JOHANNESBURG STOCK EXCHANGE

JSE ANNUAL REPORT 2009

2009
ANNUAL REPORT

CONTENTS

HIGHLIGHTS

Up 8%
Operating revenue

Down 28%
Net cash from operating activities

17% growth
Net asset value per share

Down 2%
Net profit

Down 2%
Basic earnings per share

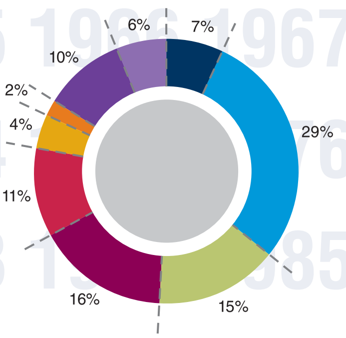
192 cents
Dividend declared

Five year summary

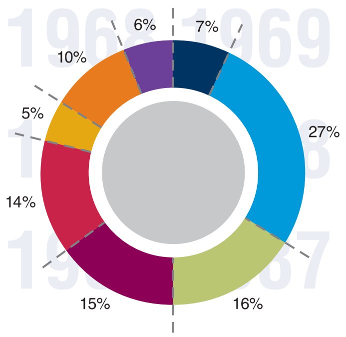
Group	2005	2006	2007	2008	2009
Revenue (R'000)	408 999	640 377	877 426	1 071 570	1 155 756
Other income (R'000)	25 307	65 370	111 993	39 805	40 547
Expenditure (R'000)	394 234	576 547	713 237	722 846	810 406
Basic earnings per share (cents)	128.3	168	321.3	439.7	431.3

DIVERSIFIED REVENUE

2009



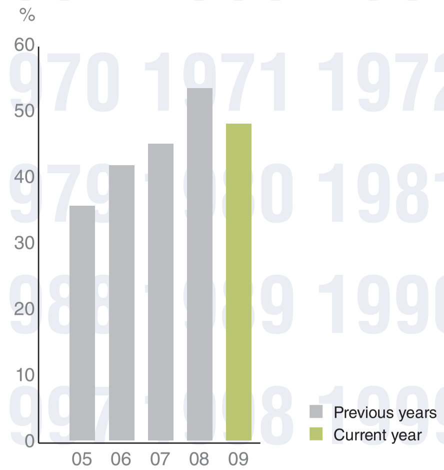
2008



- Issuer Services
- Equities trading
- Risk management, clearing and settlement
- Technology services
- Equity derivatives
- Commodity derivatives
- Interest rate market
- Information product sales
- Other

Excluding Strate ad valorem fees

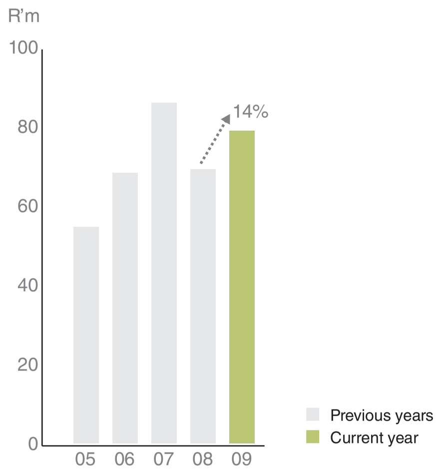
ANNUALISED JSE LIQUIDITY



FINANCIAL HIGHLIGHTS
continued

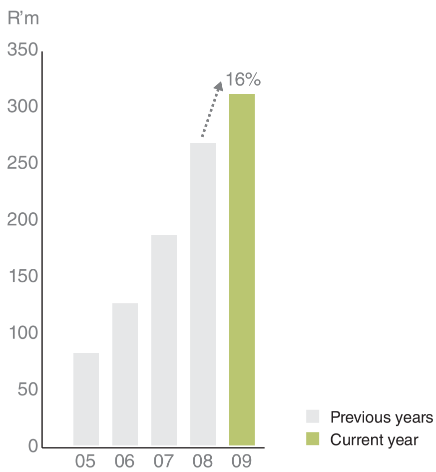
REVENUE STREAMS

Issuer services



REVENUE STREAMS

Equities trading fees



Issuer services

In last year's turbulent markets, new listings numbers fell on most stock exchanges around the world including the JSE. However at the JSE, the drop in new listing fees was compensated for during the year by heightened corporate activity among listed companies and a rise in documentation fees. The JSE continues to attract foreign-domiciled companies, including from the African continent to the Africa Board.

Equities trading fees

The number of transactions rose by 20% in 2009, despite the aftermath of the crisis. Foreign investors were net buyers of R75 billion of equities during 2009, a swing of R130 billion on the previous year. Participation of algorithmic traders continues to rise. The JSE has introduced a new billing model to incentivise increased trade.

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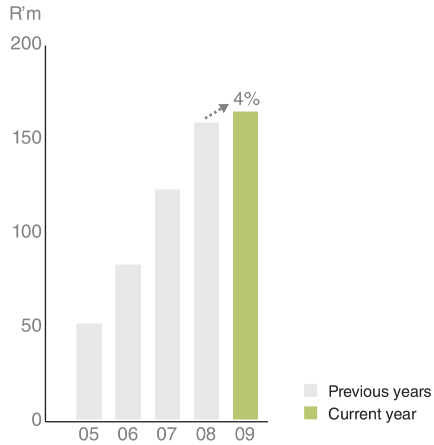
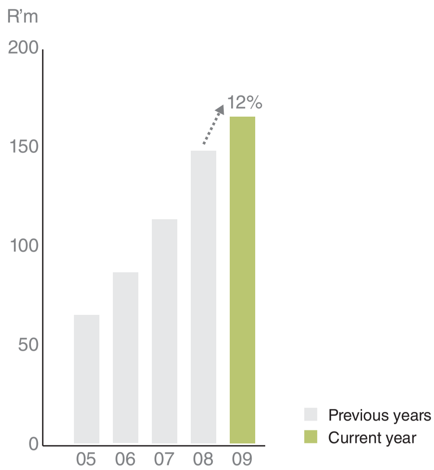
REVENUE STREAMS

Equities risk management, clearing and settlement



REVENUE STREAMS

Technology services (BDA)



Equities risk management, clearing and settlement

Though the clearing and settlement division's revenues are linked to the number of equity transactions that take place on the cash equities market, the increase in clearing and settlement revenues did not track exactly that of Equities Trading. Fees are determined based on a sliding scale and the average value per trade last year was 29% lower than that of the previous period.

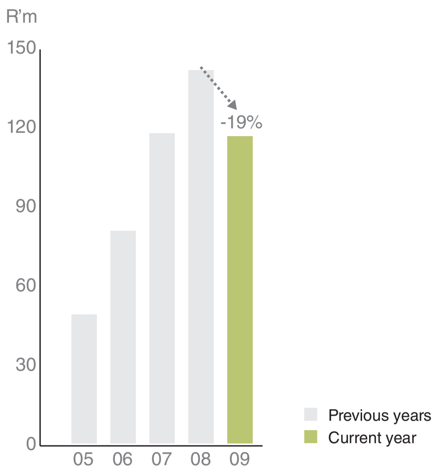
Technology services (BDA)

The JSE generates revenue from the back office system which equity members are mandated to use, called the Broker Deal Accounting (BDA) system. The BDA system also provides the JSE with the foundation for world-class surveillance. The replacement of BDA with next generation technology is the focus of the JSE's Systems Replacement Programme.

REVENUE STREAMS

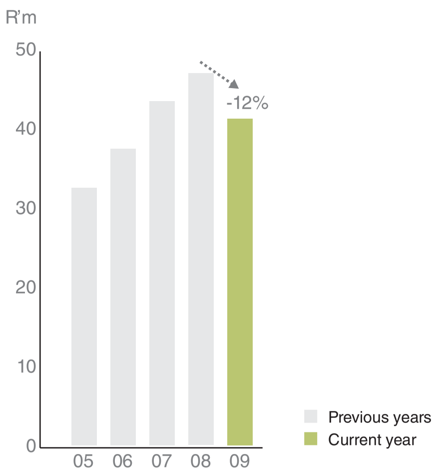
REVENUE STREAMS

Equity derivatives



REVENUE STREAMS

Commodity derivatives



Equity derivatives

Contract volumes fell by 68% but confidence improved from November 2009, with contract volumes partially recovering. The impact of the fall in contracts traded was limited to some extent by the mix of contracts traded. Trade in the innovative Can-Do derivative products grew rapidly. The currency futures market continued to grow.

Commodity derivatives

The JSE's commodities derivatives market reinvented itself in 2009; previously exclusively an agricultural market, last year the division broadened its focus to include all commodities and added metals and oil contracts, using its core technology and the JSE's relationship with the CME Group to expand its product range. This is a new strategic path for this division.

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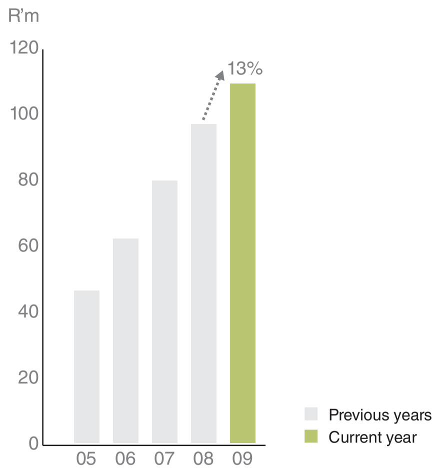
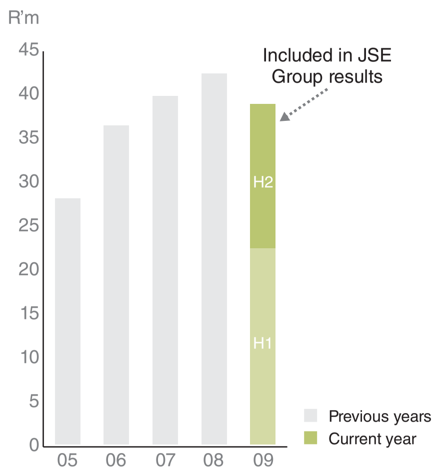
REVENUE STREAMS

Information product sales



REVENUE

Interest rate market



Information product sales

The information products sales team was able to counter the impact of tough circumstances faced by the financial industry worldwide by targeting new markets and information distributors outside South Africa and by broadening the market data package offering. The growth of a newer target market – non-professional users including retail investors – remains a focus.

