

GOVERNANCE, ETHICS AND COMPLIANCE

King Code principles (King III)

The Board of Directors of the JSE regard 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. 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 www.jsereporting.co.za/ar2014/king.asp. This governance report sets out the key governance principles adopted by the directors in governing the Company.



Ethical leadership and responsibilities

The Board continues to perform 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, in terms of the King III principles, the 2008 Companies Act and other codes of good practice. 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. For a breakdown of these stakeholders and how the Board and the entire organisation engages with them, refer to the online *stakeholder engagement report* at www.jsereporting.co.za/ar2014/stakeholder.asp.



BOARD CHARTER

- A written policy document that clearly defines the respective roles, responsibilities and authorities of the Board of directors (both individually and collectively) and management in setting the direction, management and control of the JSE.
- The Board operates in terms of an approved board charter, which is assessed for relevance and applicability from time to time and changes made where appropriate. Refer to the JSE website at <http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govConduct> for the main duties and responsibilities of Board as covered by the charter.



BOARD LEADERSHIP

- 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.
- Decisions or instructions of individual members of the Board, officers or committees are not binding, except in those instances where specific authority is delegated by the Board.
- 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.

SEPARATE ROLES

Chairman

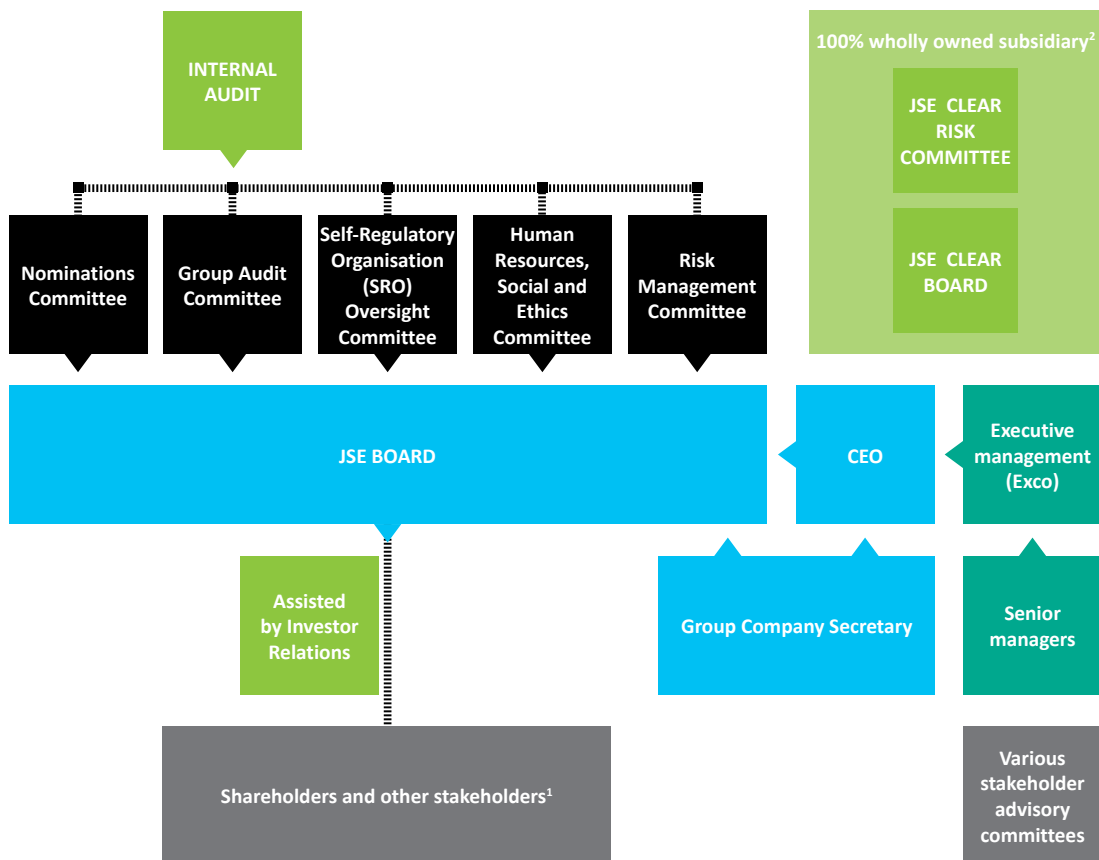
- The Chairman is responsible for the leadership of the Board, ensuring effectiveness in all aspects of its activities and setting its agenda.
- It is the responsibility of the Chairman to ensure that directors receive accurate, timely and reliable information.
- The Chairman also ensures that no individual Board member has unfettered powers in respect of decision-making.
- The Lead independent director (LID), provides guidance to the Board in situations where the impartiality of the Chairman is impaired or when a conflict of interest arises.

