. A separation in vertical services (across trading, clearing and settlement) while achieving horizontal integration in those services across the various markets of the JSE.
   - **Trading and Market Services:** Back-Office Services as an enabler to the Exchange's world class surveillance activities.
   - **Post-Trade and Information Services:** Equity risk management, a new integrated clearing solution for all markets (ITaC). Market Data provides licenses for the use of data or indices (sale of live, statistical, historical and end-of-day data for all JSE markets).
   - **Technology:** A view of the JSE's top priority projects. Progressing the move of the Equity Market to a three-day settlement cycle (T+3) and the integration of trading and clearing platforms (ITaC). Migration of all markets to a single trading and clearing platform as a fundamental strategy to provide all markets with high capability trading and clearing venues.
   - **Human Resources:** Building and retaining motivated, settled and productive staff to tackle the JSE's demanding priorities.
   - **Self-regulatory organisation (SRO):** Understanding how the JSE maintains the strong regulatory framework that its listed companies are subject to, while monitoring and enforcing compliance as necessary.
3. **JSE sustainability journey**: An overview of the sustainability context (the need to build a resilient organisation that is positioned for the future) and what it means for the Group's ability to create value in the longer term.
4. **JSE transformation journey:** A review of the existing transformation strategy.
5. **JSE remuneration narrative:** Remuneration philosophy, policies and practices in supporting the achievement of the JSE's business goals.
6. **JSE governance, risk and compliance**, with key focus areas on the governance structure, enterprise risk management, internal audit and Board meeting procedures.
7. **JSE sponsor director induction** focuses on the JSE Listings Requirements and the director's fiduciary duties and responsibilities.
8. **Ongoing education and awareness:** Directors' fiduciary duties and responsibilities, staying abreast of the JSE's regulatory landscape; and providing access to subject matter relevant to the JSE business.

Board and Board committee meetings

The Board is required to meet a minimum of four times a year and more frequently, should circumstances require. The Board also participates in an annual Board strategy session. Meetings are conducted according to a formal agenda, with supporting documentation delivered to directors at least six days prior to the scheduled meetings. The Board may form, and delegate authority to, committees and may delegate authority to one or more designated members of the committees.

The Board has established a number of standing committees to facilitate efficient decision-making and to assist the Board in the execution of its duties, powers and authority. Members of each standing committee and its chairman are nominated by the Board and the committee as a whole must have sufficient qualifications and experience to fulfil the duties of the committee. The duties and responsibilities of the members of each committee are in addition to those assigned to them as members of the Board. Each committee of the Board acts in terms of its mandate and has access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

A summary of attendance at Board and Board committee meetings during 2015 is shown below.

Director attendance

			Board committees					
	Status of director*	Board	Audit	Risk	HRSE	IoF	SRO	Nom
Number of scheduled meetings held during the year		4**	3	3	5	3	3	2
N Nyembezi-Heita (chairman of Board; Nominations)	INED	4	3[1]	2[1,3]	5		1[1]	2
NF Newton-King (CEO)	ED	4	3[1]	3	5[1]			2[1]
A Takoordeen (CFO)	ED	4	3[1]	3[1]		3[1]		
Dr L Fourie	ED	4						
AD Botha (chairman of HRSE)	INED	4	3		5			2
NG Payne (chairman of Audit)	INED	4	3	3			3	
AM Mazwai (chairman of SRO)	INED	4		3	4[3]	3	3	
DM Lawrence	NED	3[3]		3	5			1[4]
Dr MA Matooane (chairman of Risk)	INED	4		3			1[1]	
NP Mnxasana	INED	4	2[3]		0[3,4]		2[4]	
Dr M Jordaan	INED	4						
Dr SP Kana	INED	2[5]	2[5]	2[1,5]			2[1,5]	
LV Parsons (alternate)	ED	4						
JH Burke (alternate)	ED	4						

Invitee attendance

(These persons are not entitled to vote on any matter at the meeting)	Board	Board committees					
		Audit	Risk	HRSE	IoF	SRO	Nom
Number of scheduled meetings held during the year	4**	3	3	5	3	3	2
Financial Services Board representative	4	2	3			3	
Investment advisors					3		
CIO			3				
Internal Audit		3	3				
Head of Trading and Market Services			3				
Head of Issuer Regulation						3	
Head of Market Regulation						3	
Head of Post-Trade and Information Services			3				
Head of Human Resources				4			
Head of Capital Markets			3				
GA Brookes (Group Company Secretary)	4	3	3	5	3	3	2

** INED = independent non-executive director, NED = non-executive director and ED = executive director.*
*** A board strategy session was held on 22 May 2015 in addition to the four scheduled meetings.*
1 Attendance is by invitation only.
2 Away on JSE business.
3 Apologies received for not being able to attend.
4 Appointed to committee with effect from 21 May 2015.
5 Appointed with effect from 1 July 2015.

Nominations Committee report

Prepared by its independent chairman: N Nyembezi-Heita

COMPOSITION

(i) Independent non-executive directors	*(ii) Non-executive director*	*(ii) Invited to attend*
N Nyembezi-Heita **AD Botha**	**DM Lawrence**	**CEO** **Group Company Secretary**

TWO MEETINGS WERE HELD

- Required to hold sufficient scheduled meetings, subject to a minimum of two meetings per year.
- Quorum is a majority of members present.

SUMMARY OF RESPONSIBILITIES

- Assist the Board to ensure that it has the appropriate composition for it to execute its duties effectively.
- Ensure that directors are appointed through a formal process.
- Ensure that induction and ongoing training and development of directors take place.
- Ensure that formal succession plans for the Board are in place.
- Identify suitable candidates with the appropriate skills for election to the Board.
- Review the size, structure and composition of the Board and Board committees, including the achievement of gender and demographic equity.
- During the year under review, the committee reconsidered the composition of the Board.
- No authority to appoint directors, but makes recommendations for consideration by the Board and shareholders.

DURING THE YEAR, THE COMMITTEE

- assessed, reviewed, and recommended to the Board for approval the appointment of Dr Suresh Kana as an independent non-executive director with effect from 1 July 2015.
- recommended to the JSE shareholders to re-elect JSE directors who retire by rotation and to re-elect the members of the Group Audit Committee.
- recommended that the oversight role of the Investment of Funds Committee be conducted by the Audit Committee, that Mr Andile Mazwai become a member of the Audit Committee with effect from 1 January 2016 and that the Audit Committee mandate be updated.
- reviewed the key findings from the independent Board effectiveness review.
- reviewed management's executive succession planning.
- oversaw an updated director induction and awareness programme.
- complied with its terms of reference.

The chairman attended the annual general meeting to respond to any questions related to the committee.

IN THE YEAR AHEAD, THE COMMITTEE

- will consider the matters identified for improvement in the Board effectiveness review and implement actions to address them.
- will continue to advise the Board on the appropriate mix of skills and experience that should be represented on the Board in order for the Board to be able to execute its duties effectively.

Human Resources, Social and Ethics (HRSE) Committee report

Prepared by its independent chairman: AD Botha

COMPOSITION

(i) Independent non-executive directors	*(ii) Non-executive director*	*(iii) Invited to attend*
AD Botha **N Nyembezi-Heita** **AM Mazwai** **NP Mnxasana**	**DM Lawrence**	**CEO** **Director of HR** **Group Company Secretary**

The online remuneration report constitutes the committee's formal remuneration report-back to shareholders. The remuneration policies of the JSE as set out in the online report are subject to a non-binding advisory vote by shareholders at the annual general meeting on 26 May 2016. The HRSE committee recommends that shareholders review the online remuneration report at *http://www.jsereporting.co.za/ar2015/remuneration.asp*, and vote in favour of the JSE's remuneration policies at the annual general meeting.

FIVE MEETINGS WERE HELD

- Required to hold sufficient scheduled meetings, subject to a minimum of three meetings per year.
- Quorum is a majority of members present.
- No members of the HRSE committee have any day-to-day involvement in the management of the JSE.

SUMMARY OF RESPONSIBILITIES

REMUNERATION OVERSIGHT

Responsible for all strategic human resource issues facing the JSE.

Assists the Board in ensuring that the Company remunerates directors, executives and staff fairly and responsibly.

Ensures that the disclosure of director remuneration is accurate, complete and transparent.

SOCIAL AND ETHICS STATUTORY OVERSIGHT ROLE:

- Responsible for the social and ethics mandate prescribed by the Companies Act.

DURING THE YEAR, THE COMMITTEE

assessed, reviewed, and recommended to the Board for approval:

- corporate and CEO performance scorecards for 2015.
- the CEO's annual bonus awards for 2014.
- the discretionary bonus for 2014 for Exco members and other staff.
- the JSE's remuneration policies and practices for inclusion in the JSE integrated annual report.
- the strategic metric for allocation number 5 and 6 as proposed by management.
- the proposed cash awards for 2015 under the critical skills scheme.
- the proposed elective policy regarding non-executive director emoluments to be paid in JSE shares.
- the sabbatical policy for senior executives.

The chairman attended the annual general meeting to respond to any questions related to the committee.

In addition to performing an oversight role in relation to statutory duties, reviewed progress and recommended to the Board for approval:

- the transformation strategy for 2015
- the transformation dashboard to monitor ongoing quarterly reviews of the JSE's transformation progress under the FSC BEE scorecard.

The JSE's full remuneration report is published in online format only, and can be found at http://www.jsereporting.co.za/ar2015/download_pdf/remuneration-report-2015.pdf

The JSE's full social and ethics report is published in online format only, and can be found at *http://www.jsereporting.co.za/ar2015/download_pdf/social-ethics-report-2015.pdf*

IN THE YEAR AHEAD, THE COMMITTEE

- will review Social and Ethics Committee requirements in detail at the July 2016 meeting of the committee.
- will deliberate on a proposed Minimum Shareholding Requirement for executives.

Self-Regulatory Organisation (SRO) Oversight Committee report

Prepared by its independent chairman: AM Mazwai

COMPOSITION

(i) Independent non-executive directors	*(ii) Invited to attend*
AM Mazwai	**FSB representative**
NG Payne	**Head of Market Regulation**
NP Mnxasana	**Head of Issuer Regulation**
	Group Company Secretary
	Dr SP Kana
	Dr MA Matooane

South Africa has a strong self-regulatory model, with the allocation of a number of regulatory functions to self-regulatory organisations (SROs). One aspect of the operation of SROs that continues to receive ongoing attention, both internationally and locally, is the management of actual and perceived conflicts of interest within an SRO, particularly the mechanisms that SROs have employed in dealing with those conflicts between their commercial and regulatory functions.

As an SRO, the JSE seeks to demonstrate its commitment to its regulatory duties in compliance with the requirements of the Financial Markets Act, 2012 (FMA). The FMA places further scrutiny on the management of conflicts of interest. In particular, the Financial Services Board determines certain requirements to be adhered to in relation to the types of arrangements that need to be put in place to ensure that conflicts of interest are handled appropriately.

The JSE also considers its obligations regarding regulation and its commercial interests to be closely aligned, in that well-regulated markets are key to the provision of fair, efficient and transparent markets and the fulfilment of the JSE's commercial objectives.

The committee oversees the SRO activities of the JSE and serves as an independent check on the appropriateness of the JSE's SRO activities and the manner in which conflicts of interest are managed by the JSE. It also creates a reporting line between the SRO focused divisions of the JSE, Issuer Regulation and Market Regulation, and the Board. The committee reports to the JSE Board at least twice a year and it has broad powers to require input from the heads of the regulatory-focused divisions and the JSE staff. Members of the committee recuse themselves when a matter being discussed involves information that could give rise to a potential conflict of interest.

THREE MEETINGS WERE HELD

- Required to hold sufficient scheduled meetings subject to a minimum of two meetings per year.
- Quorum is a majority of members present.

SUMMARY OF RESPONSIBILITIES

- Review the arrangements, resources and infrastructure maintained by the JSE to ensure they are sufficient to fulfil the JSE's obligations under the FMA, as referred to in paragraph 2.1 of the mandate, and to report to the JSE Board on its conclusions.
- Monitor and report to the JSE Board on the implementation of the procedures and measures put in place by the JSE to meet its obligations in respect of its own listing, as referred to in paragraph 2.2 of the mandate above.
- Review the enforcement and disciplinary action undertaken by the JSE and report to the JSE Board on whether the JSE has applied its regulations fairly and cooperated with the Financial Services Board and other SROs to investigate and enforce the applicable laws and regulations.
- Report to the JSE Board on whether the JSE has appropriately managed actual and perceived conflicts of interest in relation to its SRO functions and has avoided using its regulatory authority to allow itself or any market participant to gain an unfair advantage.
- Report to the JSE Board on whether the JSE has followed professional standards of behaviour on matters such as confidentiality and procedural fairness in performing its SRO activities.

DURING THE YEAR, THE COMMITTEE

- continued to examine and review the JSE's regulatory function to the extent required to fulfil its statutory obligation as a self-regulatory organisation. It found the function to be satisfactory in all material forms.
- made its annual report to the Board and the FSB on the effectiveness of the policies and measures that are in place to manage potential conflicts of interest between the JSE's commercial and regulatory functions.
- considered and approved the Issuer Regulation conflicts of interest policy.
- considered and approved the Market Regulation conflicts of interest policy.
- reviewed and submitted its updated terms of reference and committee workplan to the Board for approval.
- complied with its terms of reference.

The chairman attended the annual general meeting to respond to any questions related to the committee.

IN THE YEAR AHEAD, THE COMMITTEE

- will continue to fulfil its responsibilities as set out above, with a particular focus on managing conflicts of interest that may result from the JSE fulfilling its regulatory function.

Risk Committee report

Prepared by its independent chairman: Dr MA Matooane

COMPOSITION

(i) Independent non-executive directors	(iii) Other members	(iv) Invited to attend
Dr MA Matooane **NG Payne** **AM Mazwai** *(ii) Non-executive directors* **DM Lawrence**	**CEO**	**FSB representative** **N Nyembezi-Heita** **Dr SP Kana** **Director: Governance, Risk and Compliance** **CIO** **CFO** **Head of Trading and Market Services** **Head of Post-Trade and Information Services** **Head of Capital Markets** **Internal Audit** **Group Company Secretariat**

The Board is ultimately responsible and accountable for the governance of risk, focusing on establishing, maintaining and monitoring the effectiveness of the processes, policies and plans of risk management and systems of internal control. See page 49 – 51 for more information on the governance of risk. The committee works closely with the Governance, Risk and Compliance division (including the internal audit function), the Audit Committee and the Executive Committee to oversee the management of risk at the JSE. This collaboration has ensured a thorough understanding of the risks accepted by the JSE in pursuance of its objectives.

THREE MEETINGS WERE HELD

- Required to hold sufficient scheduled meetings, subject to a minimum of three meetings per year.
- Additional meetings may be convened at the request of any one of the members of the committee.
- Quorum is a majority of members present.

SUMMARY OF RESPONSIBILITIES

- Assist the Board with the identification, assessment, evaluation and monitoring of actual and potential risk areas as they pertain to the JSE and the mitigation of each risk.

DURING THE YEAR, THE COMMITTEE

- reviewed the strategic and business model considerations, objectives, scope and budget for the ITaC programme.
- approved the proposed internal audit plan for 2015 and reviewed the work undertaken by the Internal Audit function.
- recommended to the Board for approval that management should increase the JSE's liquidity facilities for JSE Clear.
- reviewed its terms of reference and committee workplan for 2016.
- complied with its terms of reference.
- was comfortable that the overall level of risk management at the JSE remains solid and continues to improve.
- was satisfied with the effectiveness of the system and process of risk management and believes that appropriate action is being taken to mitigate risk where it is cost-effective to do so.

The chairman attended the annual general meeting to respond to any questions related to the committee.

IN THE YEAR AHEAD, THE COMMITTEE

- will continue to assist the Board with the identification, assessment, evaluation and monitoring of actual and potential risk areas as they pertain to the JSE and the mitigation of such risks.

Investment of Funds Committee report

Prepared by its independent chairman: AM Mazwai

COMPOSITION

(i) Independent non-executive directors	*(ii) Invited to attend*
AM Mazwai	**CFO** **Group Company Secretary** **Investment advisors**

THREE MEETINGS WERE HELD

- Required to hold sufficient scheduled meetings, subject to a minimum of two meetings per year.
- Quorum is a majority of members present.

SUMMARY OF RESPONSIBILITIES

- Facilitate the management of funds held by the following entities and funds held by such other entities as the Board of the JSE may determine from time to time:
  - The Guarantee Fund Trust;
  - The Derivatives Fidelity Fund Trust;
  - The Benevolent Fund; and
  - The BESA Guarantee Fund Trust.
- Set, and from time to time amend, the benchmarks to be achieved by the investment manager appointed by the JSE Board.
- Negotiate and agree the fee to be levied by the investment manager.
- Monitor that the investment manager achieves the agreed benchmark and, in the event that the investment manager does not achieve the benchmark, take the appropriate remedial action.

DURING THE YEAR, THE COMMITTEE

- reviewed and amended its terms of reference to be aligned with the revised delegation of authority policy approved by the Board in August 2015.
- reviewed the annual financial statements of the investor protection funds and recommended these to the Audit Committee and the Board for approval.
- complied with its existing terms of reference.

IN THE YEAR AHEAD

- This committee's oversight role will be performed by the Audit Committee from 2016.

Company Secretary

The JSE's Group Company Secretary plays a pivotal role in the functioning of the Board, ensuring that all directors have full and timely access to the information that helps them to perform their duties and obligations properly, and enabling the Board to function effectively. He is responsible for the duties set out in section 88 of the Companies Act and for ensuring compliance with the JSE Listings Requirements and providing guidance and assistance in line with King III. All directors have unlimited access to the Group Company Secretary.

The Group Company Secretary, GA Brookes, is not an executive director of the JSE, nor is he related to or connected to any of the directors. The appointment and removal of the Group Company Secretary is a matter for the Board as a whole.

The Board confirmed that the Company Secretary is suitably qualified. In addition to his role as Group Company Secretary, GA Brookes also serves as the executive responsible for governance, risk and compliance (GRC), and reports to the chief executive officer. Refer to page 35 for his biography.

In compliance with paragraphs 3.84(i) and (j) of the JSE Listings Requirements, the performance of the Group Company Secretary is monitored by the chief executive officer and formally assessed by the Board on an annual basis. The Board and the chief executive officer are satisfied that the Group Company Secretary:

- is competent, suitably qualified and experienced;
- has the requisite skills, knowledge and experience to advise the Board on good governance;
- maintains an arm's length relationship with the Board and the directors; and
- has discharged his responsibilities for the period under review.

In reaching their assessment, the Board and the chief executive officer have considered and concluded:

- Explicit independence: There is no direct or indirect relationship between the directors and the Group Company Secretary; and
- Implicit independence: The company secretariat is properly resourced, and the Group Company Secretary has provided advice and guidance to the Board across the period under review in an independent and objective manner in accordance with the principles of King III, the JSE's Board charter and its code of ethics.

The Group Company Secretary is accountable to the chairman of the Board, and his specific responsibilities include:

Company Secretary key duties

PROVIDE

counsel and guidance to the Board, Board committees and the Executive Committee on their individual and collective powers and duties, as well as in matters relating to governance, sustainability, legal compliance, transformation and ethics.

INDUCT

new directors. This includes a briefing on their fiduciary and statutory duties and responsibilities (including those arising from the JSE Listings Requirements), as well as induction sessions held at the JSE's offices.

COLLATE AND DISTRIBUTE

relevant information such as Board meeting agenda items, corporate announcements, investor communications and information relating to any other developments affecting the JSE or its operations.

RENDER

ongoing support and resources to enable directors to extend and refresh their skills, knowledge and understanding of the JSE Group, and of proposed changes to laws and regulations affecting the Group.

ASSIST

the Chairman with the annual evaluation of the effectiveness of the Board.

FACILITATE

professional and skills training where required and access to all information and independent advisors as required by the Board.

RISK

Philosophy

2015 has seen the JSE enterprise risk function further mature as well an improvement in the interaction between the risk and internal audit functions as a result of changing the reporting structure. The risk and internal audit functions maintain independence to ensure appropriate lines of defence, but information sharing is benefiting both functions. JSE enterprise risk forms part of the governance, risk and compliance division.

Risk management is not about eliminating risk but rather about managing how much risk the entity is prepared to and does accept as it strives to create value.

The JSE enterprise risk function supports enterprise objectives by evaluating itself against the JSE enterprise risk philosophy, outlined in six principles:

SUPPORTS ENTERPRISE OBJECTIVES AND INCORPORATES OPPORTUNITIES

A risk view must be provided in the context of achieving business goals and objectives. Risk must not only be seen as a hazard (possibility of a negative event) but must also incorporate the context of recognising the inherent relationship between risk and return through opportunities.

APPROPRIATE FOR THE JSE

Only applicable components will be used from best practices to ensure that its risk practices are fit for purpose for the JSE while still meeting any legal and regulatory requirements. All risk management activities will be within the context of the JSE risk appetite.

OPERATES EFFECTIVELY

The measure of a risk process lies in its ability to focus on and execute the appropriate risk response strategy (transfer, mitigate, accept or avoid) for every major exposure. Risk management must also be embedded into the way the JSE operates.

IS CONSISTENT AND VALIDATED

Risk processes incorporate not only management perspectives but also the judgement of risk management and independent assurance (audit) views.

MUST ADD VALUE

Risk management must not simply be a function that exists to meet governance, legal and regulatory requirements and provide reporting, but must add value, where appropriate, to the enterprise through the application of insight and skills.

ACCOUNTABILITY MUST BE CLEARLY DEFINED

Because risk management operates across governance, compliance and specialist risk and business management functions, clear accountability areas must be defined in order to avoid duplication of effort or unmanaged areas.