Interest rate market

The JSE's spot and derivative bond market includes the operations of newly acquired BESA. All teams are integrated at the JSE's Sandton premises. The JSE's new interest rate growth strategy will be completed shortly. The JSE is focused on reducing costs, growing the number of interest rate products including derivatives, driving higher volumes and implementing common risk management processes.

OUR PRODUCTS

WARRANTS

Warrants are financial instruments that give the investor the right, but not the obligation, to buy or sell a certain quantity of an underlying instrument at an agreed price, on or before an agreed date.

ETF

An exchange traded fund (ETF) is an investment that tracks an index, but can be traded like a single security or share.

SHARES

A share represents a unit of ownership in a corporation.

DERIVATIVES

A derivative is a tradable financial instrument, the value of which is dependent on the value of an underlying financial asset or a combination of assets. A derivative contract can consist of either a futures or an option contract.

SSF

A single stock future (SSF) is a futures contract on a single share. A future is a legally binding contract that gives the investor the right to buy or sell an underlying asset at a specified price, at a certain date.

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CURRENCY FUTURES

A currency future is a derivative contract that allows investors to trade the underlying exchange rate for a period in the future.

BONDS

A bond is a long-term debt security issued by a corporation or government. These borrowers then have to pay the bondholder fixed interest payments over a period and repay the full amount of the loan at a predetermined maturity date.

CAN-DO OPTIONS

Can-do options are derivative products that give investors the advantages of listed derivatives with the flexibility of over-the-counter contracts (direct trading between two parties). Investors can negotiate the terms of an options contract, choosing the underlying asset as well as the expiry date.

DIVIDEND FUTURES

A dividend future is a tradable financial instrument, the value of which is dependent on the value of the dividend of a specified share. Such a contract is used to hedge against dividend risk that accompanies trade in single stock futures (SSFs).

CHAIRMAN'S LETTER

If 2008 was the year of global market turbulence and uncertainty, 2009 was the year in which financial markets worldwide counted the cost of the crisis. No exchange escaped the fallout. However, on the Johannesburg Stock Exchange (JSE), trade volumes in cash equities – still the exchange's biggest revenue earner – continued to climb.

Despite challenging day-to-day operations, the executive team continued to deliver on the JSE's longer term competitiveness strategy through initiatives to enhance technological ability and boost growth, most notably through the acquisition of the Bond Exchange of South Africa (BESA), the launch of the Africa Board and trading in commodities contracts under licence from the CME Group.

I am particularly delighted that we have completed the BESA acquisition after so many years and the board now looks forward to the outcome of the interest rate growth strategy being led by the JSE's executive.

The global financial crisis has highlighted the central role that well-functioning, properly regulated and risk-managed stock markets can and should fulfil. The JSE is alive to its responsibilities in this regard. We have systematically reviewed the services the JSE provides to ensure that these are at the appropriate level to enable us to implement our strategies to grow our market and our relevance. Our approach is that we should offer the type of operational excellence, system functionality, regulation and pricing that our clients would expect to find in a market of similar size and complexity. We believe that only through doing this will we be able to continue to attract foreign investment and indeed, that only through doing this will we, as a country and as an exchange, be able to compete for our share of foreign investment flows.

Examples that we should note in this regard include:

- our decision during the height of the global market turbulence to continue to permit regulated short selling. This is being followed by our much larger exchange peers and has boosted the JSE's credibility as a robust, independent exchange among our peers and analysts;
- our part in South Africa's ranking in the World Economic Forum's 2009/2010 Global Competitiveness Review. South Africa's financial market was ranked the sixth most sophisticated financial market globally. Our exchange regulation ranks second only to Sweden and the country ranks number four in the world as a venue to raise finance through a local equity market. This is an accolade we should not underestimate as it bodes well for offshore interest in our capital markets.

Looking ahead

We go into the year soberly, aware that, while there appear to be some signs of a tentative recovery, the economic woes of the past years will take time to work through. The board understands that users of the JSE expect quality services. Our executive is working hard to improve the breadth and quality of all the JSE's services so that the JSE remains relevant, not only in global terms, but particularly to its clients.

Appreciation

I would like to thank the strong and multi-talented board, which has served the JSE well. Its members have been dedicated and have devoted considerable effort to the JSE. I value their support and advice. I would particularly like to welcome former BESA chairman Nonkululeko Nyembezi-Heita, as well as her alternate, Jonathan Berman, who joined the JSE board in 2009, following the completion of the BESA transaction.

On behalf of the board I would also like to thank the JSE's Executive Committee, staff and particularly the CEO, Russell Loubser, for their service to the company, its clients and its shareholders. Finally, I would like to thank all of you, our stakeholders, for your support. We look forward to our engagements with you during the coming year.

Humphrey Borkum
Chairman

Our approach is that we should offer the type of operational excellence, system functionality, regulation and pricing that our clients would expect to find in a market of similar size and complexity.

Humphrey Borkum
Chairman

CEO'S STATEMENT

The JSE weathered a year of tough global market conditions well, thanks to rising trade volumes in its cash equity markets. The JSE received recognition for its handling of the impact of the global market crisis and the resultant fallout in 2009.

In addition to focusing on market requirements in the aftermath of this crisis, the executive focused on positioning the exchange for continued growth. This included boosting the exchange's position as a horizontally and vertically integrated market linking South Africa to the global financial markets – through strategic initiatives including the launch of the Africa Board and the acquisition of BESA.

In June 2009, the JSE purchased BESA and merged the interest rate operations of the JSE (under Yield-X) with those of BESA. This transaction had the effect of creating a single marketplace for cash bonds and listed interest rate derivatives. The new interest rate division of the JSE under Graham Smale, formerly of BESA, is working with National Treasury and the market participants to implement new processes and products to best position the market for a return to volume growth.

The challenges of 2009 were significant. Trade in equity derivatives fell owing to the global market crisis fallout, although it showed signs of recovery from November 2009. Innovative product diversification reduced the revenue impact of the lower derivative volumes. Listings slowed in the turbulent economy, as they did on exchanges worldwide. In response, the business development teams intensified initiatives to strengthen relationships with existing clients and to introduce the JSE to potential new issuers and clients. Our IT team was substantially strengthened to support our initiatives to enhance our existing technology. The exchange is positioning itself to take advantage of an improvement in confidence when it occurs.

The exchange regards its core purpose as being a mechanism for sustainable wealth creation – for issuers, through raising debt or equity capital to fund expansion and for investors, to share in the risk and reward of exposure to listed securities. For the past decade, the executive has been working hard to create a business that fulfils this function.

Last year, two strategic initiatives brought the exchange significantly closer to this goal. The first was the acquisition of BESA and the combining of the strengths of the teams of both businesses, to target growth opportunities in the interest rate market. The BESA acquisition adds significantly to the ways in which investors and issuers are able to create sustainable wealth through the exchange. The second was a decision to step up the focus on the enhancement of the JSE's IT infrastructure. Together, these initiatives have resulted in 25% growth in permanent employee numbers and a 34% increase in employee costs (2009: R319 million; 2008: R239 million).

Without investment in both these areas we do not believe we would have been able to deliver on our key medium and long-term strategies. Technology will, we believe, become more rather than less important to our business and we expect our interest rate product business to contribute meaningfully to our financial performance.

The decision to expand the IT team in these areas was necessary and that the benefits are already being demonstrated in the IT service level delivery. The exchange continues to focus on cost reduction where possible including in IT procurement and in savings following the

In the aftermath of the global financial crisis, the executive focused on positioning the exchange for continued growth. This included boosting its position as a horizontally and vertically integrated market linking South Africa to the global financial markets.

Russell M Loubser
Chief Executive Officer

CEO'S STATEMENT
continued

BESA acquisition process. This is discussed in some detail elsewhere in the report.

Systems replacement programme

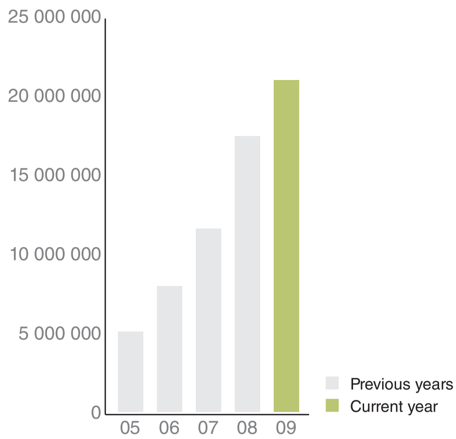
The JSE's IT systems are essential tools for the exchange's success as a mechanism for sustainable wealth creation. The focus on the maintenance and upgrading of the exchange's IT is thus essential to fulfil the group's core purpose. Continued improvements are anticipated in the period ahead.

Five years ago the JSE embarked on a strategy of replacing the JSE's core systems in order to meet changing client demands in the fast-developing exchange industry. The task was initially outsourced to an external service provider. Following a decision to bring it in-house in 2008, the IT team has been significantly expanded from 92 permanent employees in December 2008 to 131 in 2009 to handle the maintenance and development required to ensure that we do, in fact, run a top IT environment.