CEO

- The day-to-day management of the JSE Group has been assigned to the CEO by the Board.
- The CEO is responsible and accountable to the Board for all JSE operations.
- The Executive Committee was formed to assist the CEO in discharging her duties and is made up of all heads of divisions and the Group Company Secretary.
- The duties and responsibilities of all divisional heads are detailed in formal job descriptions, together with prescribed limits of authority agreed with the Board. These duties and responsibilities are reviewed and approved annually by the CEO.

GOVERNANCE, ETHICS AND COMPLIANCE (CONTINUED)

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 of the JSE Board.

Tenure and composition of the Board

LENGTH OF SERVICE				COMPOSITION	
0-3	4-6	7-10	>10		
A Takoordeen	N Nyembezi-Heita	DM Lawrence	AM Mazwai	3	executive directors
P Mnxasana		NS Nematswerani	AD Botha	1	non-executive director
M Matookane		NG Payne	NF Newton-King	8	independent non-executive directors
M Jordaan				2	alternate directors
L Fourie					

Male	Female	Black	Black female
50%	50%	50%	33%

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 2014, there were three executive directors: a chief executive officer (CEO), a chief financial officer (CFO) and an executive director. Refer to the *Nominations Committee report* for further information.

Appointment of directors



The Nominations Committee proposes directors to the Board on the basis of their skills, knowledge and experience, 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. Refer to the *Nominations Committee report*.

Retirement of directors by rotation

In terms of article 12.6.1 of the JSE's MOI, 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, 21 May 2015, shareholders will be asked to confirm the reappointments as shown below.

PREVIOUS RETIREMENT BY ROTATION

2015	2014	2013	2012	2011
Mantsika Matookane	Nicky Newton-King	Anton Botha	Nigel Payne	Anton Botha
Nomavuso Mnxasana	Andile Mazwai	Bobby Johnston	Nku Nyembezi-Heita	Wendy Luhabe
Aarti Takoorden	Nigel Payne	David Lawrence	KK Combi	Andile Mazwai
Sam Nematswerani*	Nku Nyembezi-Heita	Sam Nematswerani		Gloria Serobe

*Not available for re-election.

GOVERNANCE, ETHICS AND COMPLIANCE (CONTINUED)

Independence of the Board of directors

DEFINITION	ASSESSMENT	OUTCOME
<p>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."</p>	<p>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 2014. 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. The Board also reiterated that one of the outcomes of the Board's 2014 director evaluation of the independence of its directors was that the complexity and specialist nature of the JSE's business created the need for long-serving directors, while acknowledging that there should be a healthy balance between long-serving and new directors.</p>	<p>With the exception of one non-executive director, the Board considers all of its non-executive directors to be independent. Refer to the <i>directors' report</i> for non-executive directors' interests in JSE Limited.</p>

