

# GOVERNANCE, RISK AND COMPLIANCE

## 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/or2015/download\\_pdf/kingIII-report-2015.pdf](http://www.jsereporting.co.za/or2015/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

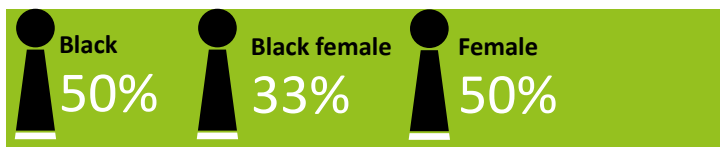
LENGTH OF SERVICE (YEARS)				COMPOSITION
<b>0-3</b>	<b>4-6</b>	<b>7-10</b>	<b>&gt;10</b>	<b>3</b> executive directors
Dr M Jordaan <sup>®</sup> Dr SP Kana <sup>®</sup> Dr L Fourie <sup>®</sup>	NP Mnxasana <sup>®</sup> Dr M Matookane <sup>®</sup> A Takoordeen <sup>®</sup>	N Nyembezi-Heita <sup>®</sup> D Lawrence <sup>®</sup>	AM Mazwai <sup>®</sup> NG Payne <sup>®</sup> AD Botha <sup>®</sup> NF Newton-King <sup>#</sup> LP Parsons <sup>^</sup> JH Burke <sup>^</sup>	<b>8</b> independent non-executive directors <b>1</b> non-independent non-executive director <b>12</b> directors <b>2</b> alternate directors

<sup>®</sup> Non-executive directors.

<sup>#</sup> Executive directors.

<sup>^</sup> Alternate directors.

### Gender diversity of the Board



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.

## GOVERNANCE, RISK AND COMPLIANCE (CONTINUED)

### Corporate Governance matters addressed by the Board during 2015

<b>COMPOSITION OF THE BOARD OF DIRECTORS</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>COMPOSITION OF THE BOARD COMMITTEES</b>	<ul style="list-style-type: none"> <li>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: <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Dr Mantsika Matookane, 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.</li> <li>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.</li> <li>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.</li> </ul> </li> </ul>
<b>BOARD SUCCESSION</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>DIRECTOR INDUCTION AND DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>Dr Suresh Kana was the first director to participate in the new programme.</li> <li>Regarding ongoing director development, the Board was kept abreast of the following: <ul style="list-style-type: none"> <li>Twin peaks;</li> <li>Bond trading; and</li> <li>Economic capital.</li> </ul> </li> </ul>
<b>BOARD EVALUATION</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>DELEGATION OF AUTHORITY (DOA) FRAMEWORK</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>

<b>NED EMOLUMENTS</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<b>ANNUAL GENERAL MEETING (AGM)</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>The Board has determined and set the following record dates applicable to registered shareholders for 2016: <ul style="list-style-type: none"> <li>4 March 2016: To receive the AGM notice together with the integrated annual report.</li> <li>18 March 2016: To be eligible to receive the dividends declared by the Board.</li> <li>20 May 2016: To be eligible to participate and vote either in person or by proxy at the 2016 AGM.</li> </ul> </li> </ul>