Significant deliverables during 2009 included the in-sourcing of development of the equities clearing solution from the software vendor previously responsible for delivery; the completion of the redesign of the surveillance solution for changing business needs and to meet the necessary performance criteria; entering into the systems testing phase

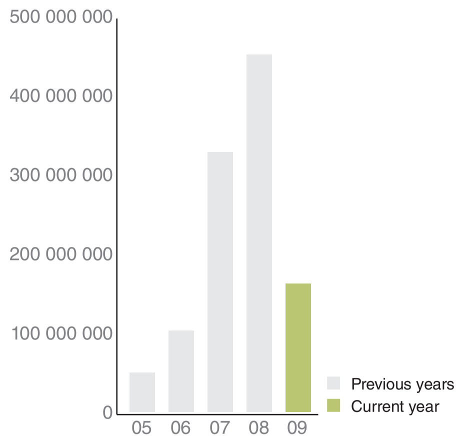
CASH EQUITIES

Number of trades



EQUITY DERIVATIVES

Number of contracts traded

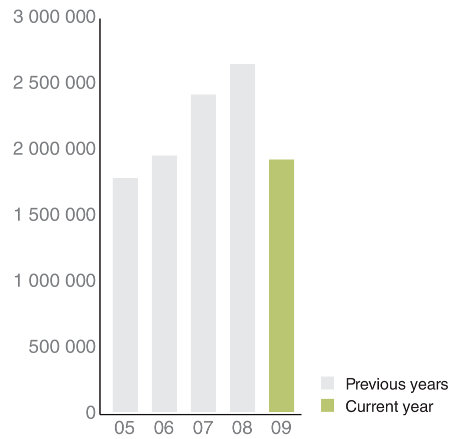


for all but one of the applications; and concluding an agreement to in-source the development of the market services solution.

In 2010 the team's focus is on concluding the in-sourcing of the market services solution and progressing the SRP through systems integration testing. Later this year, we expect to be able to announce the likely date for final implementation, although this date will be affected by the timelines finally agreed for the replacement of our equities trading system following the London Stock Exchange's notice that they intend moving to Millennium IT systems. We are busy assessing the impact of the LSE's move for us and will make a decision as to our preferred way forward with regard to our equities trading technology shortly.

COMMODITY DERIVATIVES

Number of contracts traded



BESA acquisition

The merger of BESA and the JSE became effective on 22 June 2009 following overwhelming support from BESA shareholders and the relevant regulatory approvals.

Details on the transaction have been widely published and are available on the JSE's website. The purchase consideration of R240 million (equating to R125 per BESA share) was paid to BESA shareholders on 17 June 2009. The financial effects of the transaction are discussed elsewhere in this report.

BESA's 41 permanent employees and two fixed-term contractors joined the JSE after the transaction. We have integrated all teams, including the Yield-X and BESA operational teams, at the JSE's Sandton premises. I am very happy at the manner in which the integration was achieved and would like to thank particularly Garth Greubel, BESA's chief executive officer, and Graeme Brookes, BESA's chief financial officer, for their extensive work in this regard. Garth had indicated during the merger discussions that he would leave the JSE to pursue his own interests and he left the JSE on 30 September 2009. I enjoyed having Garth as a colleague and wish him well with his future endeavours.

Graeme now works on special initiatives in our strategy team with our deputy CEO. He is also responsible for identifying, tracking and achieving all the cost reductions that are possible following the merger of BESA and the JSE. In this regard, we have already reduced BESA's costs. We are targeting further operating synergies in 2010 through IT savings and savings following the subletting of BESA's Melrose Arch premises.

Garth's role as head of the JSE's combined interest rate products division has been assumed by Graham Smale, formerly of BESA. Graham is now leading the JSE's consultation on the new interest rate growth strategy, which we look forward to completing shortly.

In this regard, the JSE is focused on reducing costs, growing the number of interest rate products, including derivatives, driving higher volumes and implementing common risk management processes.

World-class operations

At the JSE, we believe that our primary purpose is to provide issuers and investors with a mechanism through which to achieve sustainable wealth creation. However, we do not believe that this means doing just enough to deliver on this purpose.

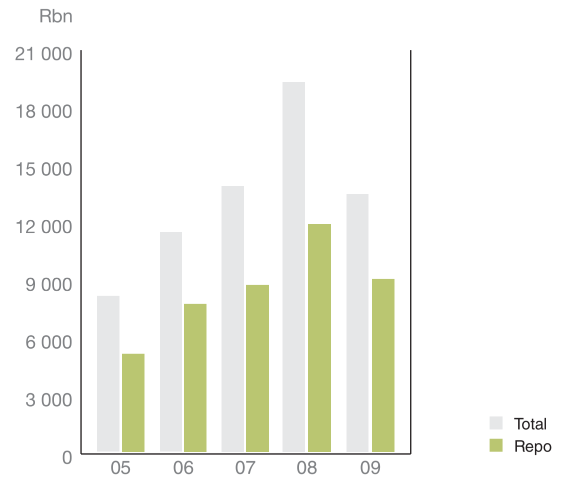
We aim to have the exchange recognised as one of the top exchanges in the world, thereby taking our place on the global stage along with other South African companies that found their roots on our market.

We will do this by carefully assessing what is good for our markets and act accordingly, rather than being motivated by what other markets are doing. The JSE did not, for example, believe it was necessary to restrict short selling on its markets during 2008's global financial crisis, despite such action being taken across most exchanges worldwide at that time. Any short selling must be covered at the time of sale through a securities borrowing arrangement.

One reason for this was the exchange's surveillance and risk management systems, which enable the surveillance teams to see trades to beneficial holder level. This, the board believes, gives the JSE unparalleled surveillance and risk management

INTEREST RATE MARKET

Annual turnover on BESA



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abilities and enables the enforcing of our regulation requiring short sellers to hedge their positions before the sale is concluded.

Second, we plan to be positioned as a gateway to investors worldwide wishing to access opportunities throughout the African continent. The JSE's Africa strategy is in line with its commitment to various Africa-centric business and stock exchange organisations, including the Committee of Southern African Development Community (SADC) Stock Exchanges, the Association of Stock Exchanges in Africa and the Nepad Business Foundation.

Our strategies in this regard are:

- Creating an Africa Board, providing opportunities for top African issuers to list on their home exchanges and dual list on the JSE. Trustco Limited of Namibia is our first listing on the Africa Board and we expect more listings in this year;
- Creating indices reflecting issuers listed in countries across the continent to enable investors to track the performance of top issuers across the continent. The FTSE/JSE All Africa indices launched in October 2008 reflect the performance of 40 top African issuers from nine countries;
- Developing a hub and spoke model to route orders and data to and from African exchanges. We will progress this during 2010; and
- Forging closer relationships with African exchanges to help develop new businesses and markets.

In the run up to the launch of the Africa Board and during the months that followed, the Africa Board team has travelled extensively on the continent, meeting with exchanges, regulators, issuers and brokers. The aim of the meetings was to strengthen relations and build an understanding of the Africa Board model as a win-win solution for issuers and investors. We have created an Africa Board Advisory Committee of prominent business people from the continent to assist us in positioning the Africa Board across the continent. We look forward to our relationship with members of the Advisory Committee. We believe we are making good progress and we expect increased listings once global financial uncertainty has subsided and issuers have obtained the necessary domestic regulatory approval. We are delighted that Wilderness Safaris will join the Africa Board this year.

The JSE continues to create joint initiatives and to foster long-term relationships and business entities in South Africa, the SADC and the continent in order to increase interest and awareness in the local financial markets and to highlight the continent's financial opportunities. Unfortunately, we were not able to resolve the concerns of the Mauritian financial services regulator and have thus not been able to progress our planned acquisition of a strategic stake in the Stock Exchange of Mauritius.

Issuer Services

The Issuer Services division regulates issuers of all instruments traded on the JSE, including issuers of equities, exchange traded funds, interest rate products and warrants. Initial listings incur a one-off listing fee. Thereafter, all listings incur an annual listing fee, with further corporate activity incurring specific fees per corporate action.

New listings of warrants, traditionally the terrain of retail investors, fell. However, listings of exchange traded funds (ETFs) rose during 2009 (end-2009: 23 ETFs listed; end-2008: 20 ETFs listed).

Revenue from Issuer Services for 2009 was 14% higher than the previous year at R79 million (2008: R69 million).

In last year's turbulent markets, new listings numbers fell on most stock exchanges around the world, including the JSE. However, the drop in new listing fees was compensated for during the year by heightened corporate activity among listed companies, resulting in a rise in documentation fees.

A total of 10 equity issuers joined the boards in 2009 (2008: 23). The listings were mostly substantial and included Vodacom Limited. At end-2009, there were 410 (2008: 425) companies listed on the exchange.

The JSE continues its drive to attract foreign-domiciled companies to this market. Including Trustco, which joined the Africa Board, four foreign companies listed on the exchange. The Business Development team is continuing this marketing activity and further results should be felt as global economic conditions start to lift.

AltX, started in 2003 to list young, fast-growing companies, had a turbulent year in the aftermath of 2008. AltX comprised 76 listed companies at end-2009 (end-2008: 77). Its market capitalisation declined 34.9% during the year, ending the year at about R12 billion (2008: R18 billion). This market remains an ongoing focus for the JSE as we believe it has a valuable place in providing equity funding to a significant segment of South African business. During 2009, three companies graduated out of AltX to move their listings to the main board.

Equities trading

The JSE generates equity trading revenues by charging each leg of an executed transaction required to complete an order. The equity market division also generates lesser portions of its revenue by charging fees per terminal and licence fees for its front-end system (TALX) and for systems testing services.

In 2009, equity trading and related services market division contributed R310 million or 27% of total JSE revenue

(2008: R267 million or 25%). We expect the JSE's revenue breakdown to reflect greater percentage contributions from our derivatives and interest rate businesses over time as the interest rate market grows and the Exchange's derivative divisions recover.

Foreign investors were net buyers of R75 billion in equities during 2009, a positive swing of R130 billion on the previous year.

The FTSE/JSE All Share index (Alsi) had a volatile start to 2009 and fell from 21 760,90 on 1 January to a low of 18 120,69 on 3 March as the JSE's South African Volatility Index (SAVI Top 40), which is a forecast of equity market risk in South Africa, rose over 42%. However, from April 2009, the Alsi rose fairly steadily to 27 665,45 at year-end as market jitters subsided and investors returned to the JSE. As market fear declined, the SAVI lowered to close to 20% by end-December.

Algorithmic traders have taken part in the JSE's equities market since about 2004, and by all accounts participation continues to rise. The growth of algorithmic trade in the JSE's equity market may be related to the fall in average value per trade in 2009, despite the rise in the FTSE/JSE Alsi during the year. In 2009 the average value per cash equity trade was R133 459 compared with R187 543 in 2008 and R257 688 the previous year.