Roles and responsibilities

JSE Board and Risk Committee

King III indicates, and the JSE subscribes to the fact, that the Board should:

- be responsible for the governance of risk;
- determine the levels of risk tolerance;
- delegate to management the responsibility to design, implement and monitor risk management;
- ensure that risk assessments are performed continually;
- ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks;
- ensure continual risk monitoring by management;
- receive assurance regarding the effectiveness of the risk management process; and
- ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.

The JSE Board has constituted the Risk Committee to assist with the discharging of its duties and responsibilities with regard to risk management. Enterprise risk management oversight is provided by the JSE Board Risk Committee by monitoring the implementation of the JSE risk framework and driving corrective actions.

RISK (continued)

Approach

Enterprise risk reporting has been enhanced to align with enterprise objectives by tracking risk areas in relation to the JSE strategic vision and reporting them in that format to the JSE Board Risk Committee. This report is compiled using the existing JSE risk profile supported by underlying risk methodologies that incorporate ISO 31000 principles. Risk reporting has been emphasised to ensure the right focus and discussions at the JSE Board Risk Committee as well as to continue to ensure that the business drives risk management in its operations.

These areas are actively managed by the JSE and tracked formally by the JSE risk team.

Risk-based compliance with laws, rules, codes and standards

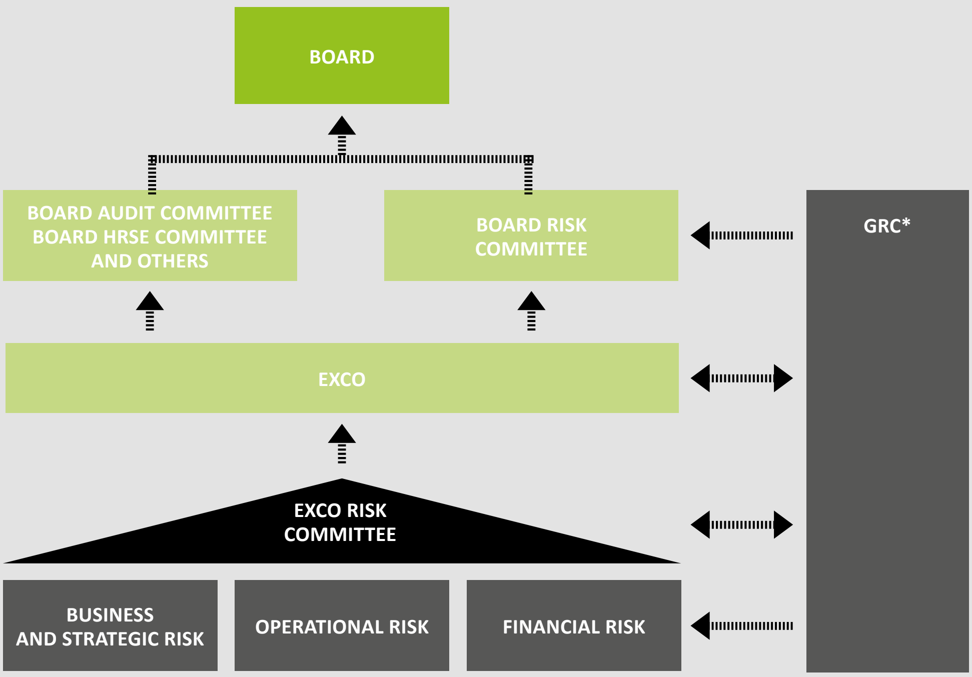
Compliance remains a focus area for the JSE. The JSE has continued with its risk based compliance approach. Compliance is an ongoing focus for the JSE and inherently part of the JSE's DNA because of its regulatory culture. During 2016 the GRC Division will focus on formally maturing the JSE compliance profile.

JSE site management risk

JSE occupational health and safety requirements have been further embedded into the way the JSE operates after assessments carried out in 2015.

Information security

In the previous annual report, it was noted that a formal information security office was established under the CIO. An approved information security programme now addresses the governance, risk, compliance, process, people and technology aspects of information security. A number of new technical and non-technical security controls have been implemented successfully during 2015 and more are planned for 2016. The security controls are being implemented to mitigate information risk and to improve the JSE's overall information security posture. The security controls are part of a defence-in-depth strategy to ensure the confidentiality, integrity and availability of the JSE's information assets. The status and efficiency of security controls are continuously managed, monitored and reported through an information security management system (ISMS) that provides ongoing assurance of an adequate security posture. The JSE information security programme is aligned with information security best practices, includes cybercrime defences and considers the efforts of the JSE's counterparts through participation in the WFE's Global Cyber Security Working Group.



*Governance, Risk and Compliance division, including Enterprise Risk Management and Internal Audit.

Risk reporting

Risk reporting is submitted to the Exco Risk Committee. Exco receives risk reporting prior to it being submitted to the JSE Risk Committee. This reporting flows into Board reporting (including the Board receiving the JSE Risk Committee minutes). The reporting structure supports the specialist team's oversight function by allowing, in extreme cases, for independent escalation to the JSE Risk Committee on items where agreement on reporting could not be reached through the management reporting structures.

Oversight

The JSE enterprise risk team has also increased its oversight activities in order to bolster the risk lines of defence for the JSE. This is over and above risk reporting. The close cooperation with Internal Audit has also facilitated this.

Oversight areas include:

- Strategic projects;
- IT governance;
- Information security;
- Business continuity; and
- Information governance.

Compliance statement

The JSE recognises its accountability to all its stakeholders under legal and regulatory requirements applicable to its business and is committed to high standards of integrity and fair dealing in the conduct of its business. The JSE is committed to complying with both the spirit and the letter of the applicable requirements and to always acting with due skill, care and diligence. The JSE Board is ultimately accountable to its stakeholders for overseeing compliance requirements. The Board is aware that compliance risks are the loss of reputation, fines, civil claims, and/or the loss of authorisation by regulators, which could jeopardise the business of the JSE.

The responsibility to facilitate compliance throughout the JSE has been delegated to the director of Governance, Risk and Compliance, who manages the risk and compliance function. Currently, the risk function fulfils the enterprise compliance role. An updated risk-based compliance framework is in the process of being workshopped across all business units. PricewaterhouseCoopers (PwC) will assist in the design and finalisation of the compliance framework and advise on minimum requirements that the JSE should consider for setting up a compliance function. In 2017, PwC will review the progress made during 2016 and provide assurance thereon.

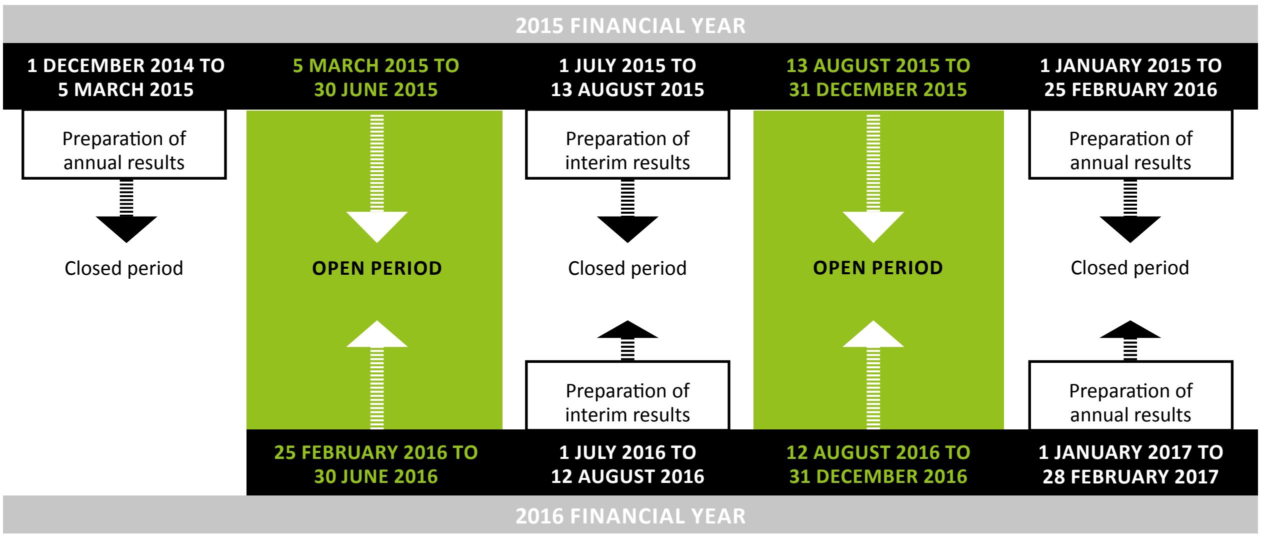
While the risk function currently assists the various business units with reviewing, monitoring and recording the necessary and required compliance, JSE business units and all members of staff remain primarily responsible for compliance with the applicable laws, rules, codes and standards. The Policy Steering Committee, comprising staff at all levels from all business units, is tasked with the initial approval of internal JSE policies by round robin coordinated by the risk team. JSE executive management is the final approver of policies recommended by the Policy Steering Committee.

Internal Audit plays a critical role in highlighting any areas of potential non-compliance. During the year under review, there were no contraventions or fines.

Dealing in Company securities and insider trading

A dealing policy is in place for employees and directors dealing in JSE shares. These rules prohibit directors and employees from dealing in JSE shares when they possess price-sensitive information. Dealing is permitted only during two limited open periods of the year immediately following the release of the annual and interim financial statements. Directors and employees may not deal during other periods. A director may not deal in JSE shares without obtaining prior written approval from the Chairman of the Board or, failing her, the CEO. In the case of the Chairman of the Board, approval must be obtained from the lead non-executive director or, failing him, the CEO.

A dealing policy is also in place for employees and directors dealing in all listed securities other than JSE shares. Prior approval for these transactions is mandatory. Staff members in excluded divisions are prohibited from dealing in any listed securities as a result of their ongoing exposure to company information. Refer to the directors' report for a listing of dealings by directors and prescribed officers.



Conflicts of interests and interests in contracts

During the year under review, none of the directors, executives or employees had any significant interest in any material contract or arrangement entered into by the Company or its subsidiaries and associates.

POLICY	MITIGATION	WHO AFFECTED
Controls the disclosure of: • interests in contracts to avoid any potential conflicts of interest; or • other appointments. Where appropriate, persons who disclose the above potential conflicts of interest are required to recuse themselves from the affected discussions and decisions.	This disclosure is critical to assess and mitigate any potential conflict in fiduciary duties.	All directors, executives, senior managers and all employees.

Anti-corruption approach

APPROACH	YEAR UNDER REVIEW
The JSE does not engage in, accept or condone engaging in any illegal acts, including but not limited to any form of bribery, facilitation payments, political donations or any corruptive practice in the conduct of its business. **The Board's policy is to actively pursue and encourage the prosecution of perpetrators of fraudulent and other illegal activities, should it become aware of such acts.** **A strict zero-tolerance approach has been adopted.**	**No fraud misdemeanours, bribery or corruptive practices were reported during the period under review.**

Our approach to privacy legislation

The risk team engaged PwC to independently assess the JSE's readiness for the protection of private information (PoPI) provisions. A series of divisional workshops facilitated by PwC is under way, aimed at identifying gaps in compliance with PoPI provisions and creating awareness among all staff. PwC will create a roadmap of the outcomes from the PoPI workshops that will map out the significant gaps in high-risk areas of the JSE information systems.

Ombudsman for JSE complaints and disputes

Creation of ombudsman	During the year under review
• On 21 February 2007, the JSE was authorised in terms of section 14(a) of the Financial Services Ombud Scheme Act (Ombud Act) to operate a financial services ombud scheme in terms of the Ombud Act.	• The monitoring body of the scheme confirms that it complied with its constitution and provisions and with the Ombud Act.
• The rules applicable to the scheme are set out in the Rules of the JSE. The rules regulate the resolution of complaints and disputes between authorised users and clients, and authorised users and authorised users.	• One case was raised in 2015. Proceedings will begin in the new year. An ombudsman judge has been appointed for the case.
• The Ombud Act requires that a monitoring body be appointed by the scheme to monitor the ongoing compliance of the scheme. The monitoring body of the scheme is the JSE Exco.	
• Through the scheme, the JSE is able to facilitate the resolution of complaints that are made by or against clients and authorised users in a timely and cost-effective way that eliminates the need for either party to resort to legal proceedings.	
• Section 16(1)(b) of the Ombud Act requires the monitoring body of the scheme to confirm that, insofar as it is required to, the scheme has, during the period under review, complied with its constitution and provisions and with the Ombud Act.	

Tax reporting and compliance

During the year under review, there were no contraventions or fines with respect to tax compliance across all tax types for all Group entities. Where complex treatment is required as a result of tax law amendments, tax opinions are sought from external experts in order to ensure correct treatment and full compliance.

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Declaration in terms of the Companies Act, 71 of 2008 (Companies Act)

The preparation of these financial statements has been supervised by the chief financial officer, Aarti Takoordeen, CA(SA), in terms of section 29 and 30 of the Companies Act. The financial statements have been audited in compliance with the applicable requirements of the Companies Act.

JSE DIRECTORS' RESPONSIBILITY STATEMENT

For the year ended 31 December 2015

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of the JSE Limited, comprising the statements of financial position at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether owing to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of the JSE Limited, as identified in the first paragraph, were approved by the Board of Directors on 25 February 2016 and signed by:

N Nyembezi-Heita
Chairman

N Newton King
Chief Executive Officer

DECLARATION BY COMPANY SECRETARY

For the year ended 31 December 2015

The JSE Limited has complied with all statutory and regulatory requirements in accordance with the Financial Markets Act, and all directives issued by the Financial Services Board. In terms of section 88 of the Companies Act, as amended, I hereby confirm that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

GA Brookes
Group Company Secretary

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

Prepared by its chairman, Nigel Payne

COMPOSITION	INVITED TO ATTEND
Independent non-executive directors:	**Chairman of the Board**
Nigel Payne	**CEO**
Anton Botha	**CFO**
Nomavuso Mnxasana	**Group Company Secretariat**
Dr Suresh Kana	**Internal Audit**
	External Auditors
	Financial Services Board

Summary of the Audit Committee's responsibilities in terms of the Companies Act and King III

Finance function	External auditor and external audit	Financial statements/ Integrated report	Internal financial control/Internal audit	Complaints
Appropriateness and expertise of CFO	Nominate independent auditor for appointment	Review all financial reports	Responsible for appointment, performance and assessment of the internal audit function	Regarding accounting practices and internal audit
Appropriateness and expertise of senior members of the finance team	Determine terms of engagement and fees	Prepare report on how duties are discharged	Approve internal audit plan	Regarding content or audit of financial statements
Annual review of the finance function	Approve nature and extent of non-audit services	Make submissions to Board regarding accounting policies, records and reporting	Make submissions to Board regarding internal financial control	Regarding internal financial controls
		Have regard for factors and risks affecting integrity of integrated report		Any related matters
	Sections 90-92; 94	Section 94	Section 94	Section 94
King III Principles	King III Principles	King III Principles	King III Principles	King III Principles

Oversight role

underpinned by combined assurance model

Composition and meeting procedures	Primary roles and responsibilities

Composition and meeting procedures

- During the year under review, three Audit Committee meetings were held.
- The Audit Committee is composed of its chairman, who is an independent non-executive director, and three other independent non-executive directors, thus satisfying section 94(4) of the Companies Act.
- The Chairman of the Board, CEO, CFO, director of GRC, Company Secretariat, and representatives of the external auditors and Internal Audit, as well as the Financial Services Board, attend meetings by invitation.
- The committee is suitably skilled to perform the role required, as reflected in the table below. The collective skills of the committee include an understanding of financial and sustainable reporting, internal financial controls, the internal audit function, the external audit process, corporate law, risk management, IT governance as it relates to integrated reporting, and the governance processes of the Company. However, it is not expected that each member should possess all the required qualifications, skills and experience.
- The Chairman of the Board is not a member of the Audit Committee.

Primary roles and responsibilities

- The committee acts in accordance with its statutory duties, the delegated authority of the Board as recorded in its terms of reference, and within the guidelines of King III.
- The committee must prepare a report describing how it carried out its functions as specified in section 94(7) of the Companies Act.
- The committee has power to investigate any activity within the scope of its terms of reference.
- The committee has an independent role with accountability to both the Board and shareholders.
- The committee, in the fulfilment of its duties, may call upon the chairmen of other Board committees, any of the executive directors, officers or the Company Secretary to provide it with information. The committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

Appointment of Audit Committee/Audit Committee members

In terms of the Companies Act, at the annual general meeting of the Company, shareholders are required to approve Audit Committee members. The members who were approved by shareholders at the May 2015 annual general meeting and who serve until the next annual general meeting are:

Name	Qualification(s)	Director	Appointed by the Board in
Nigel Payne (chairman)	CA(SA)	Independent non-executive	July 2005
Anton Botha	BCom; BProc; BCom(Hons)	Independent non-executive	July 2005
Nomavuso Mnxasana	CA(SA)	Independent non-executive	December 2012
Dr Suresh Kana	CA(SA)	Independent non-executive	July 2015

During the year under review, the Board:

- elected Nigel Payne to succeed Sam Nematswerani. As a result, Nigel relinquished chairmanship of the Risk Committee but remains a member of that Board committee;
- appointed Dr Suresh Kana as an independent non-executive director and member of the Audit Committee with effect from 1 July 2015;
- is satisfied that the Audit Committee, acting as a collective, is adequately skilled to perform its role having regard to the size and circumstances of the Company;
- is satisfied that individual members of the committee possess appropriate qualifications, skills and experience to discharge their responsibilities; and
- is satisfied that all members shown in the table above meet the provisions of the Companies Act and are independent, and therefore recommends their re-appointment at the annual general meeting to be held on 26 May 2016.

In line with the Companies Act and the King Report, the Audit Committee presents its report for the financial year ended 31 December 2015. The committee has discharged all its responsibilities and carried out all the functions assigned to it. In particular, the committee did the following:

Responsibilities in terms of the Companies Act	How discharged
In respect of the finance function:	
Annually assessed and confirmed the appropriateness of the expertise and experience of the chief financial officer (CFO) and the appropriateness of the expertise, resources and experience of the senior members of management responsible for the finance function.	Applied at the meeting of the Audit Committee held on 10 February 2016, where the committee satisfied itself that the finance function was adequately and appropriately resourced.
Responsible for the appointment and dismissal of the CFO.	Not applicable for the year under review.
In respect of the external auditor and the external audit:	
Nominated for appointment as auditor of the Company a registered auditor who, in the opinion of the committee, is independent of the Company and determined their terms of engagement and fee [section 94(7)(a)and(b)].	At the 10 February 2016 meeting, the committee reviewed the independence of the external auditors and recommended KPMG Inc for appointment by shareholders at the AGM in 2016, with Joelene Pierce as the designated auditor. It also conducted an annual review of the terms of engagement and the fees to be paid.
Ensured that the appointment of the auditor complies with the applicable legislation [section 94(7)(c)].	Ensured that the appointment process complied with the statutory requirements. Refer to the 2015 and 2016 AGM notices *http://www.jsereporting.co.za/ar2015/download_pdf/notice-agm-2015.pdf*
Evaluated the independence, effectiveness and performance of the external auditors.	The Audit Committee reviewed the detailed audit report and findings in respect of the financial statement audit for the year ended 31 December 2015 as presented by KPMG Inc at the Committee meeting on 10 February 2016.
	The Audit Committee is satisfied that KPMG Inc remains independent of the Company. The external auditors continue to have unrestricted access to the Audit Committe and to its chairman.
Determined the nature and extent of non-audit services that the auditor may provide and pre-approved any agreement for the provision of these services by the auditor to the Company, or a related company. Approved the internal and external audit plan of the said services on the basis that the provision of the services does not affect the auditor's independence [section 94(7)(d)and(e)].	The JSE policy on audit and non-audit services was revised at the 13 August 2015 meeting of the JSE Board. This policy was applied for the 2015 year, and the Group Company Secretary tabled a report in respect of non-audit services for 2015 at the 10 February 2016 meeting of the Audit Committee. All non-audit services (as defined) provided by the external auditors in 2015 were in compliance with this approved policy.
In respect of the financial statements:	
Confirmed the going concern as the basis of preparation of the interim and annual financial statements.	Reviewed and recommended to the Board for approval. The Board has subsequently confirmed that the JSE is a going concern in the integrated annual report.
Reviewed the accounting policies and procedures adopted by the Group and the JSE and ensured that financial statements were prepared on the basis of appropriate accounting policies and International Financial Reporting Standards [section 94(7)(f)].	Applied.
	The CFO prepares financial statements in accordance with all applicable legislation and submits them to this committee for review. Recommended to the Board for approval.
Reviewed financial reports, which should encompass the annual financial statements, interim reports, preliminary or provisional results announcements, summarised integrated information, any other intended release of price-sensitive financial information and prospectuses, trading statements, circulars and similar documents.	Applied.
	At the first meeting of the year, the committee reviewed the full integrated annual report and recommended it to the Board for approval. The Board has subsequently approved the integrated annual report.
Reviewed the areas of focus in the financial statements.	The audit committee is of the view that there are no significant judgements involved in the preparation of the financial statements that could have a material impact on those financial statements. The audit committee also believes that the internal control system and governance structures that have been put in place have operated effectively throughout the year in order to ensure that there were no significant matters for the auditors to deal with during their audit of the financial statements or to report in their auditor's report.