## 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)

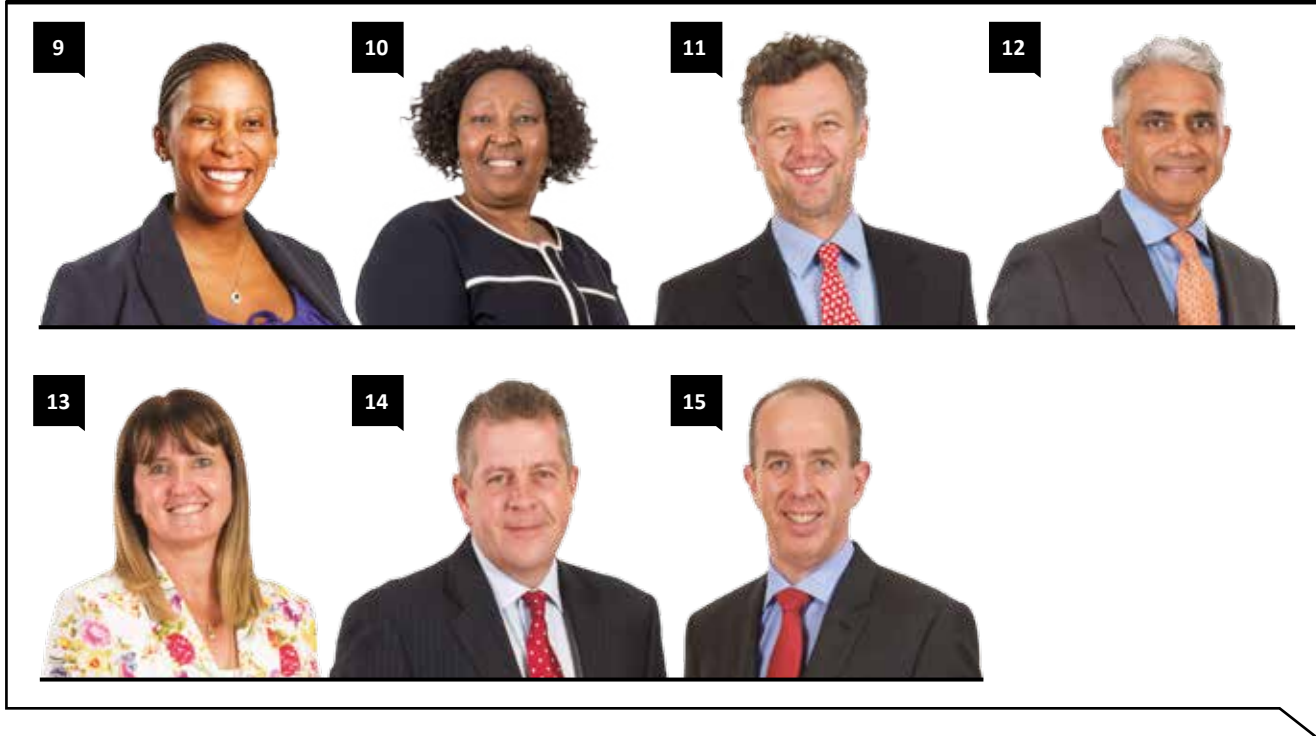
*Non-executive director*

*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 Montegrays 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 Ilovo 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. 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 Takoorden (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*



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**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).**

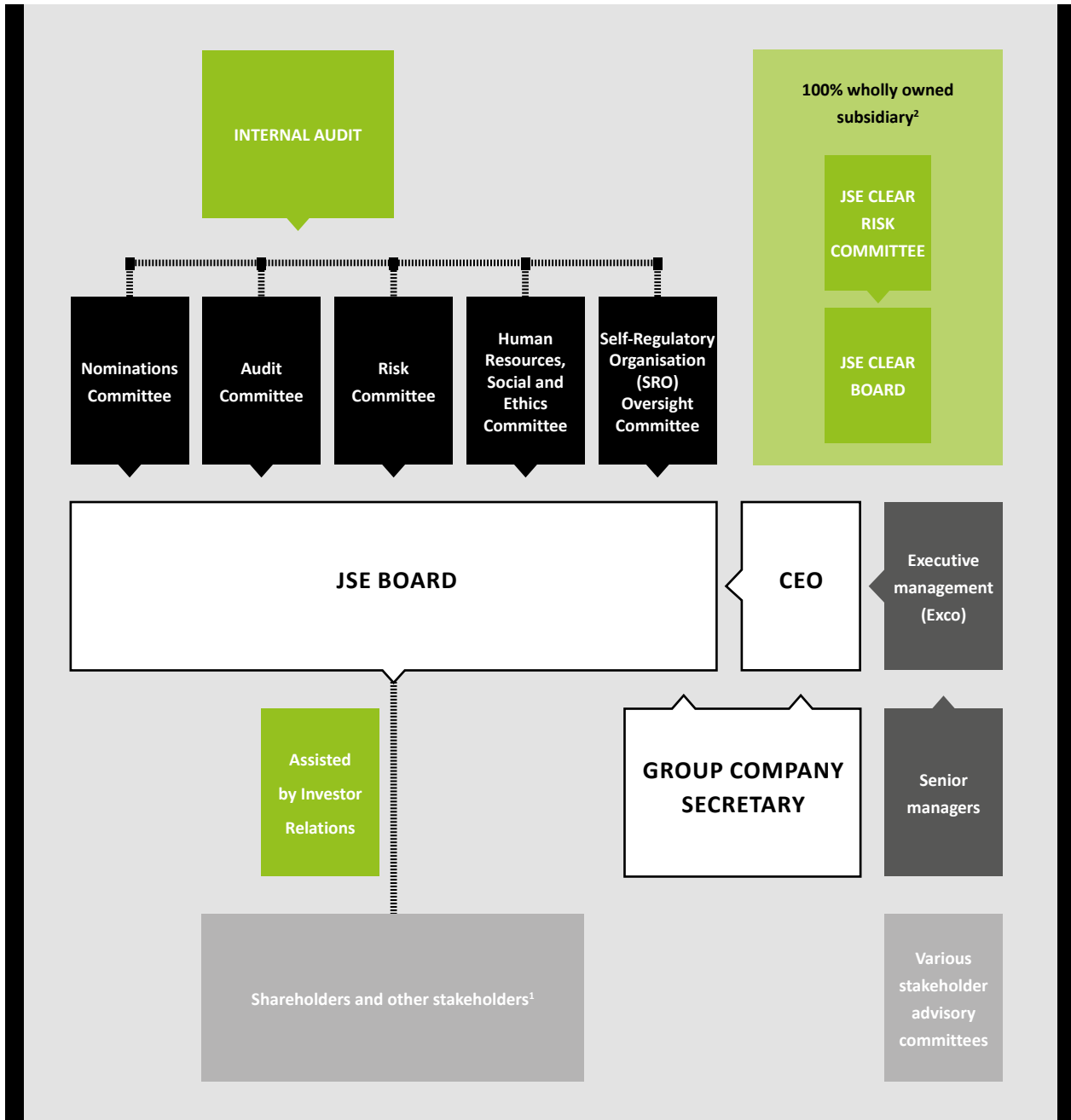
*Member of the New Products Committee and Risk Committee by invitation; Board Member of AMCHAM, Operation HOPE and Junior Achievement.*