In response to market need, the equities team:

- is delivering an anonymous block trading facility during 2010 in order to encourage local investors who currently choose to transact block trades off order book, to use the central order book. We also want to encourage foreign investors who use other existing anonymous mechanisms to transact on the JSE. In such a facility the security, price and volume of large sized orders would not be displayed but would interact with visible orders to ensure maximum concentration of liquidity. The use of this facility would give such clients the anonymity they seek while mitigating potential market impact costs. Such an offering would improve JSE liquidity levels and increase the volumes traded by market participants;
- is investigating whether the JSE can offer remote membership for offshore market participants. There have been several requests for the JSE to provide this facility and once the JSE has completed its initial work in this regard it will consult with market participants; and
- continues to work with market participants to bring innovative products to the market to improve the overall JSE offering.

New billing model

Relative to exchanges worldwide, the JSE's cash equity transaction charges are well below average for high value trades and slightly above average for low value trades. In a bid to.

- incentivise increased trade;
- reduce the cost of trading to clients as far as possible;

CEO'S STATEMENT
continued

- encourage retail investors to trade more; and
- improve liquidity on the JSE;

we have implemented a new billing model, which will incentivise high volume and value participants, while recognising high frequency traders (high trade volume, often low value) and retail investors (often lower trade and value), on 1 March 2010.

This has been a complex process involving extensive consultation with our clients. The new model – a hybrid model drawing from transaction and value-based fee structures with incentives for members trading above a certain value – has been refined based on member comments and brings the JSE's charges further in line with global practice while partly shielding the exchange from downward market movements because of the minimum charge.

Though participants have indicated that the new model will incentivise them to increase trade volumes, the JSE is not able to forecast the impact of the new structure on clients.

Equities risk management, clearing and settlement

The JSE is responsible for risk managing, clearing and guaranteeing the settlement of central order book cash equity trades. The exchange charges a transaction fee per trade leg for this service.

Clearing and settlement revenue grew by 4% to R164 million during 2009 (2008: R158 million). Though the division's revenues are linked to the number of equity transactions that take place on the cash equities market, the increase in clearing and settlement revenues did not track exactly that of equities trading. The reason for this is the combination of two factors.

First, fees are determined based on a sliding scale according to the value of each central order book transaction, with a floor and a ceiling on the possible fee. Floor and ceiling values are lower than those set of cash equity transaction charges.

Second, the average value per trade last year was 29% lower than that of the previous period (2009: R133 459; 2008: R187 543). Though the 21% climb in number of trades helped to grow revenue, this was diluted by the fact that the lower value of each trade decreased the clearing and settlement fee levied.

Our next strategic focus areas for equities risk management, clearing and settlement is the move to a T+3 settlement cycle and the development of a centralised securities ownership register.

Technology services

The JSE generates revenue from the back office system, which equity members are mandated to use, called the Broker Deal Accounting (BDA) system. The system keeps the securities records and books of individual broking firms and in respect of their clients. Revenue from technology services was R165 million or 12% up on 2008 (2008: R148 million).

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The BDA system also provides the JSE with the foundation for world-class surveillance, allowing the exchange to see certain trades to beneficial ownership level. In many jurisdictions, the market regulators are reliant on market participants to provide them with information they require in order to investigate and prosecute insider trading or other instances of market abuse.

The exchange's extensive surveillance capability was one factor behind the JSE's decision not to introduce restrictions on short selling in September 2008, as occurred in several international markets. Most developed markets have recently recognised the unintended negative consequences of the short selling ban and have allowed it again, subject to increased regulatory thresholds.

The replacement of BDA with next generation technology is a key focus of the JSE's systems replacement programme, referred to earlier.

Equity derivatives

The JSE's equity derivatives market generates income based on the number of contracts traded and the value of the securities underlying each contract.

Contract volumes fell by 68% to 164 million (2008: 511 million) during 2009. This can be ascribed to a number of issues:

- First, Lehman Brothers, previously a large player in the JSE's equity derivatives market, did not survive the crisis;
- Second, the confidence of retail investors was knocked during the period. Retail investors had been big participants in the JSE's single stock futures market, which had shown record growth until the crisis; and
- Third, clearing members increased their clearing margins for derivatives on many small cap stocks, which reduced trade in the instruments.

Investor confidence showed signs of recovering from November 2009, with contract volumes partially recovering.

The impact of the fall in contracts traded was limited partly by the rise of the FTSE/JSE All Share index and by the mix of contracts traded during the year as trade in can-do derivative products grew rapidly. As a result, the revenue from equity derivatives fell by 19% to R107 million (2008: R132 million).

During 2009 market regulators and participants worldwide recognised the role that risk management (or the lack of it) played in the crisis and questioned the bilateral risk management approach adopted in over-the-counter (OTC) trades. While regulators in some jurisdictions called for OTC derivatives to be centrally cleared, if not also standardised and traded on exchange, trade in the JSE's non-standardised derivative instruments – called Can-Do derivatives – has increased by 25% in value. The terms of Can-Do derivatives, which were designed in response to market need, are negotiated by investors, who choose the underlying asset as well as the expiry date. The products are then traded on the JSE and valued daily by the JSE while being cleared by clearing members who are members of the JSE's derivatives clearing house, Safcom (Proprietary) Limited.

Product diversification continues in response to market need with an increased number of derivatives on foreign underlying securities being launched.

Trade in currency derivatives continued growing in 2009 off a low base, with 31,651 contracts traded (2008: 19,380). Currency futures are a small but growing contributor to total revenue.

Commodity derivatives

The JSE's commodity derivatives market generates income based on the number and type of contracts traded and the value of the securities underlying each contract. Revenue from commodity derivatives in 2009 was R41 million (2008: R47 million). The agricultural futures markets held up as markets saw record exports of white maize, despite a drop in speculative activity by traders as the market anticipated limited price movement in the JSE's major products of maize and wheat. However, options trade has fallen. Traders are not expecting significant swings in the price of the underlying, so they have opted to buy futures instead of having to pay the premium on the option.

The JSE's commodities derivatives market reinvented itself in 2009; previously exclusively an agricultural market, last year the division broadened its focus to include all commodities and added metals and oil contracts, using its core technology to expand its product range. This was a new strategic path for this division. This process was initiated by the launch of a Chicago Board of Trade (CBOT) corn futures contract, launched on the JSE in January 2009 in collaboration with the CME Group, the world's largest derivatives exchange.

The rand-denominated corn derivative contract gives local agricultural participants an innovative tool to hedge international price risk and the opportunity to better assess patterns in the global maize market. The South African contract mirrors the CBOT corn contract but is cash-settled prior to the US delivery month.

The corn contract, which won the JSE and the CME a joint prize for "Best innovation by an exchange in the field of product design" at the prestigious Futures & Options World (FOW) Awards held in London, was the launch pad for a relationship with the US exchange that led to the October 2009 listing of rand-denominated gold, platinum and sweet crude oil futures contracts for the first time on the JSE's commodities derivatives market.

These instruments are largely aimed at South African investors. Until the launch, investors had to trade these commodities on international markets using their foreign exchange allowance and were subject to exchange control regulations. Now local individuals and corporates can trade these three commodities on the JSE. In terms of the agreement, the JSE-listed contracts will be cash settled using gold prices referenced from CME's COMEX division and platinum and crude oil prices from its NYMEX division.

Interest rate market

The JSE's spot and derivative bond market – including the operations of newly acquired BESA – generates revenue based on the volumes and values of instruments traded. The division generated 2% of the JSE's total revenue in 2009. This result includes revenue generated by BESA, which is included only from the effective acquisition date of 22 June 2009.

The acquisition of BESA and its integration into JSE operations is discussed earlier in this review.

After bond market volumes in South Africa reached a historical peak in 2008, volumes fell in 2009. In South Africa, volumes traded by foreigners in 2009 were 49% below those of 2008. Foreigners were net buyers of R24 billion in bonds in 2009 (2008: sellers of R16 billion). The lack of foreign flows heavily impacted secondary market turnover in JSE-listed bonds, with R13,4 trillion's worth of bonds traded in 2009, down from R19,2 trillion in 2008 (a drop of 30%). Nonetheless, the turnover volumes in 2009 remained higher than in previous years (R13,8 trillion in 2007 and R11,4 trillion in 2006). The lower secondary market volumes had a significant impact on revenues generated by the division.

Owing to the decrease in secondary market volumes in spot transactions (2009's volumes were 43.9% lower than 2008's), 2009 market volumes were dominated by carries (the proportion of which increased from 64% to 71%). The average size of a spot transaction decreased from R27 million in 2008 to R18,7 million in 2009. There was a significant increase in the market for inflation-linked bonds. Volumes increased by 181% in 2009 compared with 2008.

From an issuance perspective, the number of maturities exceeded the number of new issues and the number of bonds in issue dropped 6.8% from 1 145 in 2008 to 1 067 in 2009. However, owing to the significantly increased issuance by the South African government and state-owned enterprises, the nominal amount in issue increased by 15.5% from R841,1 billion in 2008 to R946,4 billion in 2009. Corporate issuance in 2009 was virtually non-existent and the increase in issuance was dominated by state-owned enterprises (an increase of 42.1% nominal in issue) and the South African government (an increase of 15.5% nominal in issue).

Bond market activity and volumes are correlated to the number of market participants, the appetite to take risk and the aggregate level of economic activity. The economic outlook

CEO'S STATEMENT
continued

at the end of 2009 is somewhat better than it was at the end of 2008, but the degree and timing of the recovery is uncertain.

Information Products Sales

The Information Products Sales team generates revenue by providing market information packages to clients in South Africa and offshore.

The Information Products Sales division generated revenue of R109 million during 2009 (2008: R97 million), contributing 9% of total JSE revenue (2008: 9%). The division's revenue growth of 13% in 2009 was owing to several factors – the overriding one being the division's ability to counter the impact of tough circumstances faced by the financial industry worldwide by targeting new markets and information distributors outside South Africa and by broadening the market data package offering.