Independent advice

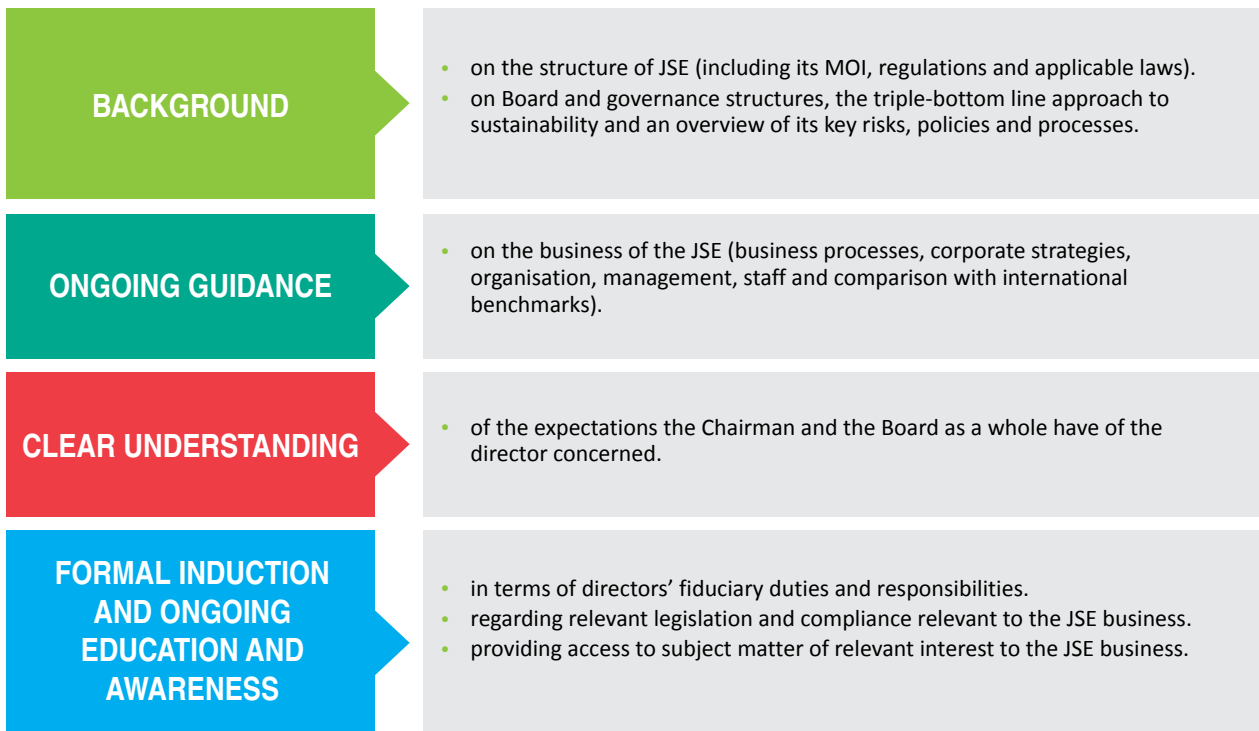
The Board recognises that there may be occasions when one or more directors feel it necessary to take independent advice at the Company's expense. There is an agreed procedure in terms of which they can do so. This includes directors who serve on the Board appointed committees.

Director development/induction



Director induction programme

Each director is provided with, among other things, the following:



No distinction is drawn between directors and alternative directors and the rights and obligations ascribed to directors in terms of the JSE's board charter apply equally to alternate Board members duly appointed in terms of the MOI of the JSE. During the year under review, Leila Fourie and Graeme Brookes underwent induction.



GOVERNANCE, ETHICS AND COMPLIANCE (CONTINUED)

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 2014 year, the assessment process involved one-on-one meetings between the Chairman and all directors. The outcomes of these meetings were reported to and discussed by the Nominations Committee and by the Board during November 2014.

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.

Specific outcomes from the 2014 effectiveness review included:

Board composition, induction, development and succession

- The size and structure of the board and the mix of skills and experience represented on the Board are considered appropriate for the JSE.
- The existing induction programme for new directors will be refreshed and the focus on ongoing director development will be intensified.
- A formal programme to refresh the Board from time to time will be prepared.

Board Committees

- Workload across the non-executive directors will be rebalanced for 2015.
- Board Committee membership will be streamlined.
- Succession at Audit Committee will be addressed.

Board responsibilities

- Sufficient oversight is exercised over Group strategy.
- There is an open channel of communication to executives, with timely and insightful information flow from management.
- An appropriate balance is being exercised between governance and business strategy.
- The tenor and quality of Board debates are pitched at a suitable level.
- Non-executive sessions will be convened regularly in 2015.

The results from the evaluation of individual directors are available to the external auditors, should they be required.

Board and Board committee meetings

The Board is required to meet a minimum of four times a year and more frequently, should circumstances require, excluding an annual strategy meeting. 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 committee.

The Board has established a number of committees to facilitate efficient decision-making and to assist the Board in the execution of its duties, powers and authority. Members of each 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 the delegated authority of the Board as recorded in its terms of reference. It has the power to investigate any activity within the scope of its terms of reference;
- is governed and guided by individual terms of reference, which can be viewed at <http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights>;
- in the fulfilment of its duties, may call upon the chairmen of other committees, any of the executive directors, officers, or the Group Company Secretary to provide it with information, subject to following a Board approval process;
- has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities; and
- has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to following a Board approval process.