*Appointed in August 2014*



## GOVERNANCE, RISK AND COMPLIANCE (CONTINUED)

### Governance structure



**Notes:**

<sup>1</sup> The JSE's regulator, the FSB, is invited to attend any Board and Board committee meetings.

<sup>2</sup> 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
<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 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.</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 directors' report for non-executive directors' interests in JSE Limited.</p>

### 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.

## GOVERNANCE, RISK AND COMPLIANCE (CONTINUED)

### Five-year history of retirement of directors by rotation

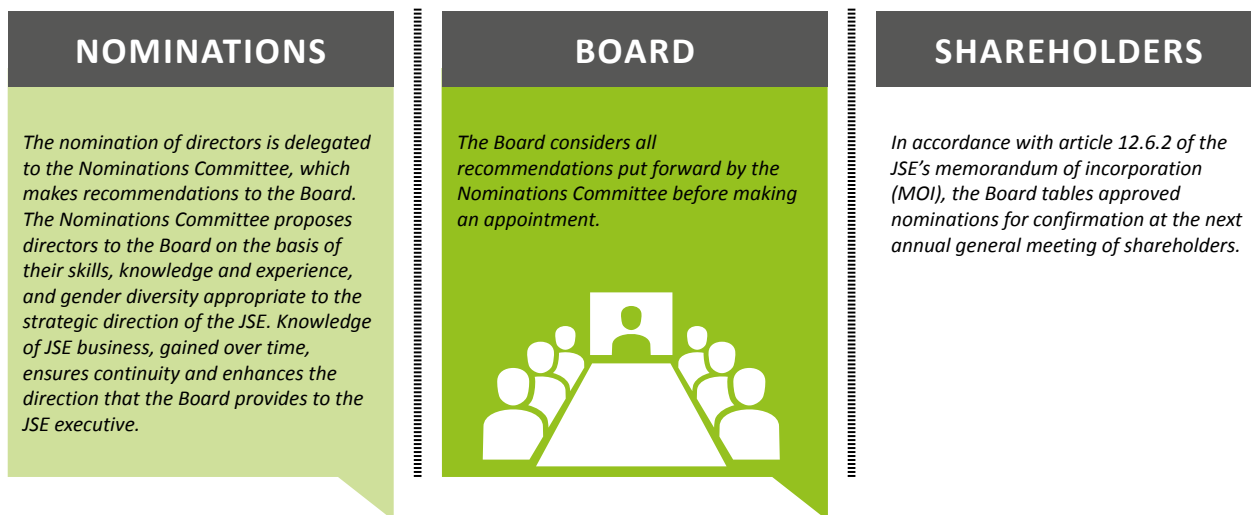
In terms of article 12.6.1 of the JSE's memorandum of incorporation, at least one-third of all directors are required to retire by rotation each year. Retiring directors, if eligible, may be re-elected by shareholders. At the next annual general meeting, to be held on Thursday, 26 May 2016, shareholders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