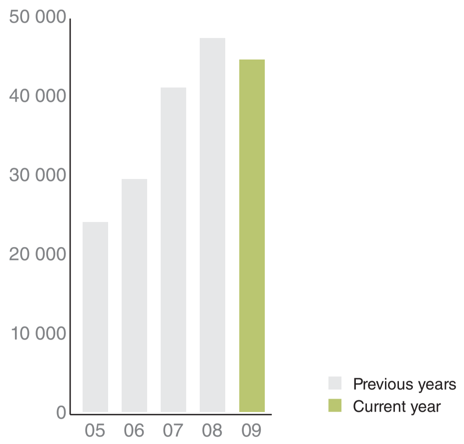
Institutional users accessing live data, who are traditionally the main target market for JSE data, fell in number last year (2009: 31 177; 2008: 34 848). This was mainly owing to the economic slowdown, with the biggest contributor being a 14% decrease in international users accessing live JSE data (2009: 18 680; 2008: 21 806). The international market generates foreign currency revenue for the exchange and creates a natural hedge for foreign expenses.

The growth of a newer target market – non-professional users including retail investors – was good to note. The retail client initiative has been a focus for three years. To enhance accessibility of live market data to retail clients, the fees were decreased by 70% compared with those charged to professional investors. Most large banks launched online offerings in 2008 and into 2009 as a result of the JSE initiative. This resulted in the creation of a new way for investors to access JSE data.

In total in 2009, the number of terminals receiving JSE information packages decreased by 5.7% (2009: 44 504; 2008: 47 217).

INFORMATION PRODUCTS SALES

Terminals receiving live JSE information packages



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Commentary on financials

Operating revenue for the JSE climbed 8% to R1,156 million for the year (2008: R1,072 million). The equities business contributed the bulk of this revenue (R647 million or 56% of revenue; 2008: R579 million or 54% of revenue) with issuer services (R79 million or 7% of revenue; 2008: R69 million or 6% of revenue), equity derivatives (R107 million or 9% of revenue; 2008: R132 million or 12% of revenue) and information sales (R109 million: 9%; 2008: R97 million: 9%) also making significant contributions. Other revenue in the form of administration fees earned from managing investor funds amounted to R50 million (2008: R47 million).

JSE operating costs increased by 12% from R723 million in 2008 to R810 million in 2009.

- As indicated earlier in this report, we added 82 people to our permanent staff complement following the acquisition of BESA and the bolstering of our IT team, investments which we believe are necessary to ensure our long-term sustainability. This contributed to an increase of 34% in personnel expenses.
- The impact of the mark-to-market of the outstanding participation interests issued under our current long-term incentive scheme has resulted in a net charge to income of R34 million. In the comparative period, this charge amounted to R9 million. This was largely owing to the downward shift in the share price from 2007 to 2008, a decrease of R46 per share, and the increase in share price from 2008 to 2009, a move in the opposite direction of R21 per share.
- During January 2008 the JSE's exposure to the second tranche of participatory interests issued in the LTIS was hedged through cash-settled European call options with a resultant impact to the income statement in that year of R27 million. The charge in 2009 for these options amounted to R4 million.

The result is a small decrease in operating profit from R389 million in 2008 to R386 million in 2009.

Revenue of R18 million was received by the JSE from Strate dividends (2008: R7 million), shown in the group figures as a reduction in the investments in equity accounted investees.

Other revenue was similar to 2008, but included a one-off recovery of rental amounting to R9 million, offset by the receipt in 2008 of R10 million in recovery of bad debts.

Other expenses increased by 2%, mainly owing to impairments of R20 million to software in BondClear, a wholly owned subsidiary acquired with the BESA Group. A further R8 million was impaired in production software that the JSE is developing. Other increases included a loss on foreign exchange of R8 million, an increase in consulting fees of R6 million and R4 million amortisation of intangible assets acquired with the BESA transaction.

The cost of the JSE's broad-based black economic empowerment (broad-based BEE) was concluded during 2008, with the last tranche resulting in a charge to income in that year of R38 million. No costs in this regard were reflected in the 2009 financials. If the R38 million is excluded from the 2008 figures in order to aid comparison, the cost growth in 2009 would have been 10%.

The result is a reduction in group headline earnings per share from 456.9 cents to 456 cents.

The effective tax rate fell to 29% (2008: 32%) during the year.

Capital structure and dividend policy

The JSE has no long-term borrowings and R921 million in cash reserves (2008: R946 million). The exchange analyses its capital requirements in three categories. First, to ensure a smoothly operating stock exchange, the JSE sets aside sufficient cash to fund four months of operations. Second, as the JSE guarantees all central order book equities trades, it sets aside sufficient cash to meet its obligations assuming the failure of a JSE equities member (broker). And third, the JSE must be in a position to maintain infrastructure and meet capital needs for expansion, so we set aside a portion of cash to fund these types of expenses. On the basis of this assessment, the board has determined how much cash we need, although this will be revisited regularly.

With the acquisition of BESA, the BESA Guarantee Fund was also acquired. This added R96 million to the cash balance but, similar to the JSE Guarantee Fund, it is an investor protection fund and is consolidated as a result of our control over this fund and is not available for distribution to shareholders.

The board has made no change to the dividend policy during the year, which remains an earnings-based dividend cover of between 1.5 and 2.5 times.

Social responsibility

The JSE's social responsibility focus – including the strict corporate governance and disclosure requirements enforced by the exchange and its Socially Responsible Investment (SRI) Index – has brought the exchange world recognition. In 2009 the JSE became a signatory of the UN Principles for Responsible Investment, a United Nations investor initiative that encourages financial market participants to include environmental, social, and corporate governance (ESG) issues in their investment and corporate goals.

In 2009 the SRI Index had the highest number of constituents in its history. The index recognises companies with good sustainability policies and practices, demonstrating a high standard of reporting. Many companies are facing pressure from fund managers and shareholders as good performance in sustainability practices moves up the investment agenda. The JSE, a listed company, does not escape this. The rising focus on the SRI Index indicates that South African companies regard sustainability concerns as an increasingly important issue.

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In championing the cause for ESG, the exchange aims to move the concept of sustainability from a fringe interest to being viewed as the way that business is done.

Our detailed report on our sustainability practices is at the end of this report.

Strategic initiatives and prospects

Since a significant portion of revenue is dependent on the level of trades on the exchange, the JSE is not able to predict future profits.

The exchange industry is changing fast to anticipate and satisfy client demands. Demutualised exchanges serve not only members – as used to be the case – but all market participants. Apart from its day-to-day operational focus in the areas mentioned above, the JSE is focused on retaining its competitive edge and delivering growth to shareholders in JSE Limited.

Russell Loubser
Chief Executive Officer

CORPORATE GOVERNANCE

The credibility that comes with good governance and regulation has become integral to the survival of entities in the financial services sector.

The board of directors of the JSE regards corporate governance as fundamentally important to the achievement of the JSE's mission, its financial objectives and the fulfilment of its corporate responsibilities, and is accordingly unreservedly committed to applying the core governance principles of fairness, accountability, responsibility and transparency in all of the JSE's business dealings with its stakeholders.

The board is the focal point of the JSE's corporate governance system and remains ultimately accountable and responsible for the performance and affairs of the JSE. It exercises leadership, enterprise, integrity and judgement in directing the JSE so as to achieve the objects set out in the JSE's Memorandum and Articles of Association and board charter.

All individual members of the JSE's board of directors are likewise responsible to ensure that the JSE achieves and maintains the highest level of business conduct.

The credibility that comes with good governance and regulation has become integral to the survival of entities in the financial services sector. The JSE strictly separates its role as regulator from that of being a listed company. To ensure transparency in this regard and avoid any consequent conflicts of interest, an observer from the JSE's regulator, the Financial Services Board, is invited to attend all board, board sub-committee and Executive Committee meetings.

The board is satisfied that the JSE complies in all material respects with King II. Although King III is only effective from March 2010, this report attempts to report, insofar as it is possible, in accordance with the new code.

Board

Composition of board of directors and classification of directors

The JSE has a unitary board made up of 16 (2008:14) directors, the majority of whom are non-executive directors. The JSE board is presided over by a chairman elected from the non-executive directors. The five executive directors are the chief executive officer (CEO), deputy CEO, chief financial officer, chief operating officer and the director of Issuer Services.

The composition and structure of the board allows for appropriate and efficient decision-making and ensures that no individual has undue influence.

Appointment of directors

The process for the nomination of board members is prescribed and transparent. The board has delegated this responsibility to the Nominations Committee which makes recommendations to the board for consideration, subject to shareholder approval. The committee elects directors to the board on the basis of their skills, knowledge and experience in the financial services arena, appropriate to the strategic direction of the JSE and essential to secure its sound performance. In addition the committee identifies the role and capabilities required for any particular appointment. The race and gender of candidates are also considered.

Directors are required to dedicate sufficient time to be able to monitor, evaluate and comment effectively to the board and management on the financial and operational information supplied to the board.

Non-executive directors have no fixed term of appointment. Executive directors are subject to the same terms and conditions of employment as other JSE employees, with the exception of their notice period, which is three months. The CEO has a renewable three-year contract of employment with the JSE with a notice period of four months.

Retirement of directors

In terms of article 24 of the Articles of Association of the JSE, at least one-third of non-executive directors are required to retire by rotation each year. Retiring directors, if eligible, may be re-elected.

In addition, in terms of article 20.2 of the Articles of Association of the JSE, the appointment of any director that takes place during the financial year is required to be confirmed by shareholders at the next annual general meeting.

At the annual general meeting to be held on 22 April 2010, shareholders will be asked to confirm the reappointment of Messrs K K Combi, Bobby Johnston, David Lawrence and Sam Nematswerani, who will retire by rotation in accordance with article 24, but, being eligible, have offered themselves for re-election as well as, in terms of article 20.2, electing Ms Nonkululeko Nyembezi-Heita, who was appointed as a non-executive director to the board. Ms Nyembezi-Heita was appointed by the board on 22 June 2009, effective 1 July 2009.

Independence of directors

The board considers all its non-executive directors to be independent. The non-executive directors demonstrate complete independence in character, judgement and action in fulfilling their duties. A number of the non-executive directors have interests in the JSE.