A summary of attendance at Board and Board committee meetings during 2014 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*		5**	3	4	4	3	3	2
NMC Nyembezi-Heita (chairman of Board; Nominations)	INED	5/5	1 ¹	2 ¹	4/4			2/2
HJ Borkum (previous chairman)	INED	2/2	1 ¹	2/2	3/3			2/2
NF Newton-King (CEO)	ED	5/5	3 ¹	4	4 ¹			
A Takoordeen (CFO)	ED	5/5	3 ¹	4 ¹		2/2		
L Fourie – appointed 14 August 2014	ED	3/3		1 ¹				
AD Botha (chairman of HRSE)	INED	5/5	3/3		4/4			1/2 ³
NS Nematswerani (chairman of Group Audit)	INED	5/5	3/3	4/4			3/3	
NG Payne (chairman of Risk Management)	INED	5/5	3/3	4/4			3/3	
AM Mazwai (chairman of SRO)	INED	5/5		3/4 ³	2/4 ³	2/2	3/3	
DM Lawrence	NED	5/5		4/4	4/4			
MA Matookane	INED	5/5		3/4 ³				
NP Mxnasana	INED	5/5	3/3					
M Jordaan	INED	5/5						
LV Parsons (alternate)	ED	5/5						
JH Burke (alternate)	ED	5/5						
GA Brookes – appointed 14 August 2014	Company Secretary	2/2	2/2	2/2	1/1	2/2	2/2	1/1

* INED = independent non-executive director, NED = non-executive director and ED = executive director.

** Inclusive of a board strategy session held on 7 May 2014.

¹ Attendance is by invitation only.

² Away on JSE business.

³ Apologies received for not being able to attend.

⁴ Ms Nyembezi-Heita replaced Mr Borkum as Chairman of the Board with effect from 9 May 2014.

Invitee attendance (These persons are not entitled to vote on any matter at the meeting)	Board and Board committees						
	Board	Audit	Risk	HRSE	SRO	Nom	
Financial Services Board representative	5/5	3/3	4/4		3/3		
CIO			4/4				
Internal Audit	2/2	1/1	2/2				
Head: Trading and Market Services			4/4				
Head: Issuer Regulation			4/4		3/3		
Head: Market Regulation			4/4		3/3		
Head: Post-Trade and Information Services			2/2				
Head: Human Resources			1/1	1/1			

GOVERNANCE, ETHICS AND COMPLIANCE (CONTINUED)

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, 2008 (as amended) and for ensuring compliance with the Listings Requirements of the JSE Limited. All directors have unlimited access to the Group Company Secretary.

The Group Company Secretary 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.

GC Clarke resigned as the Group Company Secretary on 8 July 2014. The Board appointed GA Brookes as his replacement with effect from 14 August 2014, after confirming that he 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.