NEXT AGM 2016				
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 Matookane	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.



- 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.

## GOVERNANCE, RISK AND COMPLIANCE (CONTINUED)

### 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.

	Status of director*	Board committees						
		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 <sup>1</sup>	2 <sup>1,3</sup>	5		1 <sup>1</sup>	2
NF Newton-King (CEO)	ED	4	3 <sup>1</sup>	3	5 <sup>1</sup>			2 <sup>1</sup>
A Takoordeen (CFO)	ED	4	3 <sup>1</sup>	3 <sup>1</sup>		3 <sup>1</sup>		
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 <sup>3</sup>	3	3	
DM Lawrence	NED	3 <sup>3</sup>		3	5			1 <sup>4</sup>
Dr MA Matookane (chairman of Risk)	INED	4		3			1 <sup>1</sup>	
NP Mnxasana	INED	4	2 <sup>3</sup>		0 <sup>3,4</sup>		2 <sup>4</sup>	
Dr M Jordaan	INED	4						
Dr SP Kana	INED	2 <sup>5</sup>	2 <sup>5</sup>	2 <sup>1,5</sup>			2 <sup>1,5</sup>	
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 committees						
	Board	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.

<sup>1</sup> Attendance is by invitation only.

<sup>2</sup> Away on JSE business.

<sup>3</sup> Apologies received for not being able to attend.

<sup>4</sup> Appointed to committee with effect from 21 May 2015.

<sup>5</sup> Appointed with effect from 1 July 2015.

## Nominations Committee report

Prepared by its independent chairman: N Nyembezi-Heita

### COMPOSITION

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



### 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.

## GOVERNANCE, RISK AND COMPLIANCE (CONTINUED)

### 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
<b>AD Botha</b> <b>N Nyembezi-Heita</b> <b>AM Mazwai</b> <b>NP Mnxasana</b>	<b>DM Lawrence</b>	<b>CEO</b> <b>Director of HR</b> <b>Group Company Secretary</b>

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](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](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

**AM Mazwai**  
**NG Payne**  
**NP Mnxasana**

#### (ii) Invited to attend

**FSB representative**  
**Head of Market Regulation**  
**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.

## GOVERNANCE, RISK AND COMPLIANCE (CONTINUED)

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



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

AM Mazwai

(ii) Invited to attend

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.

## GOVERNANCE, RISK 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 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:

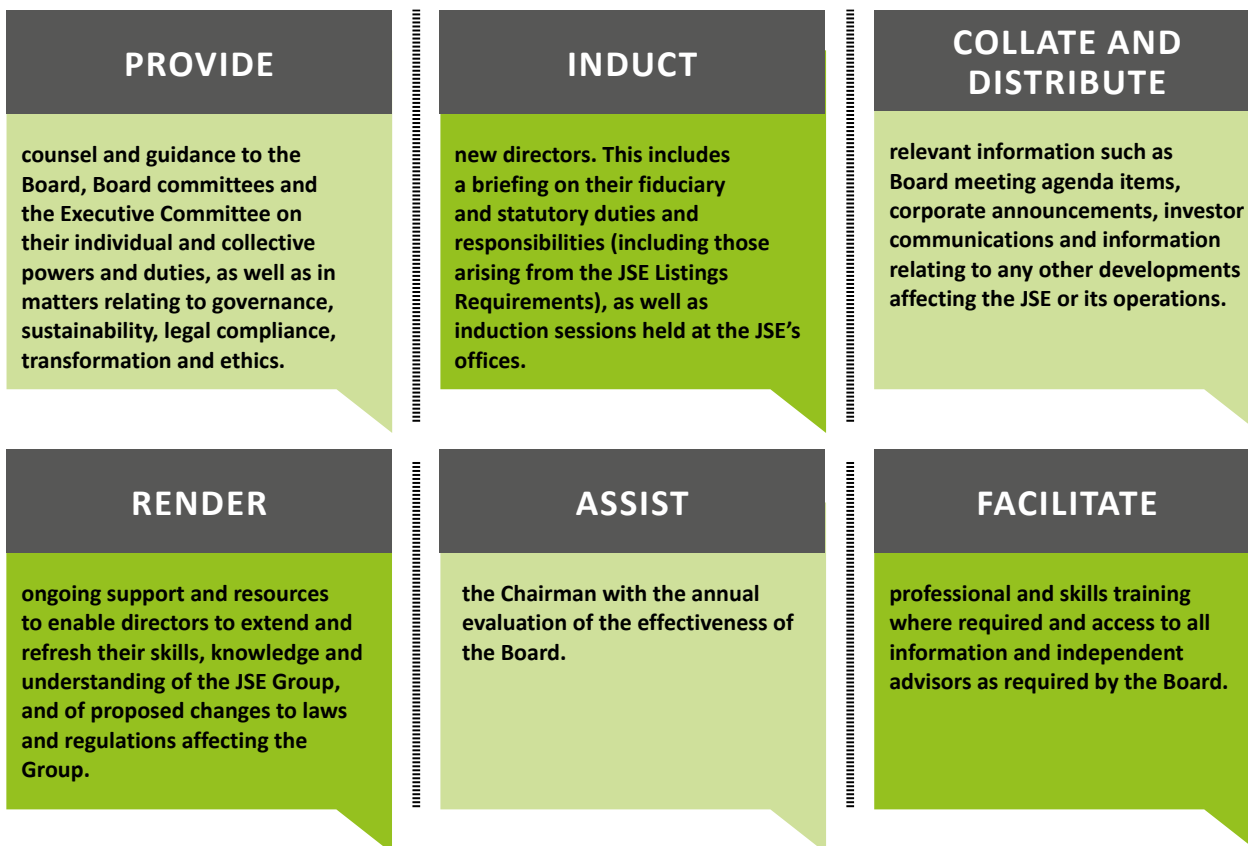
- is competent, suitably qualified and experienced;
- has the requisite skills, knowledge and experience to advise the Board on good governance;
- maintains an arm's length relationship with the Board and the directors; and
- has discharged his responsibilities for the period under review.