The following directors have indirect, remote interests:

- Humphrey Borkum, chairman of Merrill Lynch South Africa (Proprietary) Limited – sponsor and authorised user of the JSE; and
- David Lawrence, deputy chairman of Investec Bank Limited – listed company, sponsor and authorised user of the JSE.

The following directors have direct interests:

- Humphrey Borkum, chairman of Merrill Lynch South Africa (Proprietary) Limited, who holds 0,01% of the JSE in his personal capacity; and
- Andile Mazwai, group chief executive officer of BJM Holdings Limited – sponsor and authorised user of the JSE who holds 0,1% of the JSE in his personal capacity and indirectly.

The following director has an indirect, beneficial interest:

- Z L "K K" Combi, shareholder and Chairman of Thembeka Capital, which holds 4,7% of the JSE shares in issue.

The board is mindful of this and the potential conflict of interests that might arise as a result, however remote. A rigorous policy of disclosure of interests and recusal from discussions in which a director has an interest is followed to mitigate any such conflicts and thus preserve their independence.

Director development/induction

All directors have access to senior management, including the company secretary, and to information required to enable them to carry out their duties and responsibilities fully and effectively. Directors are kept up to date, wherever relevant, of any new legislation and changing business risks that may affect the group's future sustainable operations and finances.

Directors are encouraged to keep pace with JSE business through suitable means, including direct access to senior management. Guidelines on director duties and responsibilities are made available to directors. Newly appointed board members undergo an induction programme aimed mainly at facilitating their understanding of the JSE, its complex business environment and the various markets it operates, together with its competitive stance, strategic plans and objectives and general corporate governance requirements.

The induction programme provides each director with, among other things, the following:

- background on the JSE (including its memorandum and Articles of Association, regulations and applicable laws, board and governance structures, the triple bottom line approach to sustainability and an overview of its key risks, policies and processes);
- guidance on the business of the JSE (business processes, corporate strategies, organisation, senior management and people and comparison with international benchmarks);
- education in the key financial statements;
- a clear understanding of the director's own expectations from the chairman and the board as a whole; and
- formal induction in terms of directors' fiduciary duties and responsibilities.

No distinction is drawn between non-executive directors and alternative non-executive directors and the rights and obligations ascribed to directors in terms of the JSE's board charter apply equally to alternative board members duly appointed in terms of the articles of the JSE.

Board duties and responsibilities

The board assumes overall responsibility for compliance with all applicable legislation and governance provisions. The board meets four times each year, excluding an annual strategy meeting and ad hoc meetings held if necessary; retains full and effective control over all the companies in the group and monitors executive management in implementing board plans and strategies. Additional board meetings are convened as circumstances dictate.

Directors, as guardians of the values, integrity and ethics of the company, have a fiduciary duty to act in good faith, with due diligence and care, and in the best interests of the JSE and all its stakeholders.

The board operates in terms of a Board Charter. The relevance and applicability of the charter are assessed from time to time and changes are made where appropriate.

The main duties and responsibilities of the board covered by the Charter are:

- review and evaluate the present and future strengths, weaknesses and opportunities in respect of the JSE. Comparisons with competitors and best practice are important elements of this process;
- approve the JSE's financial objectives, plans and actions and significant allocation and expenditure;
- review the JSE's goals and the strategies for achieving these;
- approve the annual budget;
- approve the preliminary and half-yearly financial statements, annual report and other reports to shareholders;
- review the board's composition, structure and succession;
- review the audit requirements;
- evaluate the performance of, necessity for and composition of the board's committees;
- formulate remuneration policies and practices in general;
- review risk management policies and internal controls, including compliance with legal and regulatory requirements;
- review the JSE's codes of conduct and ethical standards;
- review shareholder, client and other relevant stakeholder relations; and
- deal with such other matters as may be appropriate.

The board recognises the need for regular attendance at board and committee meetings. Where directors are unable to attend a meeting in person, video and teleconferencing facilities are made available to include them in proceedings and allow them to participate in decisions made. However, it is recognised that, in certain circumstances where it is impossible for a director to attend a meeting as a result of the meeting being a specially scheduled one or other JSE business, the director's opinions will be canvassed, advised to the meeting and taken into account.

Chairman, the chief executive officer and the board of directors

The JSE's philosophy of board leadership is premised on the principle that the running of the board of directors and the executive responsibility for the running of the exchange's business are two separate and distinct tasks and that there should be 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.

Consistent with this approach, the roles of Chairman and CEO are separate, with specific responsibilities divided between them. These responsibilities are set out below.

Responsibilities of the chairman include:

- maintaining regular dialogue with the CEO over all operational matters;
- consulting with the remainder of the board promptly over any matter that gives him cause for concern;

- acting as facilitator at meetings of the board to ensure that no director, whether executive or non-executive, dominates the discussion, that relevant discussion takes place, that the opinions of all directors relevant to the subject under discussion are solicited and freely expressed, and that board discussions lead to appropriate decisions; and
- acting as an informal link between the board and the CEO, being kept informed by the CEO on all important matters between board meetings, and being available to the CEO to provide counsel and advice where appropriate.

Responsibilities of the CEO include:

- running the business and implementing the policies and strategies adopted by the board;
- transformation;
- the authority and accountability of management is considered to be the authority and accountability of the CEO insofar as the board is concerned;
- ensuring that the assets of the JSE are adequately maintained and protected, and not unnecessarily placed at risk;
- ensuring that comprehensive and appropriate internal control mechanisms are recommended to and adopted by the board in order to mitigate against key risks;
- not causing or permitting any practice, activity or decision by or within the JSE that is contrary to commonly accepted good business practice, good corporate governance or professional ethics; and
- communicating to the board, at least annually, the JSE's senior management succession planning and management development initiatives, including details of the exchange's compliance with employment equity and human capital development imperatives.

The board monitors and evaluates the performance of the CEO against these and other agreed objectives at least annually.

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.

Chief financial officer

The chief financial officer of the company is Ms Freda Evans. The appropriateness of her expertise and experience was confirmed by the Audit Committee at its meeting held on 3 November 2009.

Performance assessment of board of directors

For the seventh consecutive year, an evaluation of the board and its committees was performed by the chairman. All directors completed a questionnaire compiled by the company secretary in conjunction with the chairman and a non-executive director. The chairman also met the directors individually to obtain additional information.

The process included:

- an evaluation of board effectiveness;
- an assessment of the performance of individual board members; and

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- an assessment of the performance of board committees and an evaluation of their terms of reference.

Individual director performance is assessed against the following criteria: time, availability, commitment to performing the functions of a JSE director, knowledge of the business, preparation for meetings, providing strategic direction, the director's views on his/her own performance as a board member, and attendance over the past year. Directors are provided with the results of the assessments, and if required, steps are taken to address any concerns raised.

No material issues were raised during the course of the assessment conducted in 2009.

An assessment of the chairman was also conducted by the lead non-executive director, Anton Botha, for the seventh consecutive year. The assessment took the form of a questionnaire, which was completed by each director. The chairman was advised of the outcome of the assessment and is required to address any issues raised during the process. No material issues were raised during the course of the assessment. This process will be performed annually.

The board annually also measures the performance of the CEO in achieving specified key performance indicators. The board was of the view that, during the course of 2009, the CEO had, in all respects, exceeded the standards of performance expected of him.

The board is assisted in fulfilling its responsibilities and obligations by the company secretary, who briefs newly appointed directors on their duties and provides them with a "governance file." This contains applicable legislation, the board charter, terms of reference and board minutes for the previous 12-month period. All directors have unlimited access to the company secretary, executive management and company information and records to discharge their responsibilities. Efficient and timely procedures for informing and briefing directors prior to board meetings have been developed and it is the exception to table documents at meetings. Directors have the opportunity to propose items for discussion at board meetings.

Board meetings

The board is required to meet a minimum of four times a year and more frequently should circumstances require. Directors are required to declare any interests in contracts and other appointments at all board meetings. Meetings are conducted according to a formal agenda, ensuring that all substantive matters are properly addressed and followed up on.

Attendance at board meetings

During the year under review, four board meetings and one strategy session were held. In addition, a number of ad hoc meetings of a sub-committee of the board were held to consider issues relating to the acquisition of the BESA business.

Board committees

The board has established a number of committees to facilitate efficient decision-making and to assist the board

Attendance, by director, was as follows:

ATTENDANCE AT BOARD MEETINGS

Director	Alternate	9/3/2009	11/5/2009*	19/5/2009	18/8/2009	17/11/2009	Total
H J Borkum[1,2,4,5]		•	•	•	•	•	5
A D Botha[1,2,4,5]		•	•	•	•	•	5
J Burke[6]		•	•	•	•	•	5
Z L Combi[5]		–	•	•	•	•	4
F Evans[6]		•	•	•	•	•	5
M R Johnston[2,3,5]		•	•	•	•	•	5
D Lawrence[1,3,5]		•	•	•	•	•	5
R M Loubser[3,6]		•	•	•	•	•	5
W Luhabe[1,5]		x	•	•	•	x	3
A Mazwai[1,2,3,5]		•	•	•	•	•	5
S Nematswerani[2,3,5]		•	•	•	•	•	5
N Newton-King[6]		•	•	•	•	•	5
N Nyembezi-Heita[5,7]	J Berman[8]	–	–	–	•	• & alt	2
L Parsons[3,6]		•	•	•	•	•	5
G Serobe[2,4,5]		•	•	•	•	•	5
N Payne[3,5]		•	•	•	•	•	5

[1] *Member of Human Resources Committee*
[2] *Member of Audit Committee*
[3] *Member of Risk Management Committee*
[4] *Member of Nominations Committee*
[5] *Non-executive director*
[6] *Executive director*
[7] *Appointed to the board as non-executive director from 22 June 2009*
[8] *Appointed to the board as alternative director from 22 June 2009*
• *Attended*
alt *Alternate*
* *Board strategy session*
x *Did not attend*

in the execution of its duties, powers and authority. The committees, with the exception of the Risk Management Committee, which is primarily a committee of an operational nature, comprise non-executive directors only. There is full disclosure and transparency from this committee to the board. Each committee's authority and the discharge of its responsibilities are directed by a mandate.