Responsibilities in terms of the Companies Act	How discharged
In respect of internal control:	
Reviewed the effectiveness of management information, the annual audit, the internal audit function and other systems of internal control, ensuring that the internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its functions.	This role was performed in part by this committee and in part by the Risk Committee. Internal Audit forms part of the Governance, Risk and Compliance division. PricewaterhouseCoopers is contracted to assist the internal audit function in carrying out its duties and to ensure the required degree of independence. Internal Audit has a direct reporting line to both the Audit Committee and the Risk Committee.
Reported on the effectiveness of the internal financial controls and risk management.	This role was performed in part by this committee and in part by the Risk Committee.
Monitored the appropriateness of the Company's combined assurance model overseeing risk.	This role was performed in part by this committee and in part by the Risk Committee.
Ensured that the combined assurance from both internal and external assurance providers and management was sufficient to cover key risks facing the organisation.	This role was performed in part by this committee and in part by the Risk Committee.
Annually evaluated the nature and extent of the formal documented reviews of the design, implementation and effectiveness of the system of internal financial controls, which covered all significant areas of financial reporting.	Applied each year in consultation with the internal audit function and external auditor.
Other:	
Received and dealt with complaints and concerns from within and outside the Company relating to accounting practices and Internal Audit; the content or auditing of the financial statements; internal financial controls; or any other related matter [section 94(7)(g)].	No complaints were received.
Made submissions to the Board on any matter concerning the accounting policies, financial controls, records and reporting [section 94(7)(h)].	Applied.
The Audit Committee should be responsible for overseeing Internal Audit.	At its February meeting:
	• Approved the internal auditplan for 2015.
	• Reviewed and approved the internal audit charter.
	At its meeting on 10 February 2016, the Audit Committee reviewed the performance and effectiveness of the Internal Audit function for the 2015 year, and concurred with the assessment thereof by the CEO and by the Risk Committee.
The Audit Committee played an oversight role regarding a new delegation of authority framework proposed by management.	Reviewed and recommended to the Board for approval. The Board has subsequently approved the delegation of authority framework, effective 14 August 2015.
Annual review of terms of reference and workplan.	The committee was satisfied with the annual review of its terms of reference and submitted these to the Board for review and approval.
	Reviewed and submitted 2016 workplan to the Board for approval. The Board approved the 2016 workplan.
In the year ahead, the Audit Committee will:	• consider implementing a forecast process to enhance the JSE budgeting process;
	• execute the tender process for the external audit account; and
	• execute an oversight role in respect of the Investment of Funds mandate.

The committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost. The committee has decision-making authority with regard to its statutory duties and is accountable in this regard to both the Board and the shareholders. On all responsibilities delegated to it by the Board, apart from the statutory duties, the committee makes recommendations for approval by the Board.

The JSE continues to prepare Group accounts that comply with International Financial Reporting Standards and these responsibilities are discharged within an acceptable timeframe.

The Audit Committee's composition, purpose and duties are set out in the committee's charter. The Board approved the latest terms of reference at its November meeting and requested that, during 2016, the Audit Committee's terms of reference be updated to include the oversight role of the Investment of Funds Committee. As a consequence the Audit Committee proposed to the Board that Andile Mazwai join the Audit Committee as a member in 2016.

The chairman of the Audit Committee attends annual general meetings and is available to answer any questions.

N Payne
Chairman: Audit Committee

DIRECTORS' REPORT

The JSE's business

A description of the JSE's business, its value chain and Group structure is set out on pages 2 to 5.

The Company does not have a controlling shareholder and is managed by its directors for its stakeholders. The JSE Limited has its primary and only listing in South Africa on the securities exchange operated by the JSE.

Regulatory and supervisory structure

The Financial Services Board (FSB) is responsible for supervising the JSE's listing and regulates its ongoing compliance with the JSE Listings Requirements. During the year under review, the JSE complied with all its rules, Listings Requirements and procedures in a manner that warrants its continued listing and there were no conflicts of interest that were required to be referred to the FSB. To further mitigate the possibility of any potential conflict of interest, an SRO Oversight Board committee was set up in the last quarter of 2011. Its terms of reference have been refined to take into account the requirements of the Financial Markets Act and to report to the FSB where required. For more information on its mandate and function, refer to page 45.

Corporate governance

The governance report is set out on pages 31 to 53.

Financial results

The operating results and the state of affairs of the Company and the Group are fully set out in the attached statement of financial position and described in the CEO's statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto.

It should be noted that the JSE maintains the JSE Guarantee Fund Trust, the BESA Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust for investor protection purposes, as required under the Financial Markets Act. In view of the control that the JSE exercises over these trusts, the JSE is required to consolidate them into the results of the Group in terms of International Financial Reporting Standards.

Major operating subsidiary: JSE Clear (Pty) Ltd

JSE Clear (Pty) Ltd is a licensed associated clearing house in terms of the provisions of the Financial Markets Act, 19 of 2012, and subject to an annual review conducted by the FSB. Partly as a consequence of the recent global financial crisis, global financial regulators have issued directives (Basel III) for the capitalisation of bank exposures to central counterparties (CCPs). At the end of 2012, JSE Clear was deemed a qualifying CCP by the FSB in terms of the Principles for Market Infrastructures issued by these global regulators (CPSS-IOSCO).

JSE Clear Derivatives Default Fund (Pty) Ltd

JSE Clear's objective is to act as an associated clearing house and to operate as a CCP by interposing itself between parties to derivative contracts listed on the JSE. Significant refinements have been implemented with regard to its risk management processes. One of these is the creation of a new fund, the JSE Clear Derivatives Default Fund. This default fund reduces systemic risk and, more specifically, clarifies and limits clearing members' exposure to counterparty credit risk when clearing through JSE Clear. Clearing members that are banks will consequently need to hold less capital for centrally cleared exposures under Basel III regulations.

The JSE Clear Derivatives Default Fund policy requires that fund contributions by the clearing members and the JSE must be held in a legal entity separate and bankruptcy remote from JSE Clear and the JSE. The JSE Clear Derivatives Default Fund (Pty) Ltd was constituted for the purpose of ring-fencing the abovementioned contributions, which are to be used only in the event of a clearing member default. It operates as the JSE Clear Derivatives Default Fund.

Authorised users of the JSE (members of the JSE)*

As at 31 December 2015, there were 342 authorised users (2014: 380), categorised as follows:

Category of members	2015	2014
Equity members	59	61
Equity derivatives members	93	116
Commodities derivatives members	65	89
Interest rate members	99	104
Clearing members	26	10
Total	**342**	**380**

* *These numbers include passive and active members. During 2015, the respective membership liaison teams continued the process of cleaning up the lists of passive members.*

Ordinary share capital

The Company did not issue any shares during the year under review. Full details of the authorised, issued and unissued capital of the JSE are contained in note 20 to the annual financial statements.

Rights attaching to shares

Each ordinary JSE share is entitled to identical rights in respect of voting, dividends, profits and a return of capital. The variation of rights attaching to JSE shares requires the prior consent of at least three-fourths of the issued shares of that class or the sanction of a special resolution passed at a special general meeting of the holders of the JSE shares of that class.

The issue of JSE shares, whether in the initial or in any increased capital, is subject to shareholder approval.

Changes to directorate

- 21 May 2015 (AGM)
  Sam Nematswerani retired as a Board member and as chairman of the Audit Committee.

- 1 July 2015
  Suresh Kana was appointed to the Board as an independent non-executive director, after he retired as senior partner of PwC Africa. He was also appointed to serve on the Audit Committee. Suresh will retire at the next annual general meeting as required by the Companies Act, but is available for re-election.

- 14 September 2015
  Dr Leila Fourie, executive director responsible for the JSE's Post-Trade and Information Services (PTIS), has indicated that she will be leaving the JSE in mid-2016.

- All appointments were made in compliance with the Companies Act and the JSE's memorandum of incorporation.

Directors' interests and shareholding (including directors' associates)

as at 31 December 2015

		Direct beneficial	Indirect beneficial				
Director	**Status of director**	**Share register (own name)**	**LTIS 2010 trust: unvested[1]**	**Other trusts[2]**	**Held by associates[3]**	**Total**	**% of issued share capital**
N Newton-King (CEO)*	Executive	17 952	147 550	1 052		166 554	0.192
L Parsons*	Alternate	16 287	67 060	1 052		84 399	0.097
J Burke*	Alternate	18 360	62 390	52		80 802	0.093
A Botha	Non-executive				72 960	72 960	0.084
Dr L Fourie*	Executive		58 060	52		58 956	0.067
A Takoordeen (CFO)*	Executive		47 410	52		47 462	0.055
A Mazwai	Non-executive	5 000				5 000	0.006
D Lawrence	Non-executive	3 000				3 000	0.003
Other directors	Non-executive					0	0
Total		**60 599**	**382 470**	**2 260**	**72 960**	**518 289**	**0.597**
G Brookes (Group Company Secretary)*		11 300	25 790	52		37 142	0.043

* *There has been no change in directors' interests from the end of the financial year until the approval of the JSE annual results and their release on SENS on 25 February 2016.*

Note: subsequent to the 2015 annual results announcement, executive directors' holdings increased as a result of the 2015 bonus share award, which was announced on SENS on 2 March 2016.

Directors' interests and shareholding (including directors' associates)

as at 31 December 2014

Director	Status of director	Direct beneficial: Share register (own name)	Indirect beneficial: LTIS 2010 trust: unvested[1]	Indirect beneficial: Other trusts[2]	Indirect beneficial: Held by associates[3]	Total	% of issued share capital
N Newton-King (CEO)*	Executive	17 952	133 741	1 000		**152 693**	**0.176**
J Burke*	Alternate	18 360	60 161			**78 521**	**0.090**
L Parsons*	Alternate	8 887	64 351	1 000		**74 238**	**0.085**
A Botha	Non-executive	37 000			30 960	**67 960**	**0.078**
L Fourie*	Executive		50 320			**50 320**	**0.058**
A Takoordeen (CFO)*	Executive		33 820			**33 820**	**0.039**
A Mazwai	Non-executive	5 000				**5 000**	**0.006**
Other directors	Non-executive					**0**	**0**
Total		**90 199**	**342 393**	**2 000**	**30 960**	**462 552**	**0.532**
G Brookes (Group Company Secretary)*		6 600	16 870			**23 470**	**0.027**

*[1]*These directors and officers participate in the LTIS 2010 scheme and are recipients of shares that vested from 2013 onwards. For further details, refer to note 27 to the annual financial statements.*

[2] *The 2005 broad-based employee share scheme and the 2014 JSE bonus share scheme (various employees).*

[3] *The Imalivest Flexible Fund is an associate of A Botha.*

Details of transactions in JSE Limited shares by directors and prescribed offices were disclosed on SENS during 2015 and are summarised in the tables below.

The purchases, other than that of Mr A Botha, are in relation to the grant of shares under allocation 6 of the JSE 2010 LTIS Trust and the bonus shares awarded in March 2015.

		Purchase	Sale
A Botha	Non-executive director	5 000	
D Lawrence	Non-executive director	3 000	
N Newton-King	Executive director	37 062	24 053
A Takoordeen	Executive director	13 642	
L Fourie	Executive director	15 042	6 406
L Parsons	Alternate director	16 162	8 607
J Burke	Alternate director	15 032	15 345
G Brookes	Group Company Secretary	11 272	
Remaining members of the executive committee	Prescribed officers	52 928	5 684

*For further details, refer to note 27 to the annual financial statements and the remuneration report, which can be found online at **http://www.jsereporting.co.za/ar2015/download_pdf/remuneration-report-2015.pdf***

Shareholders other than directors

Information on shareholders is set out on page 120.

Dividend policy

In considering the payment of the dividends, the Board will, with the assistance of the Audit Committee, take the following into account:

- The current financial status of the Company and the payment of a dividend subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act, 71 of 2008.
- The future funding and capital requirements of the Company.
- The intention to pay a dividend and the preference to pay a single dividend in any year.

The Board and management remained confident as to the underlying strength of the JSE's operations and its continued strong cash flows. All planned investments and capital requirements for 2015 were funded from own resources.

Declaration of ordinary and special dividend

The Board has decided to declare both an ordinary and a special dividend for the year ended December 2015 at 520 cents and 105 cents per ordinary share respectively. Accordingly, notice is hereby given that the directors have declared the following:

Dividend	Annual gross amount	Withholding tax %	Net amount
Ordinary	5.20	15	4.42
Special	1.05	15	0.8925
	6.25	15	5.31

The dividend has been declared from retained earnings. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt. The dividends are payable to shareholders recorded in the register of members of the Company at the close of business on Friday, 18 March 2016.

In compliance with the Companies Act, the directors of the JSE confirm that the Company will satisfy the solvency and liquidity test immediately after completion of the dividend distribution. In compliance with the requirements of Strate, the following salient dates for the payment of the ordinary and special dividend are applicable:

Dividend paid in year **In respect of financial year ended**	**2016** **31 December**	**2015** **31 December**
Gross dividend per share	625 cents	480 cents
Rand value	R543 million	R417 million
Declaration date	Thur, 25 February 2016	Thur, 5 March 2015
Last date to trade JSE shares cum dividend	Fri, 11 March 2016	Fri, 5 June 2015
JSE shares commence trading ex-dividend	Mon, 14 March 2016	Mon, 8 June 2015
Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on	Fri, 18 March 2016	Fri, 12 June 2015
Date of payment of dividend	Tues, 22 March 2016	Mon, 15 June 2015

Share certificates may not be dematerialised or rematerialised from Monday, 14 March, to Friday, 18 March 2016, both days inclusive. On Tuesday, 22 March 2016, the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility. In respect of those who do not use this facility, cheques dated 22 March 2016 will be posted on or about that date. The accounts of those shareholders who have dematerialised their shares (which are held at their central securities depository participant or broker) will be credited on Tuesday, 22 March 2016. The issued share capital of the Company as at the declaration date was 86 877 600. The tax number of the Company is 9313008840.

Service contracts with directors

The chief executive officer, all executive directors, the Company Secretary and the executive management of the JSE have signed contracts of employment with the JSE. Apart from the contract with the chief executive officer, all such contracts have a three-month notice period for resignation or termination of employment. The chief executive officer's notice period for resignation or termination of employment is four months. The chief executive officer's service contract makes provision for a 12-month restraint of trade payable on termination of the chief executive officer's employment. All the other clauses of the service contracts are standard clauses for contracts of this nature.

External audit and external auditor independence

The Group financial statements have been audited by independent auditors KPMG Inc. The Audit Committee considered the position of KPMG and resolved that KPMG is independent of the Group and has recommended the reappointment of KPMG as auditors. This view and recommendation was endorsed by the Board on 25 February 2016. The Board believes that KPMG has observed the highest level of business and professional ethics and has no reason to believe that it has not at all times acted with unimpaired independence. The Board thus recommends to shareholders at the AGM to be held on 26 May 2016 to reappoint KPMG Inc. as the external independent auditors of the Company.

Fees paid to the external auditors for audit and non-audit services are fully disclosed in the financial statements. The JSE has an audit and non-audit services policy, determined and approved by the Audit Committee, to regulate the use of the external auditors for non-audit services, including consulting services, where appropriate.

Systems of internal control

Executive management is responsible for the design, establishment and maintenance of systems of internal control that provide substantial assurance against the risk of material loss or misstatement of financial performance. The Board, and in particular the Audit Committee of the Board, bears ultimate responsibility to ensure that the systems of internal control that are implemented are suitable for addressing the material risks to which the JSE is exposed and are operating effectively.

To assist the Board in meeting the above obligations, JSE Internal Audit develops an annual audit programme based on the perceived risk profiles of the various areas of the JSE's operations. The following three steps are followed to support our risk-based approach to internal audit:

- Annually review the key enterprise-level risks of the JSE to ensure the planned internal audit assignments are focused on high-risk areas.
- Engage with the ERM team to understand their responsibilities as the second line of defence and to highlight areas where Internal Audit can provide independent assurance on their behalf.
- Meet with key JSE decision-makers such as the CEO, CIO and CFO to ensure that the internal audit objectives are supportive of the JSE's overall strategic objectives.

The appropriateness of this programme was considered by the Audit Committee and approved, without amendment. This programme was the basis for the internal audit work performed during the year.

During the year, Internal Audit reports its findings to the Audit Committee and the Board is apprised of all material issues. Prior to presenting findings to the Audit Committee, all reports are agreed with the line management responsible for the areas concerned, together with any remedial action that may be warranted as a result of the audit findings. The audit reports are then discussed with the Executive Committee of the JSE prior to submission to the Audit Committee.

The reports of Internal Audit are also made available to the JSE's external auditors to assist them in meeting their responsibilities.

Overall trends in 2015

Although the audit procedures performed by Internal Audit during the past year identified some areas for improvement in the internal controls of the JSE, none of the perceived deficiencies were of a nature to suggest that they expose the Company to material loss or misstatement of financial performance.

Internal Audit has identified the need for management to implement various process improvements, mainly as a result of legacy systems and manual processes still in place.

Special resolution

The following special resolution was passed in 2015:

Special Resolution number 1	General authority to repurchase shares, in terms of section 48 of the Companies Act, but subject to the JSE Listings Requirements.

Refer to the 2015 AGM notice for further details on the resolution that was passed at the AGM held on 21 May 2015.

State of affairs at the Company – material matters

Contingent liabilities and commitments:	The JSE's contingent liabilities and commitments are disclosed in note 30 to the annual financial statements.
Related-party transactions:	To the knowledge of the Company, none of the directors or major shareholders of the Company or their families had an interest directly or indirectly in any transaction during the period under review or in any proposed transaction that has or will materially affect the Company or its subsidiaries, other than the disclosure made in note 29 to the annual financial statements.

Going-concern statement

In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the Board is of the opinion that, after making enquiries, it has reasonable expectation that the Group has sufficient resources to maintain its operational existence for the foreseeable future and that:

- the Group's assets fairly valued exceed its liabilities fairly valued; and
- the Group will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 31 December 2015.

Post-reporting-date events

There have been no changes to the directors' interests in the ordinary share capital of the Company and no material events that would require adjustment or disclosure in the annual financial statements have occurred between 31 December 2015 and the date of this report.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JSE Limited

Report on the audit of the Group and Company financial statements

Opinion

We have audited the Group and Company financial statements of JSE Limited ("the Group") set out on pages 68 to 118, which comprise the statements of financial position as at 31 December 2015, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Group and Company financial statements present fairly, in all material respects, the consolidated and separate financial position as at 31 December 2015, and the consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Group and Company Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group and Company financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Integrated Annual Report which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. Other information does not include the Group and Company financial statements and our auditor's report thereon.

Our opinion on the Group and Company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group and Company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group and Company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Group and Company financial statements

The directors are responsible for the preparation and fair presentation of the Group and Company financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going-concern, disclosing, as applicable, matters related to going-concern and using the going-concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Group and Company financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group and Company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Group and Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going-concern;
- evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group and Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of JSE Limited for 10 years. We were also the auditor of the Exchange prior to its demutualisation and listing in 2005 for at least a further 25 years.

KPMG Inc.
Registered auditor

TMiddlemiss

Tracy Middlemiss
Chartered Accountant (SA)
Director
Registered Auditor

25 February 2016

KPMG Crescent
85 Empire Road
Parktown
2193

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Revenue	7.1	**2 133 548**	1 778 629	**2 168 312**	1 801 576
Other income	7.2	**145 887**	61 240	**148 849**	83 576
Personnel expenses	8.1	**(495 759)**	(466 786)	**(491 335)**	(462 885)
Other expenses	8.2	**(760 920)**	(669 290)	**(731 295)**	(642 335)
Profit from operating activities		**1 022 756**	703 793	**1 094 531**	779 932
Finance income	8.3	**2 133 136**	1 539 449	**127 919**	89 718
Finance costs	8.4	**(1 967 342)**	(1 412 589)	**(29 736)**	(15 576)
Net finance income		**165 794**	126 860	**98 183**	74 142
Share of profit of equity-accounted investee (net of income tax)	13.2	**46 568**	36 955	**–**	–
Profit before income tax		**1 235 118**	867 608	**1 192 714**	854 074
Income tax expense	9.1	**(335 640)**	(233 269)	**(335 099)**	(232 518)
Profit for the year		**899 478**	634 339	**857 615**	621 556
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Net change in fair value of available-for-sale financial assets		**24 191**	27 143	**–**	–
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**(20 644)**	(6 379)	**–**	–
Income tax on other comprehensive income	9.4	**–**	–	**–**	–
Other comprehensive income for the year, net of income tax		**3 547**	20 764	**–**	–
Total comprehensive income for the year		**903 025**	655 103	**857 615**	621 556
Earnings per share					
Basic earnings per share (cents)	10.1	**1 051.0**	742.4	**1 002.1**	727.5
Diluted earnings per share (cents)	10.2	**1 040.3**	734.1	**991.9**	719.3
Other earnings					
Headline earnings per share (cents)	10.3	**1 026.3**	735.0	**1 001.5**	727.5
Diluted headline earnings per share (cents)	10.4	**1 015.8**	726.8	**991.2**	719.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
ASSETS					
Non-current assets		**1 115 895**	969 883	**738 720**	626 420
Property and equipment	11.3	**165 073**	161 836	**165 073**	161 836
Intangible assets	12.3/6	**358 700**	283 111	**332 803**	256 273
Investment in equity-accounted investee	13.1	**187 030**	159 284	**21 416**	21 416
Investments in subsidiaries	14.1	**–**	–	**104 352**	104 352
Other investments	15	**312 564**	292 750	**1**	1
Due from Group entity	14.3	**–**	–	**22 547**	9 640
Loan to the JSE Empowerment Fund Trust	16	**25 271**	13 924	**25 271**	13 924
Deferred taxation	23.1/3	**67 257**	58 978	**67 257**	58 978
Current assets		**37 462 906**	28 241 085	**2 474 289**	2 210 509
Trade and other receivables	17	**466 930**	336 546	**269 430**	193 037
Income tax receivable		**594**	605	**–**	–
Due from Group entities	14.4	**–**	–	**51 930**	39 161
JSE Clear Derivatives Default Fund collateral deposit	18.3	**500 000**	500 000	**100 000**	100 000
Margin deposits	18.1	**34 447 066**	25 676 434	**175 616**	307 606
Collateral deposits	18.2	**140 687**	96 262	**140 687**	96 262
Cash and cash equivalents	19	**1 907 629**	1 631 238	**1 736 626**	1 474 443
Total assets		**38 578 801**	29 210 968	**3 213 009**	2 836 929
EQUITY AND LIABILITIES					
Total equity	20.3	**2 956 152**	2 473 994	**2 413 137**	1 976 389
Share capital		**8 553**	8 541	**8 553**	8 541
Share premium		**57 954**	63 348	**57 954**	63 348
Reserves		**478 360**	449 488	**44 968**	43 937
Retained earnings		**2 411 285**	1 952 617	**2 301 662**	1 860 563
Non-current liabilities		**126 464**	120 522	**160 907**	152 318
Borrowings	21	**–**	13 977	**–**	–
Employee benefits	22.1	**10 845**	5 761	**10 845**	5 761
Due to Safex members	25	**1 347**	1 347	**1 347**	1 347
Deferred taxation	23.1/3	**13 620**	9 077	**13 226**	8 493
Operating lease liability	30.2	**87 435**	74 358	**87 435**	74 358
Deferred income	28	**13 217**	16 002	**48 054**	62 359
Current liabilities		**35 496 185**	26 616 452	**638 965**	708 222
Trade and other payables	24	**339 561**	295 200	**153 791**	155 798
Income tax payable		**32 713**	32 377	**32 713**	32 377
Employee benefits	22.1	**136 158**	116 179	**136 158**	116 179
JSE Clear Derivatives Default Fund collateral contribution	18.3	**400 000**	400 000	**–**	–
Margin deposits	18.1	**34 447 066**	25 676 434	**175 616**	307 606
Collateral deposits	18.2	**140 687**	96 262	**140 687**	96 262
Total equity and liabilities		**38 578 801**	29 210 968	**3 213 009**	2 836 929