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



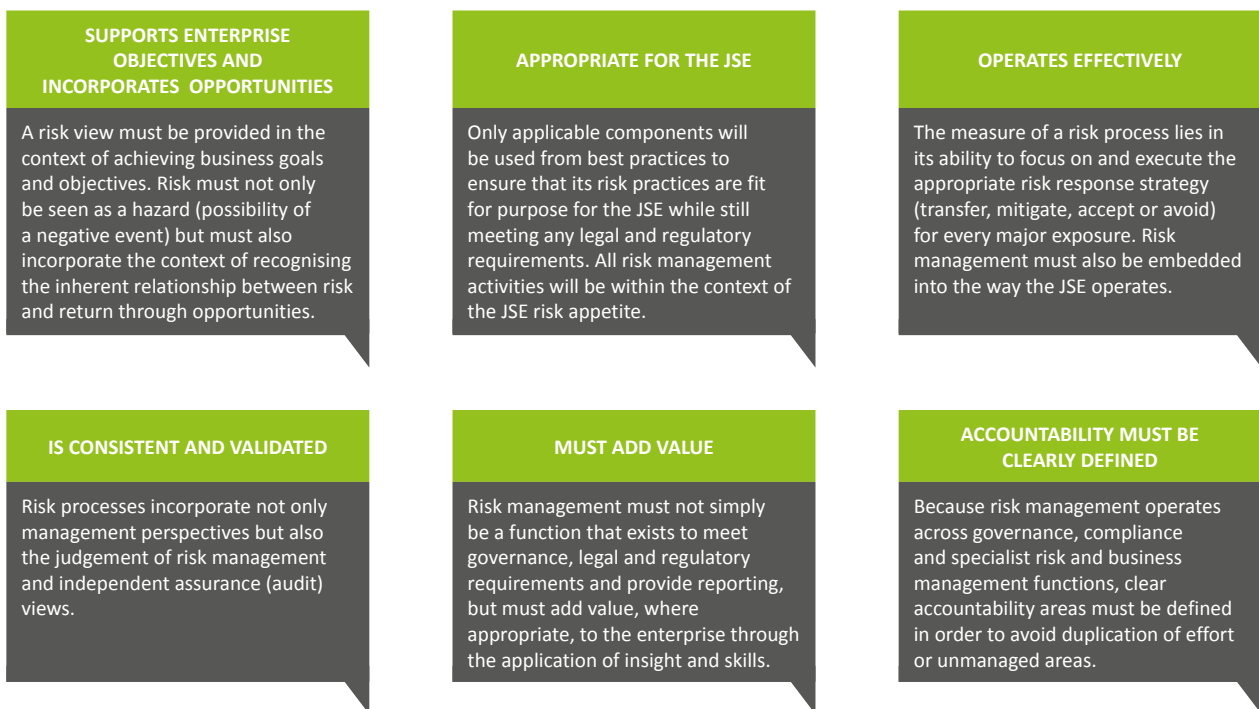
## RISK

### 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:



### 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.

## GOVERNANCE, RISK AND COMPLIANCE (CONTINUED)

### 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

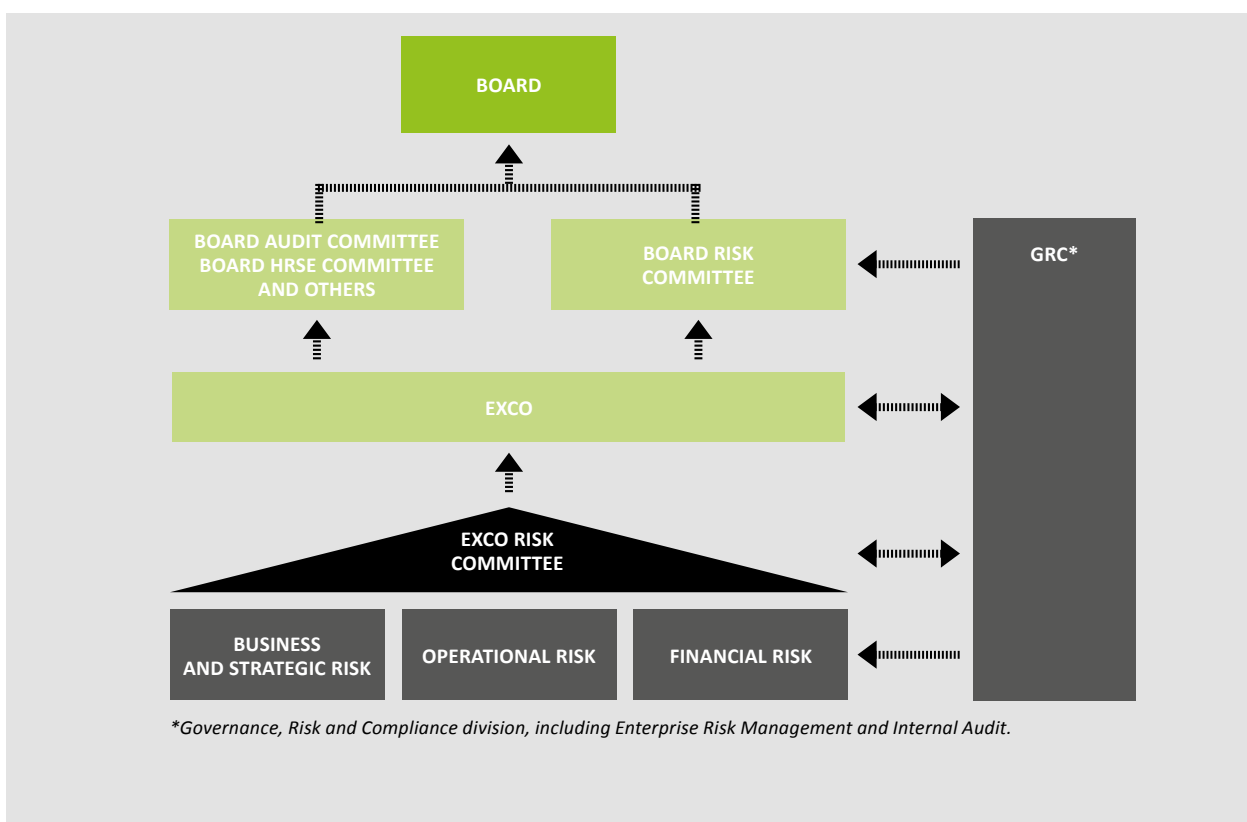
Compliance remains a focus area for the JSE. The JSE has continued with its risk based compliance approach. Compliance is an ongoing focus for the JSE and inherently part of the JSE's DNA because of its regulatory culture. During 2016 the GRC Division will focus on formally maturing the JSE compliance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