The board recognises that it is ultimately accountable for the performance of the affairs of the JSE and the use of delegated authority to board committees in no way affects the discharge by the board and its directors of their duties and responsibilities.

Board committees observe the same rules of conduct and procedures as the board, unless the board specifically

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determines otherwise in the committee's terms of reference. Board committees act on behalf of the board only when specifically so authorised.

Audit Committee

Report prepared by its chairman, Sam Nematswerani

During the year under review, three Audit Committee meetings were held. Attendance, by director, was as follows:

The Audit Committee is composed of its chairman, who is an independent non-executive director, and six other non-executive directors, who include the chairman of the Risk Committee. The CEO, chief financial officer, representatives of the external auditors and the head of Internal Audit and Risk attend all meetings of the committee by invitation. They as a group are suitably skilled to perform the role required. The collective skills of the committee include an understanding of financial and sustainable reporting, internal financial controls, internal audit function, external audit process, corporate law, risk management, IT governance as it relates to integrated reporting and the governance processes of the company.

The committee has formal terms of reference approved by the board which are reviewed annually to ensure that they are being complied with and are still relevant.

In terms of King III and the new Companies Act, the committee has the responsibilities as set out below. Also indicated below is the extent to which the committee has complied with the said responsibilities in the year under review:

- Nominate for appointment as auditor of the company a registered auditor who, in the opinion of the committee, is independent of the board and determines their terms of engagement and fee – complied;
- Ensure the appointment of the auditor complies with applicable legislation – complied;
- Evaluate the independence, effectiveness and performance of the external auditors – complied;

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Member	5/3/2009	6/8/2009	3/11/2009	Total attendance
S Nematswerani	•	•	•	3
H J Borkum	•	•	•	3
A Botha	•	•	•	3
M R Johnston	•	•	•	3
A Mazwai	-	•	•	2
N Payne	•	x	•	2
G Serobe	•	•	•	3

CORPORATE GOVERNANCE
continued

- Approve the internal and external audit plan – complied;
- Determine the nature and extent of non-audit services that the auditor may provide and preapprove any agreement for the provision by the auditor of the said services on the basis that the provision of the services does not affect the auditor's independence – complied;
- Ensure that financial statements are prepared on the basis of appropriate accounting policies and International Financial Reporting Standards – complied;
- Review the accounting policies and procedures adopted by the group and the JSE – complied;
- Review financial reports, which should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information and prospectuses, trading statements, circulars and similar documents;
- Review the effectiveness of management information, the annual audit, the internal audit function and other systems of internal control, ensuring that the internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its functions – this role was performed in part by this committee and in part by the Risk Management Committee – complied;
- Report on the effectiveness of the internal financial controls – complied;
- Monitor the appropriateness of the company's combined assurance model overseeing risk – this role was performed in part by this committee and in part by the Risk Management Committee – complied;
- Ensure that the combined assurance from both internal and external assurance providers and management is sufficient to cover key risks facing the organisation – this role was performed in part by this committee and in part by the Risk Management Committee – complied;
- Annually assess and confirm the appropriateness of the expertise and experience of the chief financial officer and the appropriateness of the expertise, resources and experience of the senior members of management responsible for the financial function – the assessment of the chief financial officer was performed and she was found to be more than appropriate for the role. The assessment of the senior members of management responsible for the financial function will take place during 2010;
- The appointment and dismissal of the chief financial officer – not applicable in the year under review;
- Review the appropriateness of policies and procedures to facilitate whistle-blowing and the follow-up of information obtained from whistle-blowing – this review will take place in 2010;
- Review the appropriateness of the company's code of conduct – this review was conducted by the Human Resources Committee;
- Annually evaluate the nature and extent of the formal documented reviews of the design, implementation and effectiveness of the system of internal financial controls, which should cover all significant areas of financial reporting – this evaluation will take place during 2010;
- To receive and deal with complaints and concerns from within and outside of the company relating to accounting practices and internal audit; content or auditing of the financial statements; internal financial controls; or any other related matter – complied;

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- Make submissions to the board on any matter concerning the accounting policies, financial controls, records and reporting – complied; and
- Perform any other functions determined by the board.

The JSE continues to:

- prepare group accounts;
- comply with International Financial Reporting Standards; and
- complete these responsibilities within an acceptable timeframe.

The head of Internal Audit and Risk is contracted to the JSE to perform this function, and reports administratively to the CEO and for all internal audit purposes to the Audit Committee, and external auditors have unlimited access to the chairman of the committee. The chairman of the Audit Committee attends annual general meetings and is available to answer any questions.

The committee is satisfied that the 2009 audit conducted by the external auditors was an independent one.

N S Nematswerani

Human Resources Committee

Report prepared by its chairman, Anton Botha

During the year under review, four human resources meetings were held. Attendance, by director, was as follows:

ATTENDANCE AT HUMAN RESOURCES COMMITTEE MEETINGS

Member	5/3/2009	11/5/2009	11/8/2009	3/11/2009	Total attendance
A Botha	•	•	•	•	4
H J Borkum	•	•	•	•	4
D Lawrence	•	•	•	x	3
W Luhabe	x	•	•	•	3
A Mazwai	x	•	•	•	3

The Human Resources Committee is composed of its chairman, who is an independent non-executive director, and four other independent non-executive directors appointed by the board. These members of the committee do not have any day-to-day involvement in the management of the JSE. The CEO and senior general manager, Human Resources attend meetings by invitation, but do not participate in any discussions relating to their own remuneration. The HR Committee follows written terms of reference approved by the board and is required to meet a minimum of three times a year.

The remit of the committee is to provide independent oversight of all strategic human resources issues facing the JSE, including succession planning, employment equity, HIV/Aids policy and assisting the board in its responsibility for setting and administering the JSE's remuneration policies and practices. In particular, the committee regularly reviews executive remuneration, the terms and conditions of employment for executives, long-term incentives and retirement benefits to ensure these are in the best overall interests of the JSE.

The terms of reference of the committee, which are reviewed regularly by the board to ensure continued relevance, are to:

- determine and review JSE human resource philosophy and principles;
- determine, agree and develop the company's general policy on executive and senior management remuneration;
- determine specific remuneration packages for executive directors of the company, including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pensions and other benefits;
- determine any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities;

- give the executive directors every encouragement to enhance the company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions and performances;
- regularly review the terms and conditions of executive directors' service agreements, taking into account information from comparable organisations where relevant;
- co-ordinate its activities with the chairman of the board and the chief executive officer as well as consult them in formulating the committee's remuneration policy and when determining specific remuneration packages;
- have due regard for the principles of governance and code of best practice;
- determine and review the annual percentage salary increase to be applicable to JSE employees generally;
- determine and review the remuneration and terms of appointment of the members of the JSE board; and
- determine and review such other functions as are assigned to it by law or the board.

During the year under review, the committee complied with its terms of reference.

The disclosure of clear, timely and comprehensive information regarding JSE remuneration practices is not only important of itself but also facilitates constructive engagement with key stakeholders. The committee therefore continues to be mindful of recommendations from shareholders on remuneration matters and, during the year under review, actively sought the views of its major institutional shareholders on aspects of remuneration policy.

Remuneration policy

The JSE's remuneration philosophy, developed by the committee and endorsed by the board, provides a robust framework for the effective governance of compensation in the company. This philosophy aims to promote a culture that supports innovation, enterprise and the execution of company strategy, and that aligns the interests of staff with attaining profitable long-term growth for the benefit of shareholders.

Within this framework, the committee determines specific remuneration policies and practices that are designed to offer an equitable remuneration mix that attracts, retains and motivates the appropriate calibre of executives and staff.

The compensation framework also takes into account the reality of the JSE's size and role in the South African financial sector. The nature of the business, its risk profile, the competitive environment and the issue of financial affordability all serve to shape the overall level of rewards that can be paid to executives and staff.

Remuneration is structured in a fair and reasonable manner, recognising individual contributions and collective results. There is a clear differentiation between executives and employees based on responsibility, accountability, competencies, work performance and scarcity of skills. To this end, performance measurement remains an important tool, and the committee oversees all corporate targets, assesses performance against these targets and ensures that a robust, objective performance management system is applied throughout the company.

Sound compensation practices recommend a mix of guaranteed and variable pay with short and long-term payout horizons, tailored to drive excellent performance. In line with this, the JSE remuneration mix for permanent staff comprises:

- base or guaranteed pay and benefits (including retirement and medical aid benefits);
- annual variable remuneration linked to performance; and
- long-term schemes to both retain and incentivise key employees.

Base pay

Annual salaries are structured on a cost-to-company basis, are guaranteed and are benchmarked each year against independent market data. Base salaries are around median, with exceptions permitted to retain equity candidates or scarce skills. Market data is sourced from two independent remuneration consultancies that do not provide any other services to the JSE. The annual salary benchmark exercise draws data from two local comparator groups – a national database for general skills and a financial services database for specialised skills.

Annual incentives

There is an increasing emphasis on variable pay at more senior levels in the JSE, with the executive directors and CEO having a large proportion of their total annual packages subject to performance hurdles.

Two annual incentive schemes apply to permanent staff excluding the CEO and vary with seniority:

- deferred compensation scheme, assessed on individual performance with a maximum award at executive director level of four and one-half months' guaranteed pay. Awards under this scheme are subject to a six-month deferral.
- special bonus, assessed on both company and individual performance, with a maximum award typically of nine months' guaranteed pay. Special bonus awards are not subject to deferral.

Long-term incentives

Long-term incentives are designed to both retain and incentivise selected key staff within the JSE, and are not limited to executive management only.

- **LTIS 2006**

At the time of its listing in 2006, the JSE implemented a share appreciation rights scheme that pays participants a certain amount in cash based on the number of participation interests that vest in the hands of a participant at each future vesting date, and which cash amount is calculated by reference to the growth in the JSE share price from an annual base price.

The first tranche was issued in 2006 at a base price of R8.31 and vests as follows (with a cap of R100 per participation interest): 25% in December 2007, 25% in December 2008, 25% in December 2009 and 25% in December 2010.