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Group	Share capital R'000	Share premium R'000	Total share capital R'000	NDR R'000	Share-based payments reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2014	8 533	84 671	93 204	386 335	44 740	431 075	1 664 187	2 188 466
Profit for the year	–	–	–	–	–	–	634 339	634 339
Other comprehensive income	–	–	–	20 764	–	20 764	–	20 764
Total comprehensive income for the year	–	–	–	20 764	–	20 764	634 339	655 103
LTIS Allocation 1 – shares vested	35	11 365	11 400	–	(11 400)	(11 400)	–	–
LTIS Allocation 2 – shares vested	16	10 442	10 458	–	(10 458)	(10 458)	–	–
Distribution from the BESA Guarantee Fund Trust[1]	–	–	–	(3 280)	–	(3 280)	3 280	–
Dividends paid to owners	–	–	–	–	–	–	(347 457)	(347 457)
Equity-settled share-based payments	–	–	–	–	21 055	21 055	–	21 055
Reserves arising on acquisition of Strate (Pty) Limited transferred	–	–	–	(10 058)	–	(10 058)	10 058	–
Transfer of profit from investor protection funds	–	–	–	11 790	–	11 790	(11 790)	–
Treasury shares	(43)	(42 974)	(43 017)	–	–	–	–	(43 017)
Treasury shares – share issue costs	–	(156)	(156)	–	–	–	–	(156)
Total contributions by and distributions to owners of the Company recognised directly in equity	8	(21 323)	(21 315)	(1 548)	(803)	(2 351)	(345 909)	(369 575)
Balance at 31 December 2014	**8 541**	**63 348**	**71 889**	**405 551**	**43 937**	**449 488**	**1 952 617**	**2 473 994**
Profit for the year	–	–	–	–	–	–	899 478	899 478
Other comprehensive income	–	–	–	3 547	–	3 547	–	3 547
Total comprehensive income for the year	–	–	–	3 547	–	3 547	899 478	903 025
LTIS Allocation 2 – shares vested	16	8 441	8 457	–	(8 457)	(8 457)	–	–
LTIS Allocation 3 – shares vested	15	12 162	12 177	–	(12 177)	(12 177)	–	–
Distribution from the BESA Guarantee Fund Trust[1]	–	–	–	(3 591)	–	(3 591)	3 591	–
Dividends paid to owners	–	–	–	–	–	–	(416 516)	(416 516)
Equity-settled share-based payments	–	–	–	–	21 665	21 665	–	21 665
Transfer of profit from investor protection funds	–	–	–	27 885	–	27 885	(27 885)	–
Treasury shares	(19)	(25 783)	(25 802)	–	–	–	–	(25 802)
Treasury shares – share issue costs	–	(214)	(214)	–	–	–	–	(214)
Total contributions by and distributions to owners of the Company recognised directly in equity	12	(5 394)	(5 382)	24 294	1 031	25 325	(440 810)	(420 867)
Balance at 31 December 2015	**8 553**	**57 954**	**66 507**	**433 392**	**44 968**	**478 360**	**2 411 285**	**2 956 152**
Note	20.3	20.3		20.3	20.3		20.3	

[1] *The BESA Guarantee Fund Trust Deed makes specific provision for the utilisation of excess funds for the purpose of reducing the risk of claims being made against the Trust. To this effect, R3.6m (December 2014: R3.3m) before intercompany adjustments was transferred to the JSE Limited for the defrayment of market regulatory expenditure.*

Company	Notes	Share capital R'000	Share premium R'000	Total share capital R'000	NDR R'000	Share-based payments reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2014		8 533	84 671	93 204	–	44 740	44 740	1 586 464	1 724 408
Profit for the year		–	–	–	–	–	–	621 556	621 556
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	–	–	621 556	621 556
LTIS Allocation 1 – shares vested	22.6	35	11 365	11 400	–	(11 400)	(11 400)	–	–
LTIS Allocation 2 – shares vested	22.6	16	10 442	10 458	–	(10 458)	(10 458)	–	–
Dividends paid to owners	20.4	–	–	–	–	–	–	(347 457)	(347 457)
Equity-settled share-based payments	22.6	–	–	–	–	21 055	21 055	–	21 055
Treasury shares		(43)	(42 974)	(43 017)	–	–	–	–	(43 017)
Treasury shares – share issue costs		–	(156)	(156)	–	–	–	–	(156)
Total contributions by and distributions to owners of the Company recognised directly in equity		8	(21 323)	(21 315)	–	(803)	(803)	(347 457)	(369 575)
Balance at 31 December 2014		**8 541**	**63 348**	**71 889**	**–**	**43 937**	**43 937**	**1 860 563**	**1 976 389**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**857 615**	**857 615**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**857 615**	**857 615**
LTIS Allocation 2 – shares vested	22.6	**16**	**8 441**	**8 457**	**–**	**(8 457)**	**(8 457)**	**–**	**–**
LTIS Allocation 3 – shares vested	22.6	**15**	**12 162**	**12 177**	**–**	**(12 177)**	**(12 177)**	**–**	**–**
Dividends paid to owners	20.4	**–**	**–**	**–**	**–**	**–**	**–**	**(416 516)**	**(416 516)**
Equity-settled share-based payments	22.6	**–**	**–**	**–**	**–**	**21 665**	**21 665**	**–**	**21 665**
Treasury shares		**(19)**	**(25 783)**	**(25 802)**	**–**	**–**	**–**	**–**	**(25 802)**
Treasury shares – share issue costs		**–**	**(214)**	**(214)**	**–**	**–**	**–**	**–**	**(214)**
Total contributions by and distributions to owners of the Company recognised directly in equity		**12**	**(5 394)**	**(5 382)**	**–**	**1 031**	**1 031**	**(416 516)**	**(420 867)**
Balance at 31 December 2015		**8 553**	**57 954**	**66 507**	**–**	**44 968**	**44 968**	**2 301 662**	**2 413 137**
Note		20.3	20.3		20.3	20.3		20.3	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Cash flows from operating activities					
Cash generated by operations	26.1	**1 058 178**	850 171	**1 105 322**	874 712
Interest received		**2 081 875**	1 477 111	**126 445**	87 088
Interest paid		**(1 919 176)**	(1 358 914)	**(28 962)**	(12 207)
Dividends received		**6 455**	5 001	**–**	–
Taxation paid	26.2	**(339 029)**	(204 866)	**(338 309)**	(204 062)
Net cash generated by operating activities		**888 303**	768 503	**864 496**	745 531
Cash flows from investing activities					
Proceeds on sale of other investments		**74 090**	35 284	**–**	–
Acquisition of other investments		**(69 712)**	(51 533)	**–**	–
Contributions for JSE Clear Derivatives Default Fund		**–**	16 870	**–**	–
Dividends from equity-accounted investee		**18 823**	19 779	**18 823**	19 779
Proceeds from disposal of property and equipment		**759**	295	**759**	295
Leasehold improvements		**(893)**	(6 370)	**(893)**	(6 370)
Acquisition of intangible assets		**(123 594)**	(65 741)	**(123 594)**	(64 692)
Acquisition of property and equipment		**(54 875)**	(59 093)	**(54 875)**	(59 093)
Net cash used in investing activities		**(155 402)**	(110 509)	**(159 780)**	(110 081)
Cash flows from financing activities					
Proceeds from sale of treasury shares		**13 969**	–	**13 969**	–
Contributions paid to JSE Clear Derivatives Default Fund		**–**	(10 000)	**–**	–
Loan repaid		**(13 977)**	(5 078)	**–**	–
Acquisition of treasury shares		**(39 986)**	(43 173)	**(39 986)**	(43 173)
Dividends paid		**(416 516)**	(347 457)	**(416 516)**	(347 457)
Net cash used in financing activities		**(456 510)**	(405 708)	**(442 533)**	(390 630)
Net increase in cash and cash equivalents		**276 391**	252 286	**262 183**	244 820
Cash and cash equivalents at 1 January		**1 631 238**	1 378 952	**1 474 443**	1 229 623
Cash and cash equivalents at 31 December 2015	19	**1 907 629**	1 631 238	**1 736 626**	1 474 443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. Reporting entity

JSE Limited (the "JSE" or the "Company") is a company domiciled in South Africa. The registration number is 2005/022939/06. The JSE is licensed as an exchange in terms of the Financial Markets Act, 19 of 2012. The JSE has the following main lines of business: primary market services, trading, clearing and settlement services and market data sales. The address of the Company's registered office is One Exchange Square, 2 Gwen Lane, Sandown. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries and controlled structured entities (collectively referred to as the "Group" and individually as "Group entities") and reflect the Group's interest in associates.

When reference is made to the "Group" in the accounting policies, it should be interpreted as referring to the Company, where the context requires, unless otherwise noted.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements and the separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs), the SAICA financial reporting guides as issued by the Accounting Practice Commitee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act, 2008.

The consolidated financial statements and the separate financial statements were authorised for issue by the Board of Directors on 25 February 2016.

2.2 Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position, measured at fair value as described below:

- Available-for-sale financial assets; and
- Shared-based payment transactions.

The methods used to measure fair values are discussed further in note 5.

2.3 Functional and presentation currency

The consolidated and separate financial statements are presented in South African Rand (which is the Company's functional currency), rounded to the nearest thousand, except when otherwise indicated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgements that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.5 and 11 — property and equipment
- Note 3.6 and 12 — intangible assets
- Note 32 — fair value estimation
- Note 22 — employee benefits
- Notes 22.5 and 22.6 — measurement of share-based payments
- Note 30.1 — contingent liabilities
- Note 30.2 — lease classifications

2.5 Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

3. Significant accounting policies

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group financial statements incorporate the assets, liabilities and results of the operations of JSE Clear (Pty) Limited, JSE Clear Derivatives Default Fund (Pty) Limited, the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust, JSE Trustees (Pty) Limited, BESA Guarantee Fund Trust, Nautilus MAP Holdings (Pty) Limited and Nautilus MAP Operations (Pty) Limited as subsidiary companies. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the separate financial statements of the Exchange, investments in subsidiaries are carried at cost less accumulated impairment losses. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

BESA Limited, BESA Investments (Pty) Limited and BondClear Limited are dormant and are in the process of deregistration.

(ii) Structured entities

The JSE Guarantee Fund Trust, the JSE Derivatives Fidelity Fund Trust and the BESA Guarantee Fund Trust are trusts established in terms of the Trust Property Control Act, No. 57 of 1988 and are collectively referred to as Investor Protection Funds. These Investor Protection Funds have been established in consonance with the statutory obligations imposed on the JSE, as a licensed exchange, by the peremptory provisions of section 8(1)(h) of the Financial Markets Act, No. 19 of 2012 that state that a licensed exchange must have a guarantee, compensation fund or warranty in place to enable it to provide compensation to clients, subject to the exchange rules. The funds and assets of these trusts are segregated from the assets of the JSE but the JSE, by virtue of its role as trustee and custodian of these funds, has to consolidate the results of these funds in its Annual Financial Statements. The JSE's control as custodian and trustee of the assets of these Funds is exercised within the ambit of the JSE's powers as trustee, as defined in the trust deeds and rules of these Funds.

(iii) Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost, which includes transaction costs. The Group's investment includes goodwill identified on acquisition, and is net of any accumulated impairment losses. The equity method is applied to the Group's investment in Strate (Pty) Limited. In applying the equity method, account is taken of the Group's share of the income and expenses and other comprehensive income of the equity-accounted investee from the effective date on which the enterprise became an associate until significant influence ceases. The share of the associated company's retained earnings and reserves is determined from the latest audited financial statements.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. In the separate financial statements of the Exchange, the associate is accounted for at cost less accumulated impairment losses.

3.2 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated to South African rand at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of non-monetary available-for-sale equity instruments, which are recognised directly in other comprehensive income.

3.4 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade receivables, interest receivable, a loan to the JSE Empowerment Fund Trust and other receivables, margin and collateral deposits, cash and cash equivalents, borrowings, trade payables, interest payable, amounts due to and from Group companies, amounts due to Safex members and JSE Clear Derivatives Default Fund (Pty) Limited.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are accounted for at trade date, being the date that the Group commits itself to purchase or sell the asset. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments are measured initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The Group classifies non-derivative financial assets into the following categories:

- available-for-sale financial assets; and
- loans and receivables.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Available-for-sale financial assets

The Group's investments in equity and debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are carried at fair value with any resultant gain or loss being recognised directly in other comprehensive income. Impairment losses and monetary items such as debt securities and foreign exchange gains and losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established. Refer to note 15 (Other investments) for the financial assets classified as available-for-sale.

Loans and receivables and financial liabilities measured at amortised cost

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses on financial assets. Other non-derivative financial instruments include trade and other receivables, borrowings, a loan to the JSE Empowerment Fund Trust, JSE Clear Derivatives Default Fund (Pty) Limited contribution, trade and other payables, cash and cash equivalents, amounts due to and from Group companies, margin and collateral deposits and amounts due to Safex members.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call and term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented against share capital and share premium. When treasury shares are subsequently sold or reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3.5 Property and equipment

(i) Recognition and measurement

Items of property and equipment (including leasehold improvements), are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets and leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Computer hardware	3 to 10 years
• Vehicles	5 years
• Furniture and equipment	3 to 15 years
• Finance leased assets	3 years
• Leasehold improvements	15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

As such, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as an expense as incurred. Development activities involve a plan or design for the production of new or substantially improved technology. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. The expenditure capitalised includes the cost of direct goods and services. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is based on the cost of the asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Trademarks 5 to 10 years
- Customer relationships 6 to 10 years
- Capitalised development costs 3 to 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(vi) Derecognition

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. This gain or loss is recognised in profit or loss when the asset is derecognised.

3.7 Leases

Finance leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against profit or loss on a straight-line basis over the period of the lease. When the amount of lease payments does not represent the time pattern of the lessee's benefits under the lease agreement, prepaid rent or accrued liabilities for rental payments are recognised.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes, for a finance lease, that it is impracticable to separate payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.8 Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Individually significant financial assets at amortised cost are tested for impairment on an individual basis. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred, but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. Impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the impaired financial asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. When an event occurring after the impairment was recognised causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss for debt securities and in other comprehensive income for equity securities.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of other assets of the cash generating unit *pro rata*. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employee renders the service are discounted to their present value.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

The JSE accrues for the value of leave due on the basis of the number of days owing and the relevant costs associated therewith.

(iii) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employee became unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.10 Revenue

Revenue comprises equity market fees, equity derivative fees, currency derivative fees, interest rate market fees, commodity derivatives fees, primary market fees, post-trade services, market data fees, trading services, back office services, funds under management, membership fees and Strate ad valorem fees. Revenue is recognised in the year to which the service relates.

3.11 Other income

Other income comprises rental income, net foreign exchange gains, dividend income, profit on sale of financial assets and other sundry income. Dividend income is recognised in profit or loss when the right to receive payment is established, which is the date the dividend is declared. Rental income is recognised on a straight-line basis over the term of the lease. Gains on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment. On derecognition of a financial asset in its entirety, the difference between: a) the carrying amount and b) the sum of consideration received and any cumulative gain or loss that has been recognised in other comprehensive income shall be recognised in profit or loss.

Distributions from structured entities

Funds from the JSE Guarantee Fund Trust approved for distribution by the Financial Services Board, in previous financial years, for the data centre and disaster recovery are recognised initially as deferred income at fair value when the funds are received and the Group will comply with the conditions associated with the distribution of the funds. These funds are then recognised in profit or loss as other income on a systematic basis over the useful lives of the related assets.

3.12 Finance income and expenses

Finance income comprises interest income from own funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise finance charges and the interest expense on margin and collateral deposits and on the investor protection levies. Interest expense is recognised in profit or loss using the effective interest method.

3.13 Income tax expense

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future and the Group can control the timing of the reversal. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which that can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(ii) Withholding taxes

Dividend withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012. The Company withholds dividend tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the Company's tax charge, but rather as part of the dividend paid, recognised directly in equity. Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount, with the related withholding tax recognised as part of tax expense, unless it is otherwise reimbursable, in which case it is recognised as an asset.

3.14 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributed to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares held as part of the long-term incentive scheme.

3.15 Segment reporting

The Group determines and presents operating segments based on the information that is internally provided to the Executive Committee (Exco), which represents the Group's chief operating decision-maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Costs in the JSE are managed holistically across the Exchange and variances against budget are closely monitored. Information technology and other corporate overheads are not generally allocated to a particular segment.

4. New standards and interpretations not yet adopted

There are a number of forthcoming new standards and interpretations or amendments to standards and interpretations, which have been issued by the International Accounting Standards Board (IASB) prior to the publication of these financial statements, but are effective only in future accounting periods, as listed below:

IFRS 9 – Financial Instruments – effective date: 1 January 2018

The amendments affect the classification, measurement and derecognition of financial assets and financial liabilities. The amendment will be adopted by the Group for its financial reporting period ending after the date the statement comes into effect. The Group does not expect a significant impact from the adoption of this statement.

IFRS 15 Revenue from Contracts with Customers – effective date: 1 January 2018

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The Group does not expect a significant impact from the adoption of this statement.

5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5.1 Investments in equity and debt securities

The fair value of available-for-sale financial assets is determined by reference to the quoted bid price for equity instruments and the clean price from a quoted exchange for interest-bearing instruments, at the reporting date. In respect of unit trusts, valuations are carried out in accordance with the agreed principle that units in collective investment schemes shall be valued by reference to their middle market price where the units have a bid/offer spread, or to their most recently published net asset value (NAV). In the absence of final bid/offer prices or final net asset values, estimated figures may be relied upon. The value of any underlying fund is provided by the manager or the administrator of that fund. Should the manager be in any doubt as to the valuations, the manager will request an independent third party to review the valuations in order to confirm their fairness. The NAV per share is calculated and rounded down to four decimal places, any rounding to be retained for the benefit of the fund.

5.2 Share-based payment transactions

The fair values of the shares granted to employees in terms of the LTIS 2010 incentive scheme are measured using the Black-Scholes model. Measurement inputs include the share price on measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility, adjusted for changes expected owing to publicly available information), the weighted average expected life of the instrument, expected dividends, and the interest rate (based on the notional amount compounded annually (NACA) rate). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

6. Operating segment

Reorganisation of operating segments

During the period under review and following the organisational restructure in 2014, management refined the manner in which operational segments are reported. In order to align to the internal reporting structure of the Group, several changes have been made to the disclosure of operating segments.

The most significant changes are as follows:

- previously disclosed as 'Cash equities' have now been split into individual segments: namely Back-Office Services (BDA), Equity Market fees, Primary Market fees (which represent/comprise listing fees for the Equity Market products) [2015: R145m; 2014: R115m], membership fees and Post-Trade Services.
- previously disclosed as 'Equity and currency derivatives' have now been split into individual segments, namely equity derivative fees and currency derivative fees.
- previously disclosed as 'Interest Rate Market' have now been split into individual segments: namely Interest Rate Market fees and Primary Market fees (which reflect listing fees for the Interest Rate Market products) [2015: R19m; 2014: R16m].
- previously disclosed as 'Other' have been separately disclosed into individual segments of funds under management and Strate ad valorem fees related to the Cash Equities Market.