### 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.

## GOVERNANCE, RISK AND COMPLIANCE (CONTINUED)

### 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.

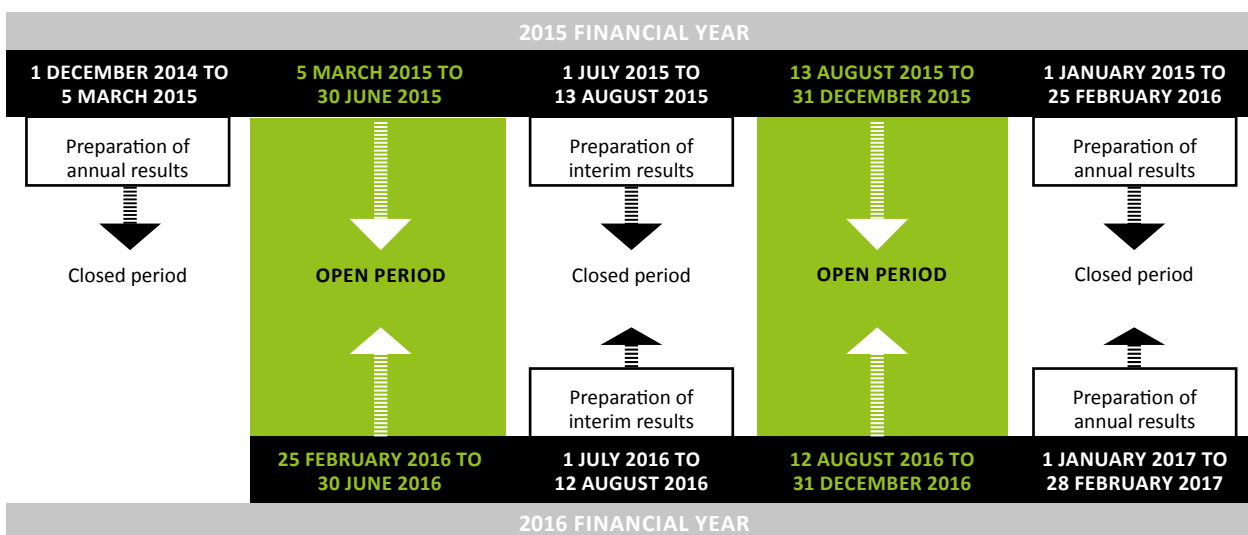
While the risk function currently assists the various business units with reviewing, monitoring and recording the necessary and required compliance, JSE business units and all members of staff remain primarily responsible for compliance with the applicable laws, rules, codes and standards. The Policy 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
<p>Controls the disclosure of:</p> <ul style="list-style-type: none"> <li>interests in contracts to avoid any potential conflicts of interest; or</li> <li>other appointments.</li> </ul> <p>Where appropriate, persons who disclose the above potential conflicts of interest are required to recuse themselves from the affected discussions and decisions.</p>	<p>This disclosure is critical to assess and mitigate any potential conflict in fiduciary duties.</p>	<p>All directors, executives, senior managers and all employees.</p>

### Anti-corruption approach

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>

### 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
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The monitoring body of the scheme confirms that it complied with its constitution and provisions and with the Ombud Act.</li> </ul>
<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>One case was raised in 2015. Proceedings will begin in the new year. An ombudsman judge has been appointed for the case.</li> </ul>
<ul style="list-style-type: none"> <li>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.</li> </ul>	
<ul style="list-style-type: none"> <li>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.</li> </ul>	
<ul style="list-style-type: none"> <li>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.</li> </ul>	

### 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.