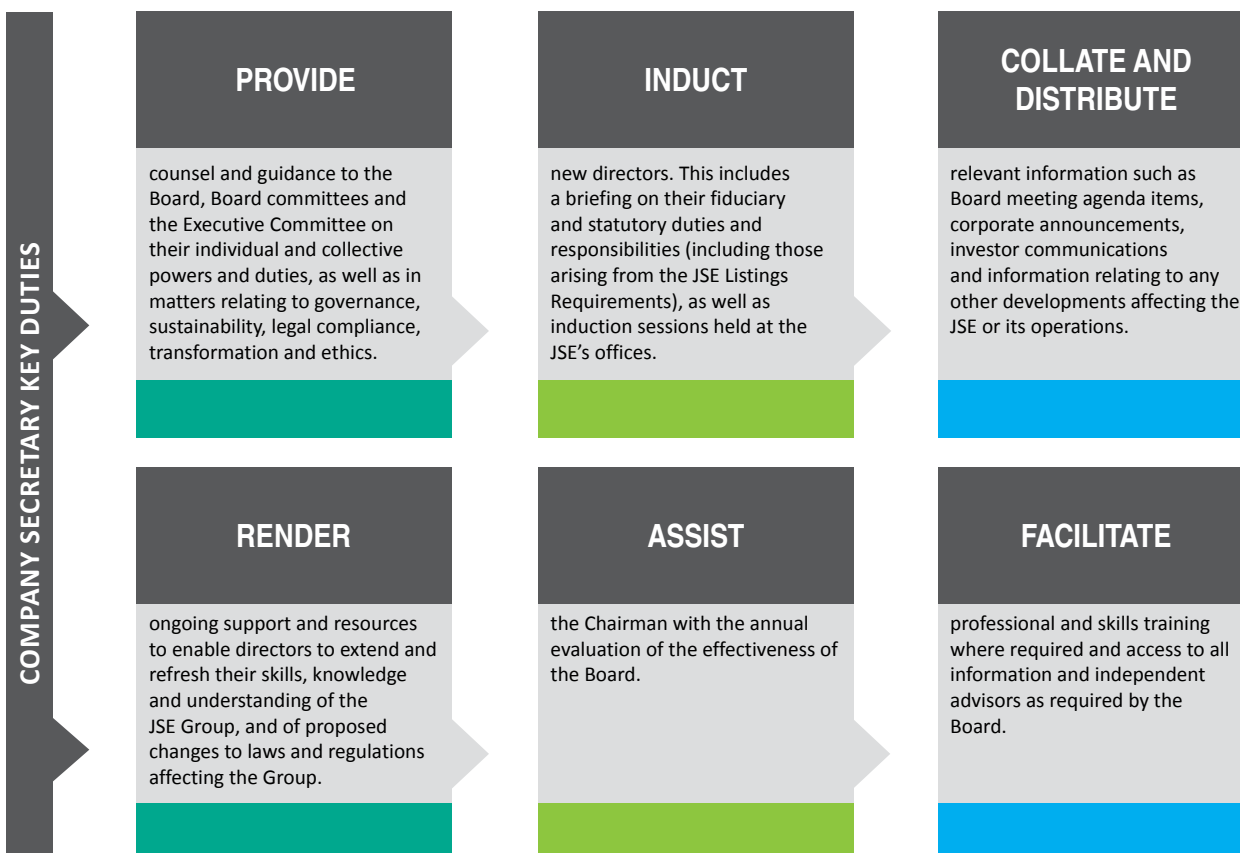
In compliance with paragraphs 3.84(i) and (j) of the JSE Listings Requirements, the performance of the Group Company Secretary is monitored by the chief executive officer and formally assessed by the Board on an annual basis. The Board and the chief executive officer are satisfied that the Group Company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



Nomination Committee Report

Prepared by its independent
chairman:

NMC Nyembezi-Heita

Composition:

(i) Independent non-
executive directors:


AD Botha

(ii) Attendance by invitation only:

CEO

Group Company Secretary

Refer to the JSE website for more
information:

 [http://phx.corporate-ir.net/
phoenix.zhtml?c=198120&p=irol-
govHighlights](http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights)

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.

BRIEF 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, one aim being the achievement of 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:

- Recommended for appointment to the Board:
 - Leila Fourie as an executive director, with effect from 14 August 2014.
 - Graeme Brookes as Group Company Secretary, with effect from 14 August 2014.
- Reviewed the retirement by rotation of the directors.
 - Accepted that Humphrey Borkum will retire as independent non-executive director and Chairman of the JSE at the AGM on 8 May 2014.
 - At the same time played a role in nominating a successor to Humphrey and recommended to the Board to appoint Nku Nyembezi-Heita as independent non-executive Chairman of the Board, with effect from 9 May 2014.
- Complied with its terms of reference.

All recommendations made by the committee were accepted by the Board.

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 in ensuring that it has the appropriate composition for it to execute its duties effectively.
 - In particular it will confirm at its first meeting in 2015, the possible recommendations it will make to the Board regarding a more balanced and diverse composition of the Board and Board committees.
 - It will also finalise its approach towards annual Board evaluations.

GOVERNANCE, ETHICS AND COMPLIANCE (CONTINUED)

Human Resources, Social and Ethics (HRSE) Committee report

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 21 May 2015.

-  The HRSE committee recommends that shareholders review the online *remuneration report* at www.jsereporting.co.za/ar2014/remuneration.asp, and vote in favour of the JSE's remuneration policies at the annual general meeting.