In addition to the changes detailed above, comparatives have been restated and operating segments have been grouped into the following operational divisions:

- Capital Markets
- Post-trade and Information Services
- Trading and Market Services

Operating segments have been disclosed in note 7.1

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
7. Operating segments, revenue and other income					
7.1 Revenue comprises:					
Capital Markets					
Equity Market fees		**501 190**	402 292	**501 190**	402 292
Equity derivatives fees		**173 434**	147 078	**173 434**	147 078
Currency derivatives fees		**34 009**	23 392	**34 009**	23 392
Interest Rate Market fees		**50 240**	43 810	**53 390**	46 688
Commodity derivatives fees		**73 069**	55 191	**73 069**	55 191
Primary Market fees		**160 644**	134 213	**160 644**	134 213
Post-Trade and Information Services					
Post-Trade Services		**356 677**	299 265	**356 677**	299 265
Market Data fees		**244 937**	203 852	**244 937**	203 852
Trading and Market Services					
Back-Office Services (BDA)		**310 717**	268 096	**310 717**	268 096
Funds under management		**86 415**	76 186	**118 029**	96 255
Trading Services		**19 944**	24 153	**19 944**	24 153
Total revenue excluding Strate ad valorem fees		**2 011 276**	**1 677 528**	**2 046 040**	**1 700 475**
Strate ad valorem fees – cash equities		**122 272**	101 101	**122 272**	101 101
		2 133 548	1 778 629	**2 168 312**	1 801 576
7.2 Other income comprises:					
Recognised in profit or loss					
Investor protection funds		**27 423**	12 045	–	–
– Contributions to BESA Guarantee Fund Trust		**324**	665	–	–
– Dividend income		**6 455**	5 001	–	–
– Net realised gain on disposal of available-for-sale financial assets		**20 644**	6 379	–	–
Dividends received		–	–	**18 823**	19 779
Net foreign exchange gain		**82 512**	18 557	**82 512**	18 557
Income recognised from deferred income (data centre and disaster recovery)		–	–	**11 520**	14 470
Investor Protection Levy		**26 207**	22 324	**26 207**	22 324
Rental income		**2 312**	2 740	**2 312**	2 740
Sundry income		**7 433**	5 574	**7 475**	5 706
		145 887	61 240	**148 849**	83 576

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
8. Profit before taxation comprises:					
8.1 Personnel expenses					
Remuneration paid to employees		**417 613**	391 013	**413 802**	387 252
Fixed-term contractors		**17 544**	21 247	**17 544**	21 247
Contribution to defined contribution plans		**14 598**	13 958	**14 441**	13 818
Directors' emoluments		**33 336**	28 820	**33 336**	28 820
– Executive directors	27.1	**26 704**	22 272	**26 704**	22 272
– Non-executive directors	27.3	**6 632**	6 548	**6 632**	6 548
Long-term incentive schemes		**30 295**	22 070	**29 839**	22 070
– Deferred cash bonus 2009 charge		**–**	1 015	**–**	1 015
– JSE LTIS 2010		**30 295**	21 055	**29 839**	21 055
Gross personnel expenses		**513 386**	477 108	**508 962**	473 207
Less: Capitalised to intangible assets		**(17 627)**	(10 322)	**(17 627)**	(10 322)
		495 759	466 786	**491 335**	462 885
8.2 Other expenses					
Amortisation of intangible assets		**48 005**	40 524	**47 064**	39 582
Auditor's remuneration		**5 000**	4 611	**3 895**	3 551
– Audit fee		**4 265**	4 163	**3 276**	3 103
– Fees for other assurance services		**318**	22	**318**	22
– Fees for other services		**417**	426	**301**	426
Consulting fees		**21 523**	26 407	**21 523**	26 284
Depreciation		**51 974**	58 599	**51 974**	58 599
– Computer hardware		**29 817**	37 225	**29 817**	37 225
– Furniture and equipment		**2 960**	2 426	**2 960**	2 426
– Leased assets		**9 492**	9 309	**9 492**	9 309
– Leasehold improvements		**9 697**	9 631	**9 697**	9 631
– Vehicles		**8**	8	**8**	8
Impairment of trade receivables		**715**	431	**715**	431
Investor Protection Levy		**26 207**	22 324	**26 207**	22 324
Operating lease charges		**60 987**	61 608	**60 987**	61 608
– Building		**60 928**	61 608	**60 928**	61 608
– Equipment		**59**	–	**59**	–
Strate ad valorem fees		**134 112**	110 857	**134 112**	110 857
Other expenses		**177 817**	141 842	**150 918**	118 055
Technology costs		**234 580**	202 087	**233 900**	201 044
		760 920	669 290	**731 295**	642 335

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	**R'000**
8. Profit before taxation comprises: (continued)				
8.3 Finance income				
Investor Protection Funds	**8 159**	7 455	**–**	–
Finance income earned on collateral deposits	**6 385**	4 435	**6 385**	4 435
Finance income earned on margin deposits	**1 993 556**	1 426 654	**29 064**	13 840
– Derivatives	**1 964 492**	1 412 813	**–**	–
– Equities	**29 064**	13 841	**29 064**	13 840
Finance income earned on all funds excluding collateral and margin deposits	**125 036**	100 905	**92 470**	71 443
	2 133 136	1 539 449	**127 919**	89 718
8.4 Finance costs				
Finance costs on all funds excluding collateral and margin deposits	**32 607**	31 349	**913**	1 510
Finance costs on collateral deposits	**628**	407	**628**	407
Finance costs on margin deposits	**1 934 107**	1 380 833	**28 195**	13 659
– Derivatives	**1 905 912**	1 367 174	**–**	–
– Equities	**28 195**	13 659	**28 195**	13 659
	1 967 342	1 412 589	**29 736**	15 576

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000

9. Income tax expenses

9.1 Taxation

Current tax expense				
– Current year	**339 376**	253 746	**338 645**	252 805
Deferred tax asset				
– Reversal of deductible temporary differences	**(8 279)**	(17 486)	**(8 279)**	(17 486)
Deferred tax liability				
– Origination of taxable temporary differences	**4 543**	(2 991)	**4 733**	(2 801)
	335 640	233 269	**335 099**	232 518

9.2 Reconciliation of effective tax rate

	%	%	**%**	%
Current tax rate	**28**	28	**28**	28
Adjusted for:				
– Non-taxable income	**–**	–	**(0.02)**	(0.02)
– Adjustment for prior periods	**–**	0.16	**–**	0.01
– Non-deductible expenses	**0.05**	0.02	**0.05**	0.02
– Share of profit of equity-accounted investees	**(1.05)**	(1)	**–**	–
Net effective tax rate	**27**	27	**28**	28

9.3 The Group's consolidated effective tax rate for the year ended 31 December 2015 was 27% (2014: 27%).

9.4 The following tax rates are applicable to the various entities in the Group:

JSE Limited	28% (2014: 28%)
JSE Clear (Pty) Limited	28% (2014: 28%)
JSE Clear Derivatives Default Fund (Pty) Limited	28% (2014: 28%)
Strate (Pty) Limited	28% (2014: 28%)
Nautilus MAP Holdings (Pty) Limited	28% (2014: 28%)
Nautilus MAP Operations (Pty) Limited	28% (2014: 28%)
JSE Trustees (Pty) Limited	28% (2014: 28%)
JSE Derivatives Fidelity Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962
JSE Guarantee Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962
BESA Guarantee Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
10. Earnings and headline earnings per share				
10.1 Basic earnings per share				
Profit for the year attributable to ordinary shareholders	**899 478**	634 339	**857 615**	621 556
Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January	**86 877 600**	86 877 600	**86 877 600**	86 877 600
Effect of own shares held (JSE LTIS 2010)	**(1 297 984)**	(1 435 563)	**(1 297 984)**	(1 435 563)
Weighted average number of ordinary shares at 31 December	**85 579 616**	85 442 037	**85 579 616**	85 442 037
Basic earnings per share (cents)	**1 051.0**	742.4	**1 002.1**	727.5
10.2 Diluted earnings per share				
Profit for the year attributable to ordinary shareholders	**899 478**	634 339	**857 615**	621 556
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December (basic)	**85 579 616**	85 442 037	**85 579 616**	85 442 037
Effect of LTIS share scheme	**885 896**	965 962	**885 896**	965 962
Weighted average number of ordinary shares (diluted)	**86 465 512**	86 407 999	**86 465 512**	86 407 999
Diluted earnings per share (cents)	**1 040.3**	734.1	**991.9**	719.3
The average market value of the Exchange's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the year.				
10.3 Headline earnings per share				
Reconciliation of headline earnings:				
Profit for the year attributable to ordinary shareholders	**899 478**	634 339	**857 615**	621 556
Adjustments are made to the following:				
(Profit) or loss on disposal of property and equipment	**(536)**	37	**(536)**	37
– Gross amount	**(745)**	51	**(745)**	51
– Taxation effect	**209**	(14)	**209**	(14)
Net realised gain on disposal of available-for-sale financial assets (no taxation effect)	**(20 644)**	(6 379)	**–**	–
Headline earnings	**878 298**	627 997	**857 079**	621 593
Headline earnings per share (cents)	**1 026.3**	735.0	**1 001.5**	727.5
10.4 Diluted headline earnings per share				
Diluted headline earnings per share (cents)	**1 015.8**	734.1	**991.2**	719.3

11. Property and equipment

	Notes	Computer hardware R'000	Furniture and equipment R'000	Leasehold improvements R'000	Vehicles R'000	Total owned assets R'000	Finance lease assets R'000	Total assets R'000
11.1 Cost								
Group and Company								
2015								
Balance at 1 January 2015		**259 877**	**41 418**	**120 468**	**202**	**421 965**	**38 147**	**460 112**
Additions		**21 363**	**8 241**	**893**	**–**	**30 497**	**–**	**30 497**
Transfer from development		**25 271**	**–**	**–**	**–**	**25 271**	**–**	**25 271**
Disposals		**(3 157)**	**(89)**	**–**	**–**	**(3 246)**	**–**	**(3 246)**
Balance at 31 December 2015		**303 354**	**49 570**	**121 361**	**202**	**474 487**	**38 147**	**512 634**
Group and Company								
2014								
Balance at 1 January 2014		212 070	41 206	114 098	202	367 576	40 332	407 908
Additions		18 339	2 448	6 370	–	27 157	–	27 157
Transfer from development		38 307	–	–	–	38 307	–	38 307
Disposals		(8 839)	(2 236)	–	–	(11 075)	(2 185)	(13 260)
Balance at 31 December 2014		259 877	41 418	120 468	202	421 965	38 147	460 112
11.2 Accumulated depreciation								
Group and Company								
2015								
Balance at 1 January 2015		**177 183**	**31 094**	**68 277**	**187**	**276 741**	**21 535**	**298 276**
Depreciation charge for the year	8.2	**29 817**	**2 960**	**9 697**	**8**	**42 482**	**9 492**	**51 974**
Disposals		**(2 689)**	**–**	**–**	**–**	**(2 689)**	**–**	**(2 689)**
Balance at 31 December 2015		**204 311**	**34 054**	**77 974**	**195**	**316 534**	**31 027**	**347 561**
Group and Company								
2014								
Balance at 1 January 2014		144 082	30 604	58 646	179	233 511	12 226	245 737
Depreciation charge for the year	8.2	37 225	2 426	9 631	8	49 290	9 309	58 599
Disposals		(4 124)	(1 936)	–	–	(6 060)	–	(6 060)
Balance at 31 December 2014		177 183	31 094	68 277	187	276 741	21 535	298 276
11.3 Carrying amounts								
Group and Company								
2015								
At 31 December 2014		82 694	10 324	52 191	15	145 224	16 612	161 836
At 31 December 2015		**99 043**	**15 516**	**43 387**	**7**	**157 953**	**7 120**	**165 073**
Group and Company								
2014								
At 31 December 2013		67 988	10 602	55 452	23	134 065	28 106	162 171
At 31 December 2014		82 694	10 324	52 191	15	145 224	16 612	161 836

For the year ended 31 December 2015

	Notes	Goodwill R'000	Customer relations R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
12. Intangible assets							
12.1 Cost							
Group							
2015							
Balance at 1 January 2015		**107 709**	**4 078**	**2 217**	**392 109**	**437 141**	**943 254**
Additions		**–**	**–**	**–**	**11 854**	**137 011**	**148 865**
Transfer to computer software		**–**	**–**	**–**	**8 353**	**(8 353)**	**–**
Transfer to computer hardware		**–**	**–**	**–**	**–**	**(25 271)**	**(25 271)**
Balance at 31 December 2015		**107 709**	**4 078**	**2 217**	**412 316**	**540 528**	**1 066 848**
Group							
2014							
Balance at 1 January 2014		107 709	4 078	2 217	322 456	442 337	878 797
Additions		–	–	–	7 033	97 015	104 048
Transfer to computer software		–	–	–	63 746	(63 746)	–
Transfer to computer hardware		–	–	–	–	(38 307)	(38 307)
Disposals		–	–	–	(1 126)	(158)	(1 284)
Balance at 31 December 2014		107 709	4 078	2 217	392 109	437 141	943 254
12.2 Accumulated amortisation and impairment losses							
Group							
2015							
Balance at 1 January 2015		**158**	**2 380**	**1 753**	**255 655**	**400 197**	**660 143**
Amortisation for the year	8.2	**–**	**941**	**–**	**47 064**	**–**	**48 005**
Balance at 31 December 2015		**158**	**3 321**	**1 753**	**302 719**	**400 197**	**708 148**
Group							
2014							
Balance at 1 January 2014		158	1 700	1 570	215 994	400 197	619 619
Amortisation for the year		–	680	183	39 661	–	40 524
Balance at 31 December 2014		158	2 380	1 753	255 655	400 197	660 143
12.3 Carrying amounts							
Group							
2015							
At 31 December 2014		107 551	1 698	464	136 454	36 944	283 111
At 31 December 2015		**107 551**	**757**	**464**	**109 597**	**140 331**	**358 700**
Group							
2014							
At 31 December 2013		107 551	2 378	647	106 462	42 140	259 178
At 31 December 2014		107 551	1 698	464	136 454	36 944	283 111

	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
12.4 Cost					
Company					
2015					
Balance at 1 January 2015	**82 987**	**1 829**	**372 265**	**434 504**	**891 585**
Additions	**–**	**–**	**11 854**	**137 011**	**148 865**
Transfer to computer software	**–**	**–**	**8 353**	**(8 353)**	**–**
Transfer to computer hardware	**–**	**–**	**–**	**(25 271)**	**(25 271)**
Balance at 31 December 2015	**82 987**	**1 829**	**392 472**	**537 891**	**1 015 179**
Company					
2014					
Balance at 1 January 2014	82 987	1 829	300 943	442 340	828 099
Additions	–	–	5 984	97 015	102 999
Transfer to computer software	–	–	66 386	(66 386)	–
Transfer to computer hardware	–	–	–	(38 307)	(38 307)
Disposals	–	–	(1 048)	(158)	(1 206)
Balance at 31 December 2014	82 987	1 829	372 265	434 504	891 585
12.5 Accumulated amortisation and impairment losses					
Company					
2015					
Balance at 1 January 2015	**–**	**1 829**	**233 286**	**400 197**	**635 312**
Amortisation for the year	**–**	**–**	**47 064**	**–**	**47 064**
Balance at 31 December 2015	**–**	**1 829**	**280 350**	**400 197**	**682 376**
Company					
2014					
Balance at 1 January 2014	–	1 650	194 408	400 197	596 255
Amortisation for the year	–	179	39 403	–	39 582
Disposals	–	–	(525)	–	(525)
Balance at 31 December 2014	–	1 829	233 286	400 197	635 312
12.6 Carrying amounts					
Company					
2015					
At 31 December 2014	82 987	–	138 979	34 307	256 273
At 31 December 2015	**82 987**	**–**	**112 122**	**137 694**	**332 803**
Company					
2014					
At 31 December 2013	82 987	179	106 535	42 143	231 844
At 31 December 2014	82 987	–	138 979	34 307	256 273

12.7 Impairment testing for cash-generating units containing goodwill

A cash-generating unit, (CGU), is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions, which represent the lowest level in the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in note 6.

(i) Goodwill on the acquisition of BESA Limited

All BESA operations are fully integrated into the JSE. However, as the cash inflows generated have not changed, the Interest Rate Market, previously defined as a CGU, is still defined as such. All other functions relating to the Interest Rate Market (e.g. cash management and creditors) are managed centrally across the JSE, with practical difficulties in allocating the assets and liabilities related to these centralised functions on a reasonable and consistent basis to the BESA CGU. For example, the portion of the JSE's overall cash balance attributable to the Interest Rate Market cannot be identified without undue effort. Other assets and liabilities relating to the running of the Interest Rate Market have also been integrated within the JSE. The integration has resulted in effective synergies and therefore using the costs attributable to BESA in the prior periods as an allocation method is unlikely to be an accurate reflection of the corporate costs associated with the Interest Rate Market in the current period.

A second impairment test was performed. This test was performed at the next highest group of CGUs to which the corporate assets could be allocated on a reasonable and consistent basis. As the JSE monitors corporate assets and expenses centrally, the second impairment test was performed at a JSE level. An impairment was not recognised at this level as the market capitalisation significantly exceeded the net asset value.

(ii) Goodwill on the acquisition of the business of Nautilus MAP Operations (Pty) Limited

On 1 July 2011, a newly created company of the Group, Nautilus MAP Operations (Pty) Limited, acquired the business that administers the hedge fund platform of Momentum Managed Account Platform (Pty) Limited (MOMMAP), as a going concern. For the purposes of impairment testing the business of Nautilus MAP Operations (Pty) Limited was defined as a cash-generating unit (CGU). The recoverability of this cash-generating unit was based on its value in use and was determined by discounting the future cash flows to be generated from the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount. An impairment loss was therefore not recognised.

Key assumptions used in the calculation of the recoverable amount were the discount rates (a weighted average cost of capital of 2015: 12.5% (2014: 14.25%), terminal growth rate of 5% (2014: 5.0%) and management's estimates of future cash flows. Five years of future cash flows have been included in the discounted cash flow model.

This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of a listed entity that has a single asset (or a portfolio of assets) similar in terms of service potential and risks to the asset under review.

The values assigned to the key assumptions represent management's assessment of future trends for the business, which were based on both external and internal sources (forecasts and budgets).

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000

13. Investment in equity-accounted investee

13.1 Carrying amount

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Strate (Pty) Limited				
Carrying amount at beginning of year	**159 284**	142 109	**21 416**	21 416
– Dividends received	**(18 823)**	(19 779)	**–**	–
– Share of profit	**46 568**	36 955	**–**	–
Total investment in equity-accounted investee	**187 030**	159 284	**21 416**	21 416

	Strate (Pty) Limited 2015 R'000	Strate (Pty) Limited 2014 R'000
13.2 Group share of post-acquisition profit		
Share of opening accumulated profit	**272 539**	235 584
Share of profit after tax	**46 568**	36 955
Share of closing accumulated profit	**319 107**	272 539
13.3 Summarised financial statements at 31 December		
Non-current assets	**214 564**	208 449
Current assets	**302 556**	282 488
Total assets	**517 120**	490 937
Equity	**440 628**	376 846
Non-current liabilities	**7 453**	8 652
Current liabilities	**69 039**	105 439
Total equity and liabilities	**517 120**	490 937
Revenue	**405 048**	347 411
Other income including finance income	**17 755**	12 649
Expenses	**(277 275)**	(244 542)
Taxation	**(40 998)**	(32 473)
Profit for the year	**104 530**	83 045

	Effective holding 2015 %	Effective holding 2014 %	Number of shares held 2015	Number of shares held 2014
13.4 Unlisted associated company				
Group and Company				
Strate (Pty) Limited	**44.55**	44.55	**4 346**	4 346

Strate (Pty) Limited is an authorised Central Securities Depositary (CSD) for the electronic settlement of financial instruments and is incorporated in South Africa.

	Issued share capital/trust capital	Percentage holding 2015 %	Percentage holding 2014 %	Carrying value of shares held 2015 R'000	Carrying value of shares held 2014 R'000
14. Subsidiaries – Company					
14.1 Investments in subsidiaries					
14.1.1 JSE Clear (Pty) Limited[1]					
– Ordinary shares of 12.5 cents each	**8 300**	**100**	100	**3 201**	3 201
14.1.2 JSE Clear Derivatives Default Fund (Pty) Limited[2]					
– Ordinary shares of R1 each	**1**	**100**	100	*	*
14.1.3 JSE Trustees (Pty) Limited					
– Ordinary shares of R1 each	**7**	**100**	100	*	*
The Group elected directors to hold shares in their capacity as nominees for the Company. The Company has control over the operating and decision-making activities of JSE Trustees (Pty) Limited.					
14.1.4 Nautilus MAP Holdings (Pty) Limited					
– 1 ordinary share of R1 each	**1**	**100**	100	*	*
Nautilus MAP Holdings (Pty) Limited holds 100% of the ordinary shares in Nautilus MAP Operations (Pty) Limited.					
14.1.5 JSE LTIS 2010 Trust					
– Trust capital	**1 000**	**100**	100	**1**	1
14.1.6 BESA Limited					
– Ordinary shares of 12.5 cents each	**1 925**	**100**	100	**101 150**	101 150
BESA Limited holds 100% of the ordinary shares in BESA Investments (Pty) Limited and 80% of the ordinary shares of BondClear Limited. The remaining 20% of the ordinary share capital in BondClear Limited is held by the JSE. All three entities are in the process of being deregistered.					
Investments in subsidiaries				**104 352**	104 352

14.1.7 Investor protection funds

In terms of section 9.1(e) of the Financial Markets Act, the JSE is required to have an investor protection mechanism in place to enable it to provide compensation to clients in certain circumstances. In compliance with this requirement, the JSE has guarantee funds (The JSE Guarantee Fund Trust and The BESA Guarantee Fund Trust) that cover the Equities and Interest Rate Markets respectively, and a fidelity fund (The JSE Derivatives Fidelity Fund Trust) that covers the derivatives markets. The three funds are housed in registered trusts. The funds are administered in terms of their respective trust deeds and their sets of rules. Certain JSE directors are trustees. As a result of the control exercised over these funds, the Group is required to consolidate them.

** Less than R1 000.*

[1] JSE Clear (Pty) Limited operates as the JSE's appointed clearing house in terms of the Financial Markets Act. In order to achieve recognition as a qualifying central counterparty (QCCP) under the CPSS-IOSCO provisions, clearing houses are required to establish a default fund for mutualising losses in the event of a clearing member default. JSE Clear (Pty) Limited has established such a default fund, and has been recognised by the Financial Services Board (FSB) as a QCCP with effect from January 2013.

[2] JSE Clear Derivatives Default Fund (Pty) Limited is incorporated as a private for profit company wholly owned by JSE Limited with a limited purpose of holding these funds.

14.2. Involvement with unconsolidated structured entities

The table below describes the structured entities that the Group does not consolidate but in which it holds an interest.