Prepared by its independent chairman:

AD Botha

Composition:

(i) Independent non-executive directors:

NMC Nyembezi-Heita

AM Mazwai

(ii) Non-executive director

DM Lawrence

(iii) Attendance by invitation only:

CEO


Director: Human Resources

Group Company Secretary

Professional advisors

Other Board members

Refer to the JSE website for more information:

-  www.jsereporting.co.za/ar2014/social.asp

FOUR 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.


BRIEF RESPONSIBILITIES

- Remuneration oversight role:
 - 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, 2008.

DURING THE YEAR THE COMMITTEE:

- Reviewed the JSE's remuneration policies and practices to ensure their continued relevance and effectiveness.
- Reviewed independent salary benchmark data, and determined the annual salary increases for the CEO and executive management as well as the overall salary adjustment for staff.
- Assessed corporate and CEO performance for the year, and determined the CEO's annual bonus awards for 2014, as well as the bonus pool for other executives and staff.
- Assessed corporate performance over the relevant vesting period in accordance with the pre-set vesting criteria applicable to the JSE's long-term incentive scheme (LTIS 2010) and determined the percentage of the corporate performance shares for the 2010 and 2011 allocations that would vest in 2014.
- Granted share awards (LTIS 2010 Allocation 5) to selected senior staff, which awards will vest over three and four years subject to corporate performance over the vesting periods.
- Introduced a new critical skills cash retention scheme for highly-skilled technical staff, excluding all senior managers who participate in LTIS 2010.
- Reviewed compliance with the Financial Sector Charter and noted the JSE's employment equity report.
- Reviewed the JSE's code of conduct and ethical standards.
- Reviewed the HRSE Committee terms of reference.
- Complied with its terms of reference and discharged its statutory duties.

The JSE's *remuneration report* is published in online format only, and can be found at www.jsereporting.co.za/ar2014/remuneration.asp. 

The JSE's *social and ethics report* is published in online format only, and can be found at www.jsereporting.co.za/ar2014/social.asp. 

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

IN THE YEAR AHEAD THE COMMITTEE:

- Will re-examine the JSE's incentive models to ensure their continued relevance and effectiveness.
- Will determine the key performance indicators for 2015 for both the corporate and CEO scorecards.

Self-Regulatory Organisation (SRO) Oversight Committee report

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 is required to fulfil a number of regulatory duties in compliance with the requirements of the Financial Markets Act, 2012 (FMA). The JSE considers it important to ensure and demonstrate its commitment to ensuring that the JSE meets its obligations under the FMA with regard to regulation. 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 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.

Prepared by its independent chairman:

AM Mazwai

Composition:

(i) *Independent non-executive directors:*

NS Nematswerani

NG Payne

(ii) *Attendance by invitation only:*


FSB representative

Head: Market Regulation

Head: Issuer Regulation

Group Company Secretary

Refer to the JSE website for more information:

 <http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights>

The purpose of the committee is to oversee the SRO activities of the JSE. It 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. The Company Secretary confirms that there were no such conflicts during the period.

The National Treasury has commenced an investigation into the self-regulatory organisation models employed in South Africa. The scope of this work is likely to be far broader than the JSE, and to consider the self-regulatory model at policy level. The National Treasury has indicated that, while it is in favour of self-regulation, it continues to examine ways to strengthen the model.

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.

BRIEF 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 consistently to its authorised users and issuers and has imposed appropriate sanctions for non-compliance.
- Report to the JSE Board on whether the JSE has 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 it to be satisfactory in all material forms.
- Complied with its terms of reference.
- Reviewed 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.

GOVERNANCE, ETHICS AND COMPLIANCE (CONTINUED)

Risk Management Committee report

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 46 for more information on the governance of risk.

Prepared by its independent chairman:

NG Payne

Composition:

(i) Independent non-executive directors:

NS Nematswerani

AM Mazwai

MA Matooane

Non-executive directors:

DM Lawrence

(ii) Other members:

CEO

(iii) Attendance by invitation only:

NMC Nyembezi-Heita

CFO

FSB representative

CIO

Group Company Secretary

Head of Internal Audit


Head of Trading and Market Services

Head of Post-Trade and Information Services

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.

Refer to the JSE website for more information:

 ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights

FOUR 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.

BRIEF 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:

- Obtained Independent assurance on all key risk areas and related systems of internal control through the internal audit process, on a combined assurance basis.
- Established risk appetite.
- Evaluated actual risks against this.
- Reviewed its terms of reference.
- Complied with its terms of reference.