Name of structured entity	Nature and purpose	Interest held by the Group
The JSE Benevolent Fund	The purpose of the fund is to provide financial assistance and poverty relief for specific persons in distress, namely: stockbrokers and employees of authorised members of the JSE, as well as all full-time employees of the JSE prior to 8 November 1995 and their dependants. The assets of the fund are applied by the Board according to the applicable rules and their discretion.	This is a structured fund for which the JSE provides administrative services. In addition, the JSE does not earn any revenue in return for the provision of these services and does not provide financial support to this unconsolidated fund.
The JSE Empowerment Fund Trust	The purpose of the fund is to provide, "education and development" as contemplated in paragraph 3 of Part II of the Ninth Schedule of the Income Tax Act No 58 of 1962 by way of bursaries or financial assistance.	This is a structured fund for which the JSE provides administrative services. In addition, the JSE does not earn any revenue in return for the provision of these services to this unconsolidated fund. The JSE does not have any investments in this fund.
Nautilus MAP (Pty) Limited	The purpose of the company is to allow investors to invest into alternative assets where the operational risks are mitigated.	The provision of administrative services. The JSE holds 100% of the issued share capital at a cost of R1. The JSE does not provide financial support to this unconsolidated entity. In addition, the JSE does not earn any revenue directly through this entity.

	2015 R'000	2014 R'000
14.3 Due from Group entity		
Nautilus MAP Operations (Pty) Limited	**22 547**	9 640
Total non-current asset	**22 547**	9 640

Amounts due from Group entity are unsecured, interest free and of a long-term nature.

	2015 R'000	2014 R'000
14.4 Due from Group entities		
JSE Clear (Pty) Limited	**43 910**	32 455
JSE Trustees (Pty) Limited	**7 589**	6 360
BESA Guarantee Fund Trust	**364**	306
JSE Derivatives Fidelity Fund Trust	**67**	40
Total due from Group entities	**51 930**	39 161

All entities are incorporated in the Republic of South Africa.

Amounts due from Group entities consist mainly of management fees payable to the Company. These fees are invoiced monthly by the Company and are payable within 30 days from invoice date.

For the year ended 31 December 2015

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
15. Other investments				
15.1 Investor protection funds available-for-sale financial assets				
15.1.1 JSE Derivatives Fidelity Fund Trust				
Bonds	**15 129**	13 113	**–**	–
Listed equities	**82 533**	98 275	**–**	–
Foreign unit trusts	**64 314**	37 553	**–**	–
	161 976	148 941	**–**	–
15.1.2 JSE Guarantee Fund Trust			**–**	
Bonds	**13 561**	12 184	**–**	–
Listed equities	**72 242**	88 610	**–**	–
Foreign unit trusts	**60 062**	38 648	**–**	–
Local unit trusts	**4 722**	4 366	**–**	–
	150 587	143 808	**–**	–
	312 563	292 749	**–**	–
15.2 Other investments				
Stock Exchange Nominees (Pty) Ltd[1]	**1**	1	**1**	1
	312 564	292 750	**1**	1

[1] *Fair value is assumed to approximate cost.*

16. Loan to the JSE Empowerment Fund Trust	**25 271**	13 924	**25 271**	13 924

In accordance with the JSE's holistic transformation strategy, a loan to facilitate enterprise development was granted to the JSE Empowerment Fund Trust. The intention of this loan is to assist the sustainability of the financial and operational independence of the fund. The loan is interest free. The JSE has the option to terminate the agreement with the fund on one month's written notice, charging interest at JIBAR on any outstanding amounts.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
17. Trade and other receivables				
17.1 Trade and other receivables				
Interest receivable	**187 611**	136 350	**6 170**	4 696
Other receivables	**25 875**	21 272	**14 261**	13 786
Prepaid expenses	**50 016**	22 356	**46 940**	19 685
Trade receivables	**203 428**	156 568	**202 059**	154 870
	466 930	336 546	**269 430**	193 037

17. Trade and other receivables (continued)

17.1 Trade and other receivables (continued)

The age analysis of trade receivables is as follows:

	Group		Company	
	Gross R'000	Allowance for impairment losses R'000	Gross R'000	Allowance for impairment losses R'000
At 31 December 2015:				
Fully performing: 0-30 days	**189 060**	**–**	**187 787**	**–**
Past due: 31-90 days	**13 846**	**–**	**13 805**	**–**
Past due: More than 90 days	**1 743**	**1 221**	**1 688**	**1 221**
	204 649	**1 221**	**203 280**	**1 221**
At 31 December 2014:				
Fully performing: 0-30 days	142 629	–	141 202	–
Past due: 31-90 days	12 489	–	12 438	–
Past due: More than 90 days	2 250	800	2 030	800
	157 368	800	155 670	800

The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
At 1 January	**800**	589	**800**	589
Increase in allowance for impairment	**757**	452	**757**	452
Receivables written off during the year as uncollectable	**(336)**	(241)	**(336)**	(241)
At 31 December	**1 221**	800	**1 221**	800

Trade and other receivables are assessed for impairment on a continuous basis. Impairments are recognised in respect of receivables where there are concerns about recoverability. In assessing recoverability, indicators of potential default are considered and these include, amongst other factors, the clients' payment records and the industry in which the clients operate.

Based on historic default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables as the amounts relate to clients that have a good payment record with the Group and there has been no objective evidence to the contrary.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
18. Margin and collateral deposits				
Margin and collateral deposits received are managed and invested on behalf of members in terms of the JSE's rules. These funds have been placed with F1/A1 and F1+/A1+ rated banks. A corresponding liability has been raised (which is due to market participants) against these margin and collateral deposits, as the JSE only manages these assets to facilitate clearing of the equity and derivative markets.				
18.1 Margin deposits				
Derivatives funds held by JSE Clear (Pty) Limited	**34 271 450**	25 368 828	**–**	–
Equities	**175 616**	307 606	**175 616**	307 606
	34 447 066	25 676 434	**175 616**	307 606
18.2 Collateral deposits	**140 687**	96 262	**140 687**	96 262
The JSE acts as an agent in equity securities lending transactions necessary to facilitate electronic settlement of equity trades in the Strate environment. At year-end, interest-bearing collateral deposits of R140.7m (2014: R96.3m) have been lodged as security against securities lending transactions with a market value of R119.0m (2014: R84.1m).				
18.3 JSE Clear Derivatives Default Fund (Pty) Limited	**500 000**	500 000	**100 000**	100 000
JSE Clear Derivatives Default Fund (Pty) Limited has established a default fund for neutralising losses in the event of clearing member default.				
The initial collateral deposits required from clearing members are managed and invested in terms of the JSE Rules. The Company contribution of the fund is R100m (2014: R100m).				
Collateral deposits				
JSE Clear Derivatives Default Fund (Pty) Limited members' contributions	**400 000**	400 000	**–**	–
19. Cash and cash equivalents				
Cash and cash equivalents comprises:				
Bank balances	**973 264**	1 078 464	**819 135**	940 233
Call deposits	**934 365**	552 774	**917 491**	534 210
Total cash and cash equivalents	**1 907 629**	1 631 238	**1 736 626**	1 474 443

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000

20. Share capital and reserves

20.1 Authorised share capital

400 000 000 ordinary shares with a par value of 10 cents per share	**40 000**	40 000	**40 000**	40 000

20.2 Issued share capital

Balance at 1 January	**8 541**	8 533	**8 541**	8 533
Ordinary shares issued	**31**	51	**31**	51
Acquisition of treasury shares	**(30)**	(43)	**(30)**	(43)
Sale of treasury shares	**11**	–	**11**	–
Balance at 31 December	**8 553**	8 541	**8 553**	8 541

20.3 Share capital and reserves

Share capital	**8 553**	8 541	**8 553**	8 541
Share premium	**57 954**	63 348	**57 954**	63 348
Non-distributable reserves made up as follows:	**433 392**	405 551	–	–
Investor protection funds	**433 392**	405 551	–	–
Fair value reserve[1]	**139 480**	135 933	–	–
– JSE Derivatives Fidelity Fund Trust	**66 902**	63 718	–	–
– JSE Guarantee Fund Trust	**72 578**	72 215	–	–
Capital and accumulated funds[2]	**293 912**	269 618	–	–
– BESA Guarantee Fund Trust	**107 306**	105 262	–	–
– JSE Derivatives Fidelity Fund Trust	**101 744**	89 094	–	–
– JSE Guarantee Fund Trust	**84 862**	75 262	–	–
JSE LTIS 2010 reserve[3]	**44 968**	43 937	**44 968**	43 937
Retained earnings	**2 411 285**	1 952 617	**2 301 662**	1 860 563
	2 956 152	2 473 994	**2 413 137**	1 976 389

[1] *This reserve comprises fair value adjustments in respect of available-for-sale financial assets.*
[2] *These funds were established for the purpose of investor protection in the event of a member defaulting in the Equity, Equity Derivatives and Bond Markets.*
[3] *This reserve relates to the portion of the LTIS 2010 Long-Term Incentive Scheme that has been expensed to date.*

	Company	
	2015 R'000	2014 R'000

20.4 Dividends declared and paid

Ordinary dividend of 400 cents (2014: 350 cents) per share	**417 012**	304 071
Special dividend of 80 cents (2014: 50 cents) per share	**–**	43 439
Total dividend of 480 cents (2014: 350 cents) on unallocated treasury shares	**(496)**	(53)
	416 516	347 457

For the year ended 31 December 2015

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
21. Borrowings				
Loan from Momentum Alternative Investments (Pty) Ltd	**–**	13 977	**–**	–

During the year ended 31 December 2015, the loan from Momentum Alternative Investments (Pty) Ltd, used to fund the purchase of Nautilus MAP, was settled. The loan was denominated in South African rands.

	Notes	Group		Company	
		2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
22. Employee benefits					
22.1 Group and Company					
Non-current liabilities		**10 845**	5 761	**10 845**	5 761
Cash-settled liability	22.5	**10 845**	5 761	**10 845**	5 761
Current liabilities		**136 158**	116 179	**136 158**	116 179
Contractual bonus (deferred portion only)	22.2	**29 727**	27 230	**29 727**	27 230
Leave pay accrual		**17 347**	19 323	**17 347**	19 323
Cash-settled liability	22.5	**3 184**	6 226	**3 184**	6 226
Discretionary bonus		**85 900**	63 400	**85 900**	63 400

22.2 Contractual bonus (includes deferral)

The contractual bonus scheme is an annual incentive for qualifying employees. Specialists and staff from junior management level upwards (excluding the CEO) are eligible to participate in this scheme. Awards are assessed on individual performance, with a maximum award at executive management level equal to 3.74 months' guaranteed pay. Contractual bonuses are awarded in December each year, with 50% of these awards being subject to a six-month deferral based on continued employment. The deferred portion attracts interest at 5% per annum. No performance claw-back provisions apply to these awards.

The CEO does not qualify for awards under the scheme, but is eligible for an annual bonus up to a maximum of her annual guaranteed cost-to-company package (with 50% being deferred for six months, and the deferred portion attracting interest at 5% per annum).

For the year under review, contractual bonuses awarded under this scheme amounted to R57.2m (2014: R49.5m) of which R5.9m (2014: R7.5m) was awarded to executive management (all amounts are inclusive of interest). In total, 50% of these awards are deferred for six months.

The CEO's contractual bonus totalled R3.9m (2014: R3.7m) this being an amount equal to 100% of her annual guaranteed package, with half of this award deferred for six months (this amount is inclusive of interest).

22.3 Discretionary bonus retained

The discretionary bonus scheme is an annual incentive for qualifying employees. All permanent staff members are eligible to participate in this scheme. Awards are assessed on individual performance and the achievement of specific corporate deliverables as set out in the annual corporate scorecard approved by the Board. Discretionary bonuses related to 2015 performance were paid in February 2016.

The total discretionary bonus pool for 2015 amounted to R85.9m (2014: R63.4m), of which RNilm (2014: R18.6m) was paid to executive management (including the CEO). The remainder of the accrual, amounting to R4.7m, relates to funds set aside for an employees' children bursary initiative.

22.4 Retirement benefits

The JSE provides retirement benefits for employees through the JSE Pension Scheme, which is a defined contribution retirement scheme.

22. Employee benefits (continued)

22.5 Cash-settled liability (Cash LTIS 2014 and 2015)

For the 2014 and 2015 financial years, the Board implemented a cash-only long-term retention scheme (Cash LTIS 2014 and 2015) as an alternative to a traditional long-term incentive. This retention scheme was applicable to selected senior employees of the JSE.

Cash LTIS 2014 vests in two annual tranches – 50% at 1 May 2016 and 50% at 1 May 2017. Cash LTIS 2015 also vests in two tranches – 50% at 1 June 2017 and 50% at 1 June 2018.

The unvested portions of both Cash LTIS schemes attract interest at the commercial rate earned by the JSE Trustees on funds under management. No performance hurdles or claw-back provisions are applicable to either Cash LTIS scheme.

In order to calculate the net present value impact to profit or loss of all unvested tranches under the Cash LTIS schemes, the unvested portions have been discounted on an annual basis at the average cost of capital. The net present value and interest movement in both schemes resulted in a charge to profit and loss of R7.4m (2014: R5.5m).

	Cash LTIS 2015	Cash LTIS 2014
	R'000	R'000
Total cash value of grant approved by Board	**10 046**	7 342
Portion of grant awarded to Executive Committee members	**–**	–

22.6 Long-Term Incentive Scheme 2010 (LTIS 2010)

The long-term incentive scheme was approved by shareholders at the annual general meeting in April 2010.

Scheme objective and design

The main objective of LTIS 2010 is to incentivise selected senior employees to grow the JSE over rolling three- and four-year time horizons. To this end, early LTIS 2010 allocation comprise a personal performance component and a corporate performance component while later allocations contained only a personal performance component, with the objectives, qualifying criteria and potential rewards applicable to each component being clearly distinguished . In particular, the corporate performance component is intended to align the interests of scheme participants with the interests of JSE shareholders.

LTIS 2010 is a full-value, restricted share scheme that provides scheme participants with ownership opportunities to JSE shares. These shares are acquired on an annual basis in the open market by a trust established by the JSE. A scheme participant gets immediate beneficial ownership of the JSE shares from the date of the award. However this beneficial ownership is subject to restrictions, being the participant's continued employment and the JSE achieving certain Group-level performance conditions over the vesting period. Shares awarded under LTIS 2010 are forfeited if either the employment requirement or the performance conditions are not met.

Allocation 1 under LTIS 2010 fully vested in the previous year under review.

Allocation 2 under LTIS 2010

The second award (Allocation 2) under LTIS 2010 was granted in May 2011 with the following vesting profile:

Tranche 1: 50% of the total award, which vested on 1 May 2014

Tranche 2: 50% of the total award, vesting on May 2015 (during the period under review)

Tranche 1 – fully vested in 2014

All available Tranche 1 shares (134 550 shares) vested for those participants still in the employ of the JSE on 1 May 2014.

In respect of Tranche 1 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 70% of these Tranche 1 shares should vest for those participants still in the employ of the JSE on 1 May 2014. The remainder of the Tranche 1 corporate performance shares (being 11 835 shares) was forfeited by participants.

	Retention shares	Corporate performance shares	Total shares
Tranche 1 – fully vested			
Original number of Tranche 2 shares awarded in May 2011	158 750	54 700	213 450
Forfeited by leavers to date	(24 200)	(15 250)	(39 450)
Tranche 1 shares forfeited for missing performance targets	–	(11 835)	(11 835)
Tranche 1 shares vested on 1 May 2014	(134 550)	(27 615)	(162 165)
Tranche 1 shares outstanding	–	–	–

Tranche 2 – fully vested

All available Tranche 2 retention shares (110 450 shares) vested for those participants still in the employ of the JSE on 1 May 2015.

In respect of Tranche 2 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 78% of these Tranche 2 shares should vest for those participants still in the employ of the JSE on 1 May 2015. The remainder of the Tranche 2 corporate performance shares (being 8 679 shares) was forfeited by participants.

As at 31 December 2015, details of Tranche 2 were as follows:

	Retention shares	Corporate performance shares	Total shares
Tranche 2			
Original number of Tranche 2 shares awarded in May 2011	158 750	54 700	213 450
Forfeited by leavers to date	(34 300)	(15 250)	(49 550)
Tranche 2 shares forfeited for missing performance targets	–	(8 679)	(8 679)
Accelerated for good leavers	(14 000)	(7 293)	(21 293)
Tranche 2 shares vested on 1 May 2015	(110 450)	(23 478)	(133 928)
Tranche 2 shares outstanding	–	–	–

Allocation 3 under LTIS 2010

The third award (Allocation 3) under LTIS 2010 was granted in June 2012 with the following vesting profile:

	Personal performance shares	Corporate performance shares
Share price at grant date (rands per share)	78.68	78.68
Total number of shares granted	263 600	103 000
Dividend yield	3%	3%
Vesting profile:		
50% of the shares awarded vested on 30 June 2015	131 800	51 500
50% of the shares awarded vest on 30 June 2016	131 800	51 500

The vesting of Tranche 1 was completed during the year under review.

Tranche 1 – fully vested

116 533 Personal performance shares vested for those participants still in the employ of the JSE on 1 June 2015, with 1 017 shares being forfeited for missing personal performance targets.

In respect of Tranche 1 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 78.07% of these Tranche 1 shares should vest for those participants still in the employ of the JSE on 1 June 2015. The remainder of the Tranche 1 corporate performance shares (being 10 713 shares) was forfeited by participants.

22. Employee benefits (continued)

22.6 Long-Term Incentive Scheme 2010 (LTIS 2010) (continued)

As at 31 December 2015, details of Allocation 3 Tranche 1 were as follows:

	Retention shares	Corporate performance shares	Total shares
Original number of Tranche 1 shares awarded in June 2012	131 800	51 500	183 300
Forfeited by leavers to date	(14 250)	(2 650)	(16 900)
Tranche 1 shares forfeited for missing performance targets	(1 017)	(10 713)	(11 730)
Tranche 1 shares vested on 1 June 2015	(116 533)	(38 137)	(154 670)
Tranche 1 shares outstanding	–	–	–
As at 31 December 2015, details of Allocation 3 Tranche 2 were as follows:			
Original number of Tranche 1 shares awarded in June 2012	131 800	51 500	183 300
Forfeited by leavers to date	(17 450)	(2 650)	(20 100)
Accelerated for good leavers to date	(5 900)	(6 700)	(12 600)
Tranche 2 shares available for vesting in June 2016	108 450	42 150	150 600

Allocation 4 under LTIS 2010

The fourth award (Allocation 4) under LTIS 2010 was granted in May 2013 with the following vesting profile:

	Personal performance shares	Corporate performance shares
Share price at grant date (rands per share)	76.92	76.92
Total number of shares granted	328 500	128 600
Dividend yield	3%	3%
Vesting profile:		
50% of the shares awarded vest on 1 June 2016	164 250	64 300
50% of the shares awarded vest on 1 June 2017	164 250	64 300

Allocation 5 under LTIS 2010

The fifth award (Allocation 5) under LTIS 2010 was granted in May 2014 with the following vesting profile:

	Corporate performance shares
Share price at grant date (rands per share)	76.92
Total number of shares granted	422 870
Dividend yield	3%
Vesting profile:	
50% of the shares awarded vest on 1 June 2017	211 435
50% of the shares awarded vest on 1 June 2018	211 435

Allocation 6 under LTIS 2010

At the annual general meeting held on 21 May 2015, shareholders approved two special resolutions authorising the acquisition of shares for the purposes of awards under the LTIS 2010 scheme as well as the provision of financial assistance to the JSE LTIS 2010 Trust for a period of two years, for the purpose of acquiring such JSE ordinary shares in the open market for allocation to selected employees in accordance with the rules of LTIS 2010. In accordance with the terms of these resolutions, the Board approved a fresh annual allocation of shares ("Allocation 6") to selected employees for the 2015 year, and these individual allocations were all accepted by scheme participants by 1 June 2015. Allocation 6 comprised a total of 302 340 JSE ordinary shares and these shares were acquired in the open market by 29 May 2015, at a volume-weighted average price (including all execution costs) of R131.54 per ordinary share. These shares are held in trust and are restricted until all vesting conditions are fulfilled whereupon the shares vest.

Included in the total number of shares granted of 302 340, a total of 160 620 corporate performance shares has been granted to members of the JSE's Executive Committee. No personal performance shares were allocated under Allocation 6.

	Corporate performance shares
Share price at grant date (rands per share)	131.54
Total number of shares granted	302 340
Dividend yield	3%
Grant date	1 June 2015
Vesting profile:	
50% of the shares awarded vest on 31 May 2018	151 170
50% of the shares awarded vest on 31 May 2019	151 170

Fair value charge to profit and loss.

The profit or loss charge for the period, calculated using the Black-Scholes valuation methodology, in respect of allocations granted under LTIS 2010 is as follows:

	2015	2014
Allocation 1 (granted in May 2010)	**–**	R0.7m
Allocation 2 (granted in May 2011)	**R0.7m**	R1.1m
Allocation 3 (granted in June 2012)	**R5.3m**	R5.0m
Allocation 4 (granted in May 2013)	**R6.6m**	R8.0m
Allocation 5 (granted in May 2014)	**R5.5m**	R6.2m
Allocation 6 (granted in June 2015)	**R3.1m**	–
	R21.2m	R21.0m

	Assets		Liabilities		Net	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000

23. Deferred tax assets and liabilities

23.1 Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2015 R'000	Assets 2014 R'000	Liabilities 2015 R'000	Liabilities 2014 R'000	Net 2015 R'000	Net 2014 R'000
Intangible assets	**–**	–	**(394)**	(584)	**(394)**	(584)
Operating lease liability	**24 482**	20 820	**–**	–	**24 482**	20 820
Employee benefits	**41 161**	34 144	**(8 592)**	–	**32 569**	34 144
Allowance for impairment losses	**257**	168	**–**	–	**257**	168
Prepayments	**–**	–	**(4 634)**	(3 814)	**(4 634)**	(3 814)
Finance lease asset	**–**	–		(4 651)	**–**	(4 651)
Finance lease liability		3 008	**–**	–	**–**	3 008
Loan to the JSE Empowerment Fund Trust	**427**	–	**–**	(28)	**427**	(28)
Income received in advance	**930**	838	**–**	–	**930**	838
	67 257	58 978	**(13 620)**	(9 077)	**53 637**	49 901

23.2 Movement in temporary differences during the year:

Group	Balance 1 January 2014 R'000	Recognised in profit or loss R'000	Balance 31 December 2014 R'000	**Recognised in profit or loss R'000**	**Balance 31 December 2015 R'000**
Property and equipment	377	(377)	–	**–**	**–**
Intangible assets	(826)	242	(584)	**190**	**(394)**
Operating lease asset	16 194	4 626	20 820	**3 662**	**24 482**
Operating lease liability	(334)	334	–	**–**	**–**
Employee benefits	17 509	16 635	34 144	**(1 575)**	**32 569**
Allowance for impairment losses	124	44	168	**89**	**257**
Prepayments	(3 139)	(675)	(3 814)	**(820)**	**(4 634)**
Finance lease asset	(7 869)	3 218	(4 651)	**4 651**	**–**
Finance lease liability	6 357	(3 349)	3 008	**(3 008)**	**–**
Loan to the JSE Empowerment Fund Trust	(156)	128	(28)	**455**	**427**
Income received in advance	1 187	(349)	838	**92**	**930**
	29 424	20 477	49 901	**3 736**	**53 637**

There are no current and deferred tax implications relating to items charged/credited directly to other comprehensive income or equity, since these relate to investor protection funds, which are exempt from tax.