The committee is comfortable that the overall level of risk management at the JSE is good and continues to improve.

The committee is satisfied with the effectiveness of the system and process of risk management and it 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 each.

Investment of Funds Committee report

Prepared by its independent chairman:

AM Mazwai

Composition:

CFO

Group Company Secretary

Refer to the JSE website for more information.



ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights

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.

BRIEF 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:

- Examined the nature of all JSE investment funds and decided that all such funds be subject to oversight by this committee.
- Complied with its existing terms of reference.
- Reviewed and amended its terms of reference.

IN THE YEAR AHEAD THE COMMITTEE:

- Will recommend to the JSE Board that the amended terms of reference be reviewed and approved.
- Will investigate the mandate of each of the funds to determine how best to invest them.

GOVERNANCE, ETHICS AND COMPLIANCE (CONTINUED)

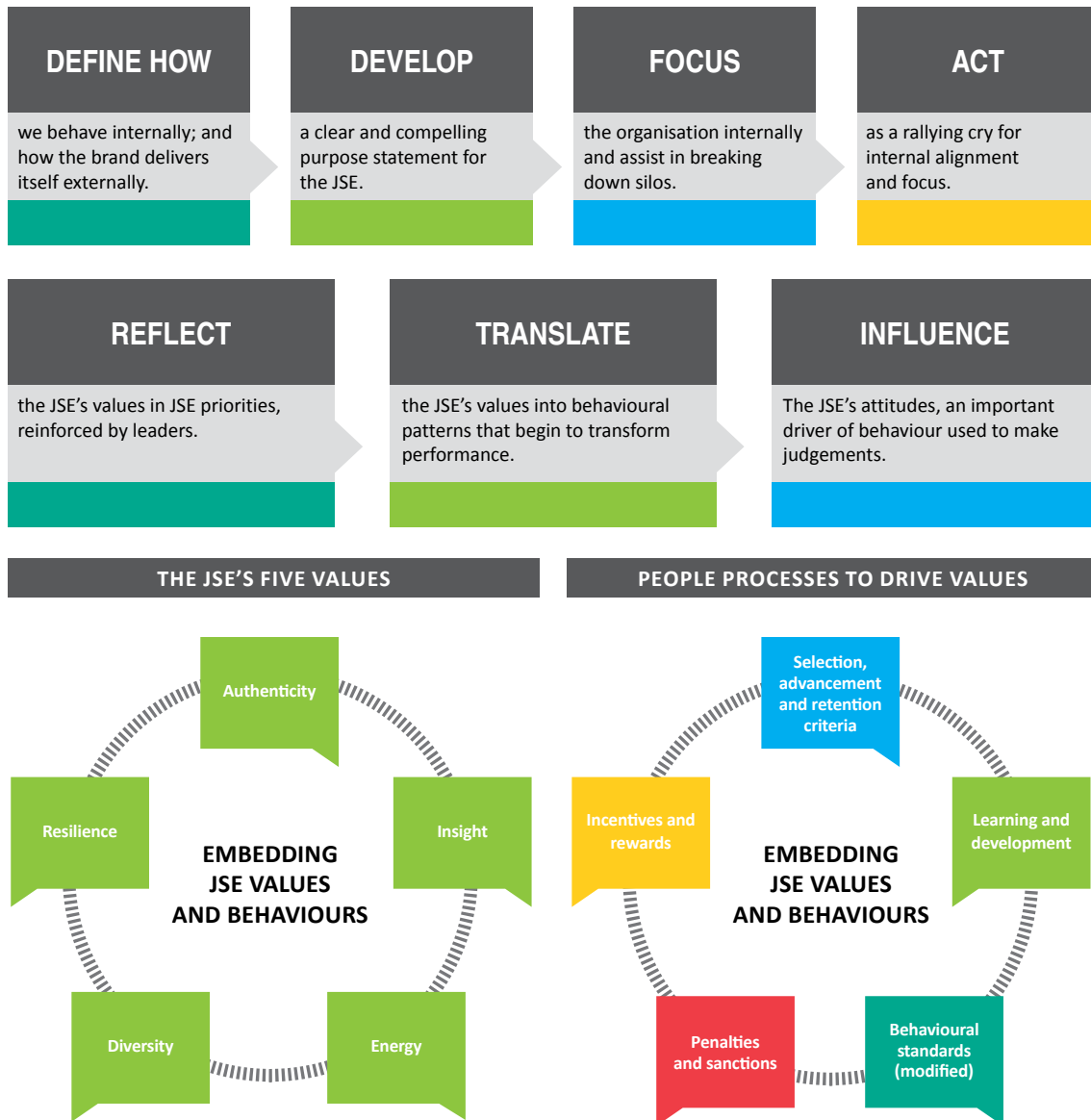
Ethics and compliance

Culture of ethics

The Board is mindful that JSE management and employees' work ethic and performance must adhere to high standards. It is also aware that the JSE's reputation is built on management and employee interactions with all stakeholders. When management and employees display the expected behaviour and values, the JSE reputation is

strengthened and a healthy workplace is promoted where original and innovative thinking occurs. This embeds a robust culture of ethics and integrity at the JSE.

The current value system was launched to all JSE staff in 2013 and is based on the following model:



Whistle-blower facility

Contributing to this culture, an independent service provider operates a 24-hour toll-free hotline 365 days a year. Employees are encouraged to participate by reporting any unethical behaviour identified, anonymously, confidentially and in a choice of five languages.

During the year under review, no incidents were reported.



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.

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 financial 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 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 the Issuer Regulation division 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.

GOVERNANCE, ETHICS AND COMPLIANCE (CONTINUED)

2014 Financial Year				
CLOSED PERIOD	OPEN PERIOD	CLOSED PERIOD	OPEN PERIOD	CLOSED PERIOD
1 Dec 2013 to 11 Mar 2014	11 Mar 2014 to 31 May 2014	1 Jun 2014 to 14 Aug 2014	14 Aug 2014 to 30 Nov 2014	1 Dec 2014 to 5 Mar 2015
Preparation of annual results		Preparation of interim results		Preparation of annual results

2015 Financial Year				
CLOSED PERIOD	OPEN PERIOD	CLOSED PERIOD	OPEN PERIOD	CLOSED PERIOD