	Assets		Liabilities		Net	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
23.3 Deferred tax assets and liabilities are attributable to the following:						
Company						
Operating lease liability	**24 482**	20 820	**–**	–	**24 482**	20 820
Employee benefits	**41 161**	34 144	**(8 592)**	–	**32 569**	34 144
Allowance for impairment losses	**256**	168	**–**	–	**256**	168
Prepayments	**–**	–	**(4 634)**	(3 814)	**(4 634)**	(3 814)
Finance lease asset	**–**	–		(4 651)		(4 651)
Finance lease liability		3 008	**–**	–		3 008
Loan to the JSE Empowerment Fund Trust	**428**	–	**–**	(28)	**428**	(28)
Income received in advance	**930**	838	**–**	–	**930**	838
	67 257	58 978	**(13 226)**	(8 493)	**54 031**	50 485

	Balance 1 January 2014 R'000	Recognised in profit or loss R'000	Balance 31 December 2014 R'000	**Recognised in profit or loss R'000**	**Balance 31 December 2015 R'000**
23.4 Movement in temporary differences during the year					
Company					
Property and equipment	377	(377)	–	**–**	**–**
Intangible assets	(51)	51	–	**–**	**–**
Operating lease asset	16 194	4 626	20 820	**3 662**	**24 482**
Operating lease liability	(334)	334	–	**–**	**–**
Employee benefits	17 509	16 635	34 144	**(1 575)**	**32 569**
Allowance for impairment losses	124	44	168	**88**	**256**
Prepayments	(3 139)	(675)	(3 814)	**(820)**	**(4 634)**
Finance lease asset	(7 869)	3 218	(4 651)	**4 651**	**–**
Finance lease liability	6 357	(3 349)	3 008	**(3 008)**	**–**
Loan to the JSE Empowerment Fund Trust	(156)	128	(28)	**456**	**428**
Income received in advance	1 187	(349)	838	**92**	**930**
	30 199	20 286	50 485	**3 546**	**54 031**

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
24. Trade and other payables				
Trade payables	**146 768**	140 222	**145 150**	137 582
Current portion of finance lease	**–**	10 743	**–**	10 743
Interest payable	**188 838**	140 672	**4 686**	3 912
Receipts in advance	**3 955**	3 563	**3 955**	3 561
	339 561	295 200	**153 791**	155 798
25. Due to Safex members				
Non-current liability	**1 347**	1 347	**1 347**	1 347
Relates to unclaimed funds.				
26. Notes to the cash flow statement				
26.1 Cash generated by operations				
Profit for the year before tax	**1 235 118**	867 608	**1 192 714**	854 074
Adjustments for:				
– depreciation of property and equipment	**51 974**	58 599	**51 974**	58 599
– amortisation of intangible assets	**48 005**	40 524	**47 064**	39 582
– JSE LTIS 2010	**21 665**	21 055	**21 665**	21 055
– share of profit of equity-accounted investee	**(46 569)**	(36 955)	**–**	–
– interest expense	**1 967 342**	1 412 721	**29 736**	15 576
– interest income	**(2 133 136)**	(1 539 449)	**(127 919)**	(89 718)
– dividend income	**(6 455)**	(5 001)	**(18 823)**	(19 779)
– non-cash items in respect of employee benefits	**(125 231)**	(100 030)	**(125 231)**	(100 030)
– loss on scrapping of assets	**–**	6 852	**–**	6 852
– profit on sale of property and equipment	**(201)**	51	**(201)**	51
– change in fair value of loan to JSE Empowerment Fund	**(11 347)**	98	**(11 347)**	98
– gain on disposal of investment securities	**(20 644)**	(6 379)	**–**	–
Surplus from operations	**980 521**	719 694	**1 059 632**	786 360
Changes in:				
– increase in trade and other receivables	**(79 123)**	(7 191)	**(100 595)**	(34 548)
– increase in trade and other payables	**156 780**	187 216	**146 285**	172 448
Cash generated by operations	**1 058 178**	899 719	**1 105 322**	924 260
26.2 Taxation paid				
Taxation receivable at beginning of year	**31 772**	(17 108)	**32 377**	(16 365)
Deferred tax effects	**3 736**	20 477	**3 546**	20 286
Current tax charge	**335 640**	233 269	**335 099**	232 518
Taxation payable at end of year	**(32 119)**	(31 772)	**(32 713)**	(32 377)
	339 029	204 866	**338 309**	204 062

27. Directors' and executives' remuneration[4]

27.1 Executive directors – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000
2015			
NF Newton-King	Chief executive officer	**3 474**	**228**
A Takoordeen	Chief financial officer	**1 999**	**92**
L Fourie[5]	Director of Post-Trade and Information Services	**2 170**	**143**
		7 643	**463**
2014			
NF Newton-King	Chief executive officer	3 280	216
A Takoordeen	Chief financial officer	1 870	86
L Fourie	Director of Post-Trade and Information Services	1 982	130
		7 132	432

27.2 Other key executives – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000
2015			
GA Brookes	Director of Governance, Risk and Compliance	**1 767**	**–**
JH Burke	Director of Issuer Regulation	**2 048**	**145**
S Cleary[6]	Director of Strategy and Public Policy	**380**	**25**
Z Jacobs	Director of Marketing and Corporate Affairs	**1 955**	**94**
N Mashigo[7]	Director of Human Resources	**1 252**	**81**
D Oosthuyse	Director of Capital Markets	**2 294**	**137**
LV Parsons	Director of Trading and Market Services	**1 875**	**519**
R van Wamelen	Chief information officer	**2 173**	**99**
		13 744	**1 100**
2014			
GA Brookes	Director of Governance, Risk and Compliance	1 668	–
JH Burke	Director of Issuer Regulation	1 997	140
S Cleary	Director of Strategy and Public Policy	1 480	96
Z Jacobs	Director of Marketing and Corporate Affairs	1 846	89
N Mashigo	Director of Human Resources	1 199	63
D Oosthuyse	Director of Capital Markets	894	54
LV Parsons	Director of Trading and Market Services	1 797	500
R van Wamelen	Chief information officer	1 977	89
		12 858	1 031

Footnotes 1 – 8 below are applicable to notes 27.1 – 27.2

[1] *Represents short-term employee benefits.*

[2] *Contractual bonuses are subject to personal performance and are calculated according to a fixed percentage of basic salary (which percentage varies on a sliding scale based on grade). Altogether 50% of all contractual bonuses are subject to six-month deferral linked to continued employment. The full contractual bonus award is reflected here, together with interest on the deferred portion at 5%, in accordance with the contractual bonus policy.*

[3] *Discretionary bonuses are subject to both personal performance and the achievement of specific corporate deliverables (per the annual corporate scorecard approved by the Board at the beginning of each financial year). These awards are not subject to deferral, unless otherwise so determined by the Board in any particular year.*

[4] *All executive directors and other key executives are full-time employees of JSE Limited.*

[5] *Resigned, currently serving notice period until mid-2016. A replacement has been secured and will commence tenure on 1 Feb 2016. In November 2015 a sign-on bonus of R800 000 was paid to the new incumbent.*

[6] *Resigned on 31 March 2015.*

[7] *Resigned on 30 November 2015.*

[8] *Portion of CEO's discretionary bonus made up as follows:*
– R4 300 000 in cash; and
– R300 000 in JSE Limited shares vesting over three years.

Medical aid[1], UIF and other R'000	Total guaranteed pay R'000	Contractual bonus[1, 2] (includes deferral) R'000	Discretionary bonus[1, 3] R'000	Total annual incentives R'000	Total current year remuneration R'000	Total long-term and other benefits R'000	Total number of shares granted in the LTIS 2010 scheme
121	**3 823**	**3 917**	**4 600**	**8 517**	**12 340**	**3 178**	**147 550**
105	**2 196**	**701**	**2 050**	**2 751**	**4 947**	**–**	**47 410**
61	**2 374**	**772**	**2 250**	**3 022**	**5 396**	**843**	**58 060**
287	**8 393**	**5 390**	**8 900**	**14 290**	**22 683**	**4 021**	**253 020**
110	3 606	3 695	3 911	7 606	11 212	2 283	133 741
95	2 051	655	1 483	2 138	4 189	–	33 820
50	2 162	690	1 736	2 426	4 588	–	50 320
255	7 819	5 040	7 130	12 170	19 989	2 283	217 881
429	**2 196**	**578**	**1 250**	**1 828**	**4 024**	**622**	**25 790**
155	**2 348**	**772**	**2 200**	**2 972**	**5 320**	**2 031**	**62 390**
141	**546**	**–**	**–**	**–**	**546**	**–**	**–**
46	**2 095**	**669**	**2 050**	**2 719**	**4 814**	**–**	**46 190**
473	**1 806**	**–**	**–**	**–**	**1 806**	**–**	**–**
115	**2 546**	**813**	**2 300**	**3 113**	**5 659**	**–**	**15 770**
167	**2 561**	**830**	**2 300**	**3 130**	**5 691**	**2 118**	**67 060**
106	**2 378**	**759**	**2 250**	**3 009**	**5 387**	**1 719**	**57 790**
1 632	**16 476**	**4 421**	**12 350**	**16 771**	**33 247**	**6 490**	**274 990**
42	1 710	547	927	1 474	3 184	533	16 870
135	2 271	743	1 681	2 424	4 695	2 225	60 161
25	1 602	512	1 012	1 524	3 126	530	36 240
42	1 977	631	1 607	2 238	4 215	–	33 220
40	1 302	415	1 000	1 415	2 717	–	11 550
28	976	1 851	1 736	3 587	4 563	–	–
157	2 454	797	1 808	2 605	5 059	2 283	64 351
96	2 162	690	1 736	2 426	4 588	1 576	54 021
565	14 453	6 186	11 507	17 693	32 147	7 147	276 413

27. Directors' and executives' remuneration (continued)

27.3 Non-executive director emoluments

		Total R'000	Board member fees R'000	Committee member fees R'000
2015				
AD Botha	Chairman of Human Resources, Social and Ethics Committee	**782**	**290**	**492**
M Jordaan		**290**	**290**	**–**
SP Kana[1]		**320**	**145**	**175**
DM Lawrence		**543**	**290**	**253**
MA Matooane[2]	Chairman of Risk Committee	**522**	**290**	**232**
AM Mazwai	Chairman of SRO Committee, chairman of Investment of Funds Committee	**802**	**290**	**512**
NP Mnxasana		**554**	**290**	**264**
NS Nematswerani[3]	Chairman of Audit Committee	**316**	**113**	**203**
NMC Nyembezi-Heita	Board Chairman, chairman of Nominations Committee	**1 716**	**1 716**	**–**
NG Payne[4]	Chairman of Audit Committee	**787**	**290**	**497**
		6 632	**4 004**	**2 628**
2014				
H Borkum	Board Chairman, chairman of Nominations Committee	581	581	–
AD Botha	Chairman of Human Resources, Social and Ethics Committee	744	362	382
M Johnston		243	122	121
MA Jordaan		278	278	–
DM Lawrence		489	278	211
MA Matooane		384	278	106
AM Mazwai	Chairman of SRO Committee	737	278	459
NP Mnxasana		398	278	120
NS Nematswerani	Chairman of Audit Committee	768	278	490
NMC Nyembezi-Heita	Board Chairman, chairman of Nominations Committee	1 213	1 157	56
NG Payne	Chairman of Risk Committee	713	278	435
		6 548	4 168	2 380

[1] *Appointed on 1 July 2015.*
[2] *Appointed, chairman with effect 21 May 2015.*
[3] *Resigned on 21 May 2015.*
[4] *Appointed, chairman with effect 21 May 2015.*

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000

28. Deferred income

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Investor Protection Levy	**13 217**	16 002	**13 217**	16 002
Distribution from the JSE Guarantee Fund Trust	**–**	–	**34 837**	46 357
	13 217	16 002	**48 054**	62 359

Investor Protection Levy

This amount represents unexpended levies received from investors in terms of the Investor Protection Levy. These levies are raised to finance the market regulatory activities as required by Financial Services Board and are committed to this purpose. These funds are included in the cash and cash equivalents balances.

Distribution from the JSE Guarantee Fund Trust

This represents the monies distributed by the JSE Guarantee Fund Trust for the specific purpose of funding the establishment of the JSE's disaster recovery site (2010: R50m) and data centre (2011: R51m). This is a transaction between related parties as disclosed in note 29 and is eliminated on consolidation. The income transferred from deferred income to profit or loss is based on the relating depreciation charge of the disaster recovery site and the data centre.

29. Related parties

29.1 Identity of related parties

The JSE is the main provider of risk management, clearing and settlement, and accounting systems to equity member firms (many of whom are shareholders). Revenue earned from this source, and from providing trading and market data to member firms, amounted to R1.6bn (2014: R1.3bn) for the year. These transactions are conducted on an arm's length basis.

The associated companies and subsidiaries of the Group are identified in notes 13 and 14 respectively.

The directors and key executives are listed in note 27.

29.2 Material related-party transactions and balances

Strate ad valorem fees	– see notes 7.1 and 8.2
Amounts due to and from related parties	– see notes 14.3 and 14.4
Directors' emoluments	– see note 27
Other key executives' remuneration	– see note 27
Income recognised from deferred income (data centre and disaster recovery)	– see note 7.2

During the previous financial years, surplus assets amounting to R101m were distributed by the JSE Guarantee Fund Trust to the JSE for the establishment of the JSE's data centre and disaster recovery site. The transfer of the funds was formally approved by the Financial Services Board. The funds received are recognised in deferred income in the JSE's separate financial statements and are released to profit or loss on a systematic basis over the useful life of the assets comprising the data centre and the disaster recovery site. Also refer to note 28.

Management fees from related entities R118.0m (2014: R96.3m)

The JSE provides secretarial services to all the Group entities (excluding Strate (Pty) Limited) for no consideration.

30. Contingent liabilities and commitments

30.1 Contingent liabilities

30.1.1 The JSE has a contingent liability in respect of a guarantee of R0.7m (2014: R0.7m) issued to the Financial Services Board.

30.1.2 During the year under review, a matter involving Pinnacle Point Holdings (Pty) Ltd (PPG) and other plaintiffs, for which a contingent liability was disclosed in prior years, has been disposed as a result of withdrawal of action against the JSE.

30. Contingent liabilities and commitments (continued)

30.2. Commitments

30.2.1 There were no changes to the commitment as disclosed in the annual financial statements for 31 December 2014 except for the below: In order to fulfil the liquidity risk management obligations of JSE Clear (Proprietary) Limited as a qualified central counterparty, in compliance with CPSS-IOSCOD, the Group entered into an additional commitment to the value of R500m with a local commercial bank . The commitment is renewable on an annual basis. This brings the Group'stotal liquidity facility to R2bn.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Total future minimum lease payments under a non-cancellable operating lease:				
Not later than one year	**43 903**	40 557	**43 903**	40 557
Between one and five years	**214 945**	198 564	**214 945**	198 564
Later than five years	**353 287**	413 572	**353 287**	413 572
	612 135	652 693	**612 135**	652 693

Note: The disclosure on the face of the statement of financial position represents the accrual from the straight-lining of the rental income.

30.2.2 **Certain contracts relating to information technology operations have been classified as finance leases.**

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Total future minimum payments:				
Not later than one year	**–**	11 195	**–**	11 195
Between one and five years	**–**	–	**–**	–
	–	11 195	**–**	11 195
Total present value minimum payments:				
Not later than one year `	**–**	10 597	**–**	10 597
Between one and five years	**–**	–	**–**	–
	–	10 597	**–**	10 597

30.2.3 The JSE sub-leases areas of the building in which it operates (refer note 7.2). The minimum lease payments expected from sub-leases are set out below:

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Total future minimum lease receipts				
Not later than one year	**2 615**	2 480	**2 615**	2 480
Between one and five years	**4 389**	6 999	**4 389**	6 999
	7 004	9 479	**7 004**	9 479

31. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Operational risk.
- Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other market risk).
- Liquidity risk.
- Credit risk.
- Capital risk.

Risk management framework

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, has developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Risk Committee is assisted in its role by the Group risk management function and Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Risk Committee.

31.1 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Group's operations.

The Board accepts overall responsibility for operational risk, with the responsibility for day-to-day management of operational risk delegated to management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal obligations;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

31. Financial risk management (continued)

31.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

31.2.1 Currency risk

The majority of the JSE's transactions are concluded in its functional currency (South African rand), with the result that its exposure to foreign currency risk from operating transactions is limited. US Dollar revenue earned from the Market Data Division is maintained in a US Dollar denominated bank account. US dollar costs (mainly in technology) for both BAU and projects are funded out of this account. As such, there is a natural hedge relating to foreign currency denominated expenditure in the Group.

The Group's exposure to foreign currency risk based on notional amounts was as follows:

	Group			Company		
2015	**USD R'000**	**GBP R'000**	**EUR R'000**	**USD R'000**	**GBP R'000**	**EUR R'000**
Financial assets	**354 947**	–	–	**354 947**	–	–
Trade receivables	**18 633**	–	–	**18 633**	–	–
Cash and cash equivalents	**336 314**	–	–	**336 314**	–	–
Financial liabilities	**(399)**	–	**(26)**	**(399)**	–	**(26)**
Trade payables	**(399)**	–	**(26)**	**(399)**	–	**(26)**
Net exposure	**354 548**	–	–	**354 548**	–	**(26)**
2014						
Financial assets	210 607	–	–	210 607	–	–
Trade receivables	11 616	–	–	11 616	–	–
Cash and cash equivalents	198 991	–	–	198 991	–	–
Financial liabilities	(6 468)	–	(433)	(6 468)	–	(433)
Trade payables	(6 468)	–	(433)	(6 468)	–	(433)
Net exposure	204 139	–	(433)	204 139	–	(433)

As at 31 December 2015:

Bank buying rates	**Bank selling rates**
USD – 15.2016 (2014: 11.3526)	USD – 15.7371 (2014: 11.7878)
GBP – 22.3691 (2014: 17.6444)	GBP – 23.2821 (2014: 18.4213)
EUR – 16.4859 (2014: 13.7209)	EUR – 17.1276 (2014: 14.2943)

A 10% (2014: 10%) strengthening of the rand against the USD and a 5% (2014: 5%) strengthening of the rand against the GBP and EUR respectively, at 31 December, would have increased profit by R35.5m (2014: R20.3m) and equity by Rnil (2014: Rnil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2014.

2015	Group		Exchange	
	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000
USD	**35 455**	**–**	**35 455**	**–**
GBP	**–**	**–**	**–**	**–**
EUR	**(1)**	**–**	**(1)**	**–**
Net impact	**35 454**	**–**	**35 454**	**–**
2014				
USD	20 414	–	20 414	–
GBP	–	–	–	–
EUR	(22)	–	(22)	–
Net impact	20 392	–	20 392	–

A 10% (2014: 10%) weakening of the rand against the USD and a 5% (2014: 5%) weakening of the rand against the GBP and EUR respectively, at 31 December, would have had an equal and opposite effect on the amounts shown above, on the basis that all other variables remained constant.

31.2.2 Cash flow and fair value interest rate risk

Interest rate risk is the risk of the JSE being exposed to fluctuations in the fair values or future cash flows of financial instruments because of changes in market interest rates. The Group is exposed to cash flow interest rate risk in respect of its floating rate financial assets and financial liabilities as set out below and to fair value interest rate risk in respect of fixed rate bonds classified as available-for-sale financial assets. Cash flow interest rate risk is managed by the JSE, ensuring that the floating rate financial assets are at least equal to or greater than the floating rate financial liabilities. The fair value interest rate risk arising from fixed rate bonds is managed by a reputable asset manager according to approved guidelines. There is no interest rate risk on the margin and collateral as there is an equal liability to offset the asset.

The following table analyses the interest rate risk profile for assets and liabilities at year-end:

2015	Group		Company	
	Fixed rate R'000	Floating rate R'000	Fixed rate R'000	Floating rate R'000
Assets	**20 345 690**	**16 678 382**	**860 000**	**1 292 929**
Investments	**28 690**	**–**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**397 000**	**103 000**	**–**	**100 000**
Margin and collateral deposits	**19 060 000**	**15 527 753**	**–**	**316 303**
Cash and cash equivalents	**860 000**	**1 047 629**	**860 000**	**876 626**
Liabilities	**(19 377 600)**	**(15 610 153)**	**–**	**(316 303)**
Borrowings	**–**	**–**	**–**	**–**
JSE Clear Derivatives Default Fund contributions	**(317 600)**	**(82 400)**	**–**	**–**
Margin and collateral deposits	**(19 060 000)**	**(15 527 753)**	**–**	**(316 303)**
Net exposure	**968 090**	**1 068 229**	**860 000**	**976 626**
2014				
Assets	16 206 297	11 722 934	840 000	1 138 311
Investments	25 297	–	–	–
JSE Clear Derivatives Default Fund collateral deposit	341 000	159 000	–	100 000
Margin and collateral deposits	15 000 000	10 772 696	–	403 868
Cash and cash equivalents	840 000	791 238	840 000	634 443
Liabilities	(15 272 800)	(10 913 873)	–	(403 868)
Borrowings	–	(13 977)	–	–
JSE Clear Derivatives Default Fund contributions	(272 800)	(127 200)	–	–
Margin and collateral deposits	(15 000 000)	(10 772 696)	–	(403 868)
Net exposure	933 497	809 061	840 000	734 443

Floating rate assets yield interest at call rates.

31. Financial risk management (continued)

Sensitivity analysis

A change of 100 (2014: 100) basis points on the fixed rate bonds and 100 (2014: 100) basis points in the floating rate instruments at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2014.

	Group		Company	
2015	**Profit or loss R'000**	**Equity R'000**	**Profit or loss R'000**	**Equity R'000**
Fixed-rate bond: +100 bps	**–**	**(1 114)**	**–**	**–**
Fixed-rate bond: -100 bps	**–**	**1 189**	**–**	**–**
Floating-rate instruments: +100 bps	**10 476**	**–**	**8 766**	**–**
Floating-rate instruments: -100 bps	**(10 476)**	**–**	**(8 766)**	**–**
2014				
Fixed-rate bond: +100 bps	–	(1 337)	–	–
Fixed-rate bond: -100 bps	–	1 116	–	–
Floating-rate instruments: +100 bps	7 912	–	6 344	–
Floating-rate instruments: -100 bps	(7 912)	–	(6 344)	–

31.2.3 Other market price risk

The Group is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets because of changes in market prices (other than changes in interest rates and currencies). With regard to the unit trusts, the Group is exposed to fluctuations in the fair value of the unit trusts (which is determined by the fair value movement of the underlying instruments).

To manage other market price risk arising from the available-for-sale financial assets, the investments are managed by a reputable asset manager according to approved guidelines. The JSE's Finance department monitors the investments in unit trusts and equity instruments by review of the monthly reports from the asset manager. The portfolio of instruments held is regularly reviewed and amended to manage the Group's exposure to market risk.

Sensitivity analysis – other market price risk

The available-for-sale financial assets considered in the sensitivity analysis below exclude the listed bonds, as management believes that the majority of the sensitivity of these instruments lies in their exposure to interest rates, which is included in the interest rate sensitivity analysis in note 31.2.2.

The equity investments are listed on the JSE, with the majority of the investments included in the JSE All Share Index.

A 4% (2014: 4%) increase in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased equity by R6.2m (2014: R7.5m) and profit by Rnil (2014: Rnil); an equal change in the opposite direction would have decreased equity by R6.2m (2014: R7.5m) and profit by Rnil (2014: Rnil). This analysis is performed on the same basis as 2014.

The unit trusts are predominantly benchmarked against the MSCI World Index. A 5% (2014: 5%) increase in the MSCI World Index at the reporting date, with all other variables held constant, would have increased equity by R6.2m (2014: R3.8m); an equal change in the opposite direction would have decreased equity by R6.2m (2014: R3.8m). The analysis is performed on the same basis as 2014.

31.3 Liquidity risk

Liquidity risk is the risk that the JSE will be unable to meet its short-term funding requirements. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

This risk is managed by the JSE by maintaining the members' funds and the JSE's own funds in current and call accounts. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following table analyses the terms of receipt of financial assets and repayment of financial liabilities existing at year-end.

2015	Group Up to 3 months R'000	Group 3 to 12 months R'000	Group 1 to 5 years R'000	Company Up to 3 months R'000	Company 3 to 12 months R'000	Company 1 to 5 years R'000
Financial assets	**37 724 859**	**–**	**25 272**	**2 427 349**	**–**	**47 819**
Other investments	**312 563**	**–**	**1**	**–**	**–**	**1**
Loan to the JSE Empowerment Fund Trust	**–**	**–**	**25 271**	**–**	**–**	**25 271**
Trade and other receivables (excluding payments in advance)	**229 303**	**–**	**–**	**216 320**	**–**	**–**
Interest receivable	**187 611**	**–**	**–**	**6 170**	**–**	**–**
Due from Group entities	**–**	**–**	**–**	**51 930**	**–**	**22 547**
Margin and collateral deposits	**34 587 753**	**–**	**–**	**316 303**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**500 000**	**–**	**–**	**100 000**	**–**	**–**
Cash and cash equivalents	**1 907 629**	**–**	**–**	**1 736 626**	**–**	**–**
Financial liabilities	**(35 327 314)**	**–**	**(1 347)**	**(470 094)**	**–**	**(1 347)**
Due to Safex members	**–**	**–**	**(1 347)**	**–**	**–**	**(1 347)**
Trade payables	**(150 723)**	**–**	**–**	**(149 105)**	**–**	**–**
Interest payable	**(188 838)**	**–**	**–**	**(4 686)**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**(400 000)**	**–**	**–**	**–**	**–**	**–**
Margin and collateral deposits	**(34 587 753)**	**–**	**–**	**(316 303)**	**–**	**–**
Net exposure	**2 397 545**	**–**	**23 925**	**1 957 255**	**–**	**46 472**
2014						
Financial assets	28 510 873	–	13 925	2 190 824	–	23 565
Other investments	292 749	–	1	–	–	1
Loan to the JSE Empowerment Fund Trust	–	–	13 924	–	–	13 924
Trade and other receivables (excluding payments in advance)	177 840	–	–	168 656	–	–
Interest receivable	136 350	–	–	4 696	–	–
Due from Group entities	–	–	–	39 161	–	9 640
Margin and collateral deposits	25 772 696	–	–	403 868	–	–
JSE Clear Derivatives Default Fund collateral deposit	500 000	–	–	100 000	–	–
Cash and cash equivalents	1 631 238	–	–	1 474 443	–	–
Financial liabilities	(26 467 896)	–	(15 324)	(559 666)	–	(1 347)
Borrowings	–	–	(13 977)	–	–	–
Due to Safex members	–	–	(1 347)	–	–	(1 347)
Trade payables	(154 528)	–	–	(151 886)	–	–
Interest payable	(140 672)	–	–	(3 912)	–	–
JSE Clear Derivatives Default Fund collateral deposit	(400 000)	–	–	–	–	–
Margin and collateral deposits	(25 772 696)	–	–	(403 868)	–	–
Net exposure	2 042 977	–	(1 399)	1 631 158	–	22 218

31. Financial risk management (continued)

31.4 Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, margin and collateral deposits, trade and other receivables (excluding payments in advance), interest receivable, other investments and amounts due from Group entities. Credit risk on cash and cash equivalents, margin and collateral deposits, and interest receivable is minimised by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions, with no concentration of funds in one specific banking institution. Segregation of duties, multiple signatories, third-party confirmation of investments and monitoring of compliance with investment mandates are applied daily to monitor and control exposure to credit risk associated with other investments. Trade and other receivables are monitored by the JSE's Finance department on an ongoing basis.

The JSE is exposed to credit losses in the event of default by a clearing member. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. A significant number of the Group's clients have been transacting with the Group for over four years and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and the existence of previous financial difficulties.

During 2013, JSE Clear established a separate legal entity to house a formal default fund to clarify and limit clearing members' and the JSE's obligations in the case of a clearing member default. This is a pre-funded resource whereby, in the case of a clearing member default, the defaulting clearing members' contributions are used first, thereafter the JSE's contribution, and last, the contributions of the non-defaulting clearing members are used to fund losses.

31.5 Capital risk

The JSE Board monitors the level of capital, which the Group defines as total share capital and reserves (refer to note 20). In order to maintain or adjust the level of capital, the Group may issue new shares, adjust the amount of dividends paid to shareholders or return capital to shareholders. In addition, the Board of Directors monitors the return on capital, which the Group defines as the result of operating activities divided by total shareholders' equity. The JSE Board also monitors the level of dividends declared to ordinary shareholders.

The Group considers capital risk to reside in three main areas:

- Settlement guarantee.
- Operating costs.
- Capital or investment opportunity needs.

Settlement guarantee is the money that would be required to settle a failed trade by replacing the defaulting party. This would either entail a settlement in cash or the acquisition of equities required to settle a trade. If it is the latter, the risk is that the price of the equities moves against the JSE. (Although the cash would be forthcoming, it may be less than the original transaction).

Operating costs: Globally, the prudential requirements for operating reserves are between two and six months of operating costs. The JSE Board considers six months to be appropriate.

Capital or investment opportunity needs: The need to maintain a world-class technology environment requires that a high level of cash be maintained. This level of cash is also maintained to allow flexibility in negotiating potential corporate actions. This cash is managed by the JSE's Treasury department and is invested with only F1/A1 and F1+/A1+ rated institutions, with a view to maximising interest received.

There were no changes to the Group's approach to capital management during the year.

The Board has noted the increased global attention on the capitalisation of key financial market infrastructures, such as exchanges and clearing houses. The Board believes that the JSE continues to be appropriately capitalised, given the nature of the risks we currently face and given the uncertain nature of future regulatory capital requirements.

32. Fair value estimation

Financial instruments measured in the statement of financial position at fair value require disclosure. The following is the fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

	Notes	**Level 1 R'000**	**Level 2 R'000**	**Level 3 R'000**	**Total balance R'000**
2015					
Assets					
Other investments					
– Equity securities (available-for-sale)		**154 775**	**129 098**	**–**	**283 873**
– Debt investments (available-for-sale)		**28 690**	**–**	**–**	**28 690**
Total assets		**183 465**	**129 098**	**–**	**312 563**
2014					
Assets					
Other investments					
– Equity securities (available-for-sale)	15.1/2	186 885	80 567	–	267 452
– Debt investments (available-for-sale)	15.1/2	25 297	–	–	25 297
Total assets		212 182	80 567	–	292 749

The fair value of financial instruments traded in active markets is based on quoted market prices, which represent actual and regularly occurring market transactions between market participants at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or industry group pricing market transactions on an arm's length basis and transactions occur regularly. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily FTSE 100 equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For all other financial assets and liabilities, the carrying value approximates the fair value.

33. Funds under management

33.1 JSE Trustees (Pty) Limited

	Year ended 31 December 2015 R'000	Year ended 31 December 2014 R'000
Assets under administration		
Interest receivable	**178 395**	138 887
Fixed deposits	**26 200 000**	21 302 000
Current and call accounts	**12 471 296**	13 687 098
Total assets under administration	**38 849 691**	35 127 985

In terms of rule 2.100.7 of the JSE rules, the JSE Trustees act as an agent on behalf of members, who in turn, act as agents on behalf of their clients. JSE Trustees' principal activities while acting as an agent are the acceptance of monies on deposit for account of clients of members of the Company and the later repayment of such monies. These monies are invested in various interest-earning bank accounts. JSE Trustees earns an administration fee for the services rendered. Funds so deposited or invested neither form part of the assets of JSE Trustees nor of any member acting on behalf of a client.

Credit risk on assets under administration is minimised by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions,with a maximum of 20% of the funds invested with a single institution.

To monitor liquidity risk, duration limits have been set and authorised for JSE Trustees. The authorised duration limits have been tailored to the liquidity requirements of JSE Trustees and the weighted average duration of funds invested may not exceed 40 (2014: 40) days.

33.2 Total assets under management on the Nautilus Managed Account Platform

Nautilus MAP (Pty) Limited provides a legal structure allowing investors to pool their assets with other investors and invest into a number of trading portfolios, which are set up as separate legal entities that are legally separated from the trading advisor and one another. Nautilus MAP (Pty) Limited houses these partnerships and fund-of-funds portfolios. The entity issues notes to institutional and retail investors in return for proceeds. The proceeds of such notes are invested into a number of MAP partnerships.

As at 31 December 2015, the combined assets under management on the Nautilus MAP platform amounted to R 4.8bn (2014: R4.2bn).

Liquidity risk is managed by instituting limits on fund managers when investing in less liquid stocks; which means that, in an ordinary trading environment, it is unlikely that a redemption will not be facilitated. In the event that the unwinding of positions will result in a significant loss for all investors in the fund, a consultative process is employed to determine whether the redemption period may be extended or whether the investor would prefer their redemption in specie rather than cash.

Credit risk is mitigated by Nautilus MAP Operations (Pty) Limited in only taking counterparty risk to entities who are required by an independent regulatory body to hold capital against over-the-counter products that are not traded or regulated on an exchange, for example banks and insurance companies.

SHAREHOLDER INFORMATION

Shareholder diary

Events or reports in relation to the 2015 financial year

Summarised interim report for the six months ended 30 June 2015	13 August 2015
Summarised annual financial statements with the declaration of a dividend	25 February 2016
Annual results presentation	Week of 29 February 2016
Publication of 2015 integrated annual report	Not later than 31 March 2016
Annual general meeting (AGM)	26 May 2016
Record date for AGM	20 May 2016
Summarised interim report for the six months ended 30 June 2016	12 August 2016

Ordinary and special dividend

A gross dividend of 520 cents per share and a special dividend of 105 cents per share was declared and approved by the Board on 25 February 2016. Refer to page 64 of the directors' report.

Salient dates for dividend

Last day of trade	Friday, 11 March 2016
Record date	Friday, 18 March 2016
Payment date	Tuesday, 22 March 2016

Share information

The JSE Limited has a primary listing on the Johannesburg Stock Exchange. There are no secondary listings.

Share code: JSE	ISIN: ZAE000079711
Sector: Financial Services	Subsector: Investment Services

	Shares in issue	Closing price (R)	Market capitalisation (R)
31 December 2015	86 877 600	128.00	11 120 332 800
30 June 2015	86 877 600	128.49	11 162 902 824
31 December 2014	86 877 600	121.00	10 512 189 600

ANALYSIS OF SHAREHOLDINGS

Shareholder spread as at 31 December 2015

Shareholder spread	Number	Indirect holdings				Total	% of total issued shares
		Direct holdings	LTIS[1]	Other[2]	Associates[3]		
Total: Public shareholders	**3 972**					**85 188 337**	**98.06**
Total: Non-public shareholders	**403**	**235 856**	**1 328 881**	**51 566**	**72 960**	**1 689 263**	**1.94**
Directors	8	60 599	382 470	2 260	72 960	518 289	0.60
Prescribed officers	4	22 205	145 540	208	0	167 953	0.19
Other employees	391	153 052	800 871	49 098	0	1 003 021	1.15
Overall total	**4 375**					**86 877 600**	**100.00**

The following registered shareholders also indirectly hold shares on behalf of non-public shareholders:

[1] *The JSE LTIS 2010 trust is the registered shareholder that holds unvested shares on behalf of various executives and senior employees.*

[2] *The 2005 broad-based employee share scheme and 2014 JSE bonus share scheme (various employees).*

[3] *The Imalivest flexible fund is an associate of A Botha.*

Major shareholders

Pursuant to section 56(7) of the South African Companies Act, 71 of 2008, the following beneficial shareholdings equal to or exceeding 5% as at 31 December 2015 were disclosed or established from enquiries:

Name	Number of shares held	% of total issued ordinary shares
Government Employees Pension Fund	10 677 369	12.3
Skagen Kon-Tiki Verdipapirfond	5 753 823	6.6

No individual shareholder's beneficial shareholding in the any JSE employee scheme is equal to or exceeds 5%.

Furthermore, the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 31 December 2015, the following fund managers were responsible for managing investments of 2.5% or more of the share capital of JSE Limited.

Fund managers

Name	Number of shares held	% of total issued ordinary shares
Public Investment Corporation Ltd*	11 084 636	12.80
Prudential Portfolio Managers (South Africa) (Pty) Ltd	6 384 543	7.30
Skagen AS	5 753 823	6.60
Somerset Capital Management, L.L.P.	4 736 045	5.50
Investec Asset Management (Pty) Ltd	4 723 374	5.40
Aberdeen Asset Managers Ltd	4 666 403	5.40
Old Mutual plc	2 543 935	2.90
Fidelity Management & Research Company	2 463 853	2.80
The Vanguard Group, Inc.	2 370 594	2.70

** Shares managed on behalf of the Government Employees Pension Fund.*

CORPORATE INFORMATION AND DIRECTORATE

Administration

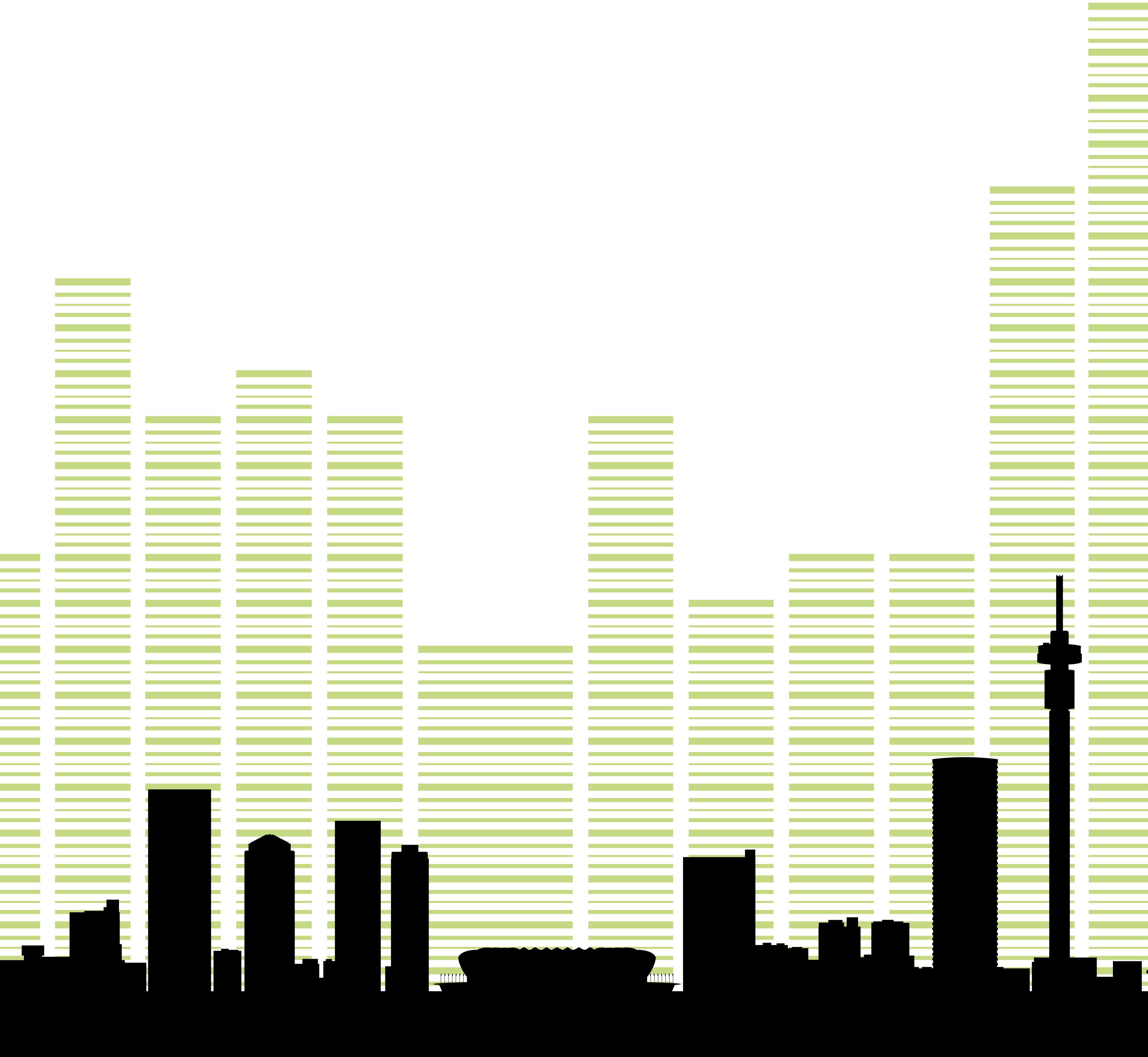
JSE Limited (Incorporated in the Republic of South Africa)
Registration number: 2005/022939/06
Share code: JSE
ISIN: ZAE000079711

Registered office	One Exchange Square 2 Gwen Lane Sandown Sandton 2196	**Transfer secretary**	Computershare Investor Services (Pty) Ltd Ground Floor 70 Marshall Street Johannesburg 2001
Postal address	Private Bag X991174 Sandton 2146	**Telephone**	+27 (0) 11 370 5000
Telephone	+27 (0) 11 520 7000	**Auditors**	KPMG Inc, 85 Empire Road, Parktown, 2193
Web	www.jse.co.za	**Sponsor**	Rand Merchant Bank, 1 Merchant Place, Corner Fredman and Rivonia Road, Sandton, 2196
IR email	ir@jse.co.za	**Bankers**	First National Bank of SA Limited, Corporate Account Services, 4 First Place, Bank City, Simmonds Street, Johannesburg, 2001

Directors	N Nyembezi-Heita (chairman)*
	NF Newton-King (CEO)*
	A Takoordeen (CFO)*
	Dr L Fourie (executive director)*
	AD Botha (lead independent director; chairman of the HRSE Committee)*
	NG Payne (chairman of the Audit Committee)*
	AM Mazwai (chairman of the SRO Oversight Committee; chairman of the Investment of Funds Committee)*
	DM Lawrence*
	Dr MA Matooane (chairman of the Risk Committee)*
	NP Mnxasana*
	Dr M Jordaan*
	Dr SP Kana – appointed 1 July 2015*
Alternate directors	LV Parsons
	JH Burke*
Group Company Secretary	GA Brookes*

* *Refer to pages 34–35 for brief biographies of the directors.*

All investor queries received directed to ***ir@jse.co.za*** will be attended to and, where applicable, redirected to the chairman, the CEO or another mandated officer for an appropriate response.



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