1 Dec 2014 to 5 Mar 2015	5 Mar 2015 to 31 May 2015	1 Jun 2015 to 14 Aug 2015	14 Aug 2015 to 30 Nov 2015	1 Dec 2015 to Feb/Mar 2016
Preparation of annual results		Preparation of interim results		Preparation of annual results

Corruption, fraud and illegal acts

APPROACH	YEAR UNDER REVIEW
<p>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.</p> <p>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.</p> <p>A strict zero-tolerance approach has been adopted.</p>	<p>No fraud misdemeanours, bribery or corruptive practices were reported during the period under review.</p>

Ombudsman for JSE complaints and disputes

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 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. 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. The ombud of the scheme is Judge E Goldstein, a retired judge. 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. The monitoring body duly confirms this.

Policy Steering Committee

The Policy Steering Committee's function is to drive policy awareness across the JSE. This means that any new or amended internal policies across the JSE's divisions will be tabled, discussed and approved at a central committee, made up of representatives from each division of the JSE. This will ensure due diligence and appropriate governance and will also allow for increased engagement across all business areas. Below is a summary of some of the interventions in place and compliance with these:

Intervention	Status	Compliance
Code of ethics	Policy in place	No incidents reported
Code of conduct	Policy in place	No incidents reported
Whistle-blower facility	Fully implemented	No incidents reported
Fraud and illegal acts	Policy in place	No incidents reported
Interest in contracts	Policy in place	No incidents reported
Dealing in JSE Limited securities and other listed securities	Reviewed policy in place	No incidents reported

Compliance statement

Compliance remains a focus area for the JSE. The JSE has continued with its risk based compliance approach. Key compliance concerns are highlighted, looking at the JSE compliance universe, defined in the JSE risk tools and methodologies. A specific privacy initiative is also under way in the JSE that will enhance not only privacy practices, but also the JSE compliance approach in general.

The risk and governance teams currently assist the various business units with reviewing, monitoring and recording the necessary and required compliance.

Both areas report to the director of Governance, Risk and Compliance, who is also the Group Company Secretary, who reports to the CEO and the Chairman of the Board, respectively, in each of these roles.

JSE business units remain primarily responsible for compliance with the applicable laws, rules, codes and standards. During the year under review, there were no contraventions or fines.