The steep rise in the JSE share price after listing created an obvious and acute annual impact on the JSE income statement (both from the size of the awards and the attendant accounting treatment), which led to the cap at R100 but also led to management seeking a more tax-efficient, less volatile scheme.

A second tranche (which vests 50% in December 2010, 25% in December 2011 and 25% in 2012) was issued in November 2007 at a base price of R85.45. No performance hurdles are applicable to LTIS 2006.

- **Cash LTIS**

No allocations were awarded under LTIS 2006 after 31 December 2007; instead, the board introduced a long term cash bonus scheme for the 2008 and 2009 financial years as an interim measure pending the development of a new scheme. The cash LTIS constitutes a deferred bonus scheme as an alternative to a traditional long-term incentive scheme (the preferred share-based retention scheme, considered for implementation by the board in November 2008, having been rendered ineffective by a late change in tax legislation). Applicable, as before, to key senior employees of the JSE, the cash LTIS awarded in 2008 vests in three annual tranches – 50% at 31 December 2011, 25% at 31 December 2012 and 25% at 31 December 2013. The cash LTIS awarded in 2009 also vests in three annual tranches – 50% at 31 December 2012, 25% at 31 December 2013 and 25% at 31 December 2014.

- **LTIS 2010**

Following research and external advice, the board proposes to introduce a new long-term incentive scheme (LTIS 2010) effective from the 2010 financial year. LTIS 2010 is subject to the approval of shareholders at the JSE's annual general meeting in April 2010 and is described in more detail in the notes to the annual general meeting, included separately with this annual report.

Executive directors and executive management

Full details of the remuneration for 2009 of executive committee members, including executive directors, is set out in note 27 to the annual financial statements. For the 2009 financial year, the remuneration of members of the Executive Committee, including executive directors, comprises three elements:

- guaranteed pay, including retirement and medical aid benefits;
- annual incentives comprising a deferred compensation award that is deferred for six months, and a special bonus award; and
- vested long-term incentive payment from LTIS 2006.

CEO's remuneration

For the 2009 financial year, the remuneration of the CEO comprises three elements:

- guaranteed pay, including retirement and medical aid benefits;
- annual discretionary incentives comprising a contracted, performance-linked bonus and a special bonus; and
- vested long-term incentive payment from LTIS 2006.

Other employees

For the 2009 financial year, the remuneration of other employees also comprises three elements: Full details of the remuneration of the CEO are set out in note 27 to the annual financial statements. Details of employee remuneration are set out in note 22 to the annual financial statements.

- guaranteed pay, including retirement and medical aid benefits;
- annual incentives comprising a deferred compensation award for junior management that is deferred for six months, and a special bonus award for all employees; and
- vested long-term incentive payments from LTIS 2006 for selected senior staff members.

Non-executive directors

Non-executive directors' fees are constituted as follows:

- a base fee taking the form of an annual retainer; and
- a per meeting fee.

The chairman of the board and chairman of the respective board committees are paid higher annual retainers than other board members as compensation for their extra responsibilities.

No share options or other incentive awards geared to share price or corporate performance are made to non-executive directors.

Remuneration of the directors is determined as follows:

- Humphrey Borkum, Anton Botha, David Lawrence, Wendy Luhabe and Andile Mazwai review the remuneration of the non-executive directors, executive directors and the CEO; and
- Anton Botha, David Lawrence, Wendy Luhabe and Andile Mazwai review the remuneration of the chairman, and if appointed, the deputy chairman.

Non-executive directors' fees are approved by shareholders in advance at the company's annual general meeting.

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Continuity of business and succession planning

Continuity of business through succession planning is vital to the JSE. Thus it is an important focus area of the board. The CEO and chairman, with the assistance of the Nominations and Human Resources committees, are the champions of ensuring that a diverse talent pool is developed and retained from which critical and scarce skills are always available.

Transformation

The CEO, being the custodian of transformation in the JSE, is required to report regularly to the board on employment equity and transformation progress. Further detail in this regard is set out in the stakeholder report commencing on page 70.

During 2009, the committee considered, noted and approved, where appropriate, the following:

- the CEO's key performance areas and actual performance; and
- the JSE's employment equity report submitted to the Department of Labour for 2009;
- the remuneration philosophy of the JSE;
- the integration of erstwhile Bond Exchange of South Africa Limited employees and contractors;
- executive committee members' and non-executive directors' remuneration;
- the principles of JSE employee remuneration;
- 2010 salary increases for employees;
- awarding a special bonus to employees, including long-term incentives;
- the implementation of a new LTIS; and
- succession planning and continuity of business.

The chairman of the Human Resources Committee attends annual general meetings to respond to any queries related to issues considered by this committee.

A D Botha

Nominations Committee

Report prepared by its chairman, Humphrey Borkum

During the year under review, three Nominations Committee meetings were held. Attendance by directors, was as follows:

ATTENDANCE AT NOMINATIONS COMMITTEE MEETINGS

Member	15/01/2009	05/03/2009	19/05/2009	Total attendance
H J Borkum	•	•	•	3
A Botha	•	•	•	3
G Serobe	x	•	•	2

The Nominations Committee is composed of its chairman and two other independent non-executive directors. The committee operates in terms of written terms of reference approved by the board, and meets as and when required.

The committee is responsible for identifying suitable candidates with the appropriate skills for election or co-option to the board. It also reviews the size, structure and composition of the board and board committees, one aim being the achievement of demographic equity.

The terms of reference of the committee are:

- making recommendations to the board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the board in general and the balance between executive and non-executive directors appointed to the board;
- regularly reviewing the board structure, size and composition and making recommendations to the board with regard to any adjustments that are deemed necessary;
- being responsible for identifying and nominating candidates for the approval of the board to fill board vacancies as and when they arise, as well as putting in place plans for succession, in particular for the chairman and chief executive officer;
- making recommendations to the board for the continuation (or not) in service of any director who has reached the age of 70; and
- having due regard for the principles of governance and the code of best practice.

During the course of the year under review, Z L "K K" Combi and N Nyembezi-Heita (previous chairperson of BESA) were nominated by the committee to the board for appointment as non-executive directors. In addition, A Mazwai was nominated by the committee to the board for appointment as a member of the Audit Committee. These nominations were approved by the board.

The committee does not have the authority to appoint directors, but makes recommendations for consideration by the board and shareholders.

The chairman of the Nominations Committee attends annual general meetings to respond to any questions related to the committee.

H J Borkum

Risk Management Committee

Report prepared by its chairman, Nigel Payne

During the year under review, four Risk Management Committee meetings were held. Attendance by committee members was as follows:

ATTENDANCE AT RISK COMMITTEE MEETINGS

Member	17/02/2009	08/05/2009	28/07/2009	27/10/2009	Total attendance
N Payne	•	•	•	•	4
M R Johnston	•	•	•	•	4
D Lawrence	•	•	•	•	4
A Mazwai	x	•	x	•	2
S Nematswerani	•	•	•	•	4
S Davies	•	•	•	•	4
R M Loubser	•	•	•	•	4
L Parsons	•	•	•	x	3
F Evans	•	•	•	•	4
W F Urmson	•	•	•	•	4

The Risk Management Committee is composed of its chairman, who is an independent non-executive director, the CEO, the chief operating officer, the chief financial officer, head of Risk and Internal Audit, the chairman of the Audit Committee and two other independent non-executive directors. A representative of the JSE's regulator, the Financial Services Board, is invited to attend all Risk Management Committee meetings as an observer.

The committee follows written terms of reference approved by the board and is required to meet at least three times a year. The committee is, inter alia, responsible for assisting 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.

The committee's terms of reference are to:

- assist the board in setting risk strategy policies in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting;
- review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed;
- review and assess the nature, role, responsibility and authority of the risk management function within the JSE and outline the scope of risk management work;

- ensure that the JSE has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to proactively manage these risks, and to decide the JSE's appetite or tolerance for risk;
- ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management including internal control;
- oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes;
- ensure that a comprehensive system of control should be established to ensure that risks are mitigated and that the JSE's objectives are attained;
- review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level;
- monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts; and
- provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the board on all categories of identified risks facing the JSE.

In meeting its responsibilities, the committee is expected to:

- review the risk philosophy, strategy and policies recommended by management. The committee will ensure compliance with such policies in accordance with the overall risk profile of the JSE. Risk in the widest sense (enterprise-wide risk) will be considered by the committee;
- review management reports detailing the adequacy and overall effectiveness of risk management, its implementation by management, reports on internal control and any recommendations, and confirm that appropriate action has been taken;
- review key risk areas and key performance indicators of the JSE, and monitor these factors as part of a regular review of processes and procedures to ensure the effectiveness of its internal systems of control;
- review the risk-bearing capacity of the JSE in light of its reserves, insurance coverage, guarantee funds or other such financial structures; and
- assist the board in its responsibility for disclosure in relation to risk management in the annual report, and in acknowledging that it is accountable for the risk management function.

During the year under review, the committee complied with its terms of reference.

The committee works closely with the Head of Internal Audit and Risk, Audit Committee and Executive Committee to oversee the management of risk at the JSE.

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The JSE's enterprise-wide risk matrix must be updated regularly with risks being ranked according to an appropriate methodology. The management of each risk has been allocated to an Executive Committee member or to the Executive Committee in its entirety.

An action plan has been put in place to ensure that risks are reduced to an acceptable level on a cost-benefit basis.

The risk matrix was again updated in 2009 and reflected the improvement in risk mitigation in the group.

The continued transformation of the JSE's information technology is crucial and the committee continues to monitor the progress of this initiative. The committee is comfortable that appropriate governance structures and mitigating actions are in place to identify and address any risks that might arise out of this initiative.

Independent assurance is obtained on all key risk areas and related internal controls through the internal audit process. A fifth full internal audit assessment was completed during the financial year under review. The committee is comfortable that the overall level of risk management at the JSE is good and continues to improve. In addition, 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 all risks where it is cost effective to do so. The committee will be reassessing its role in 2010, in the context of King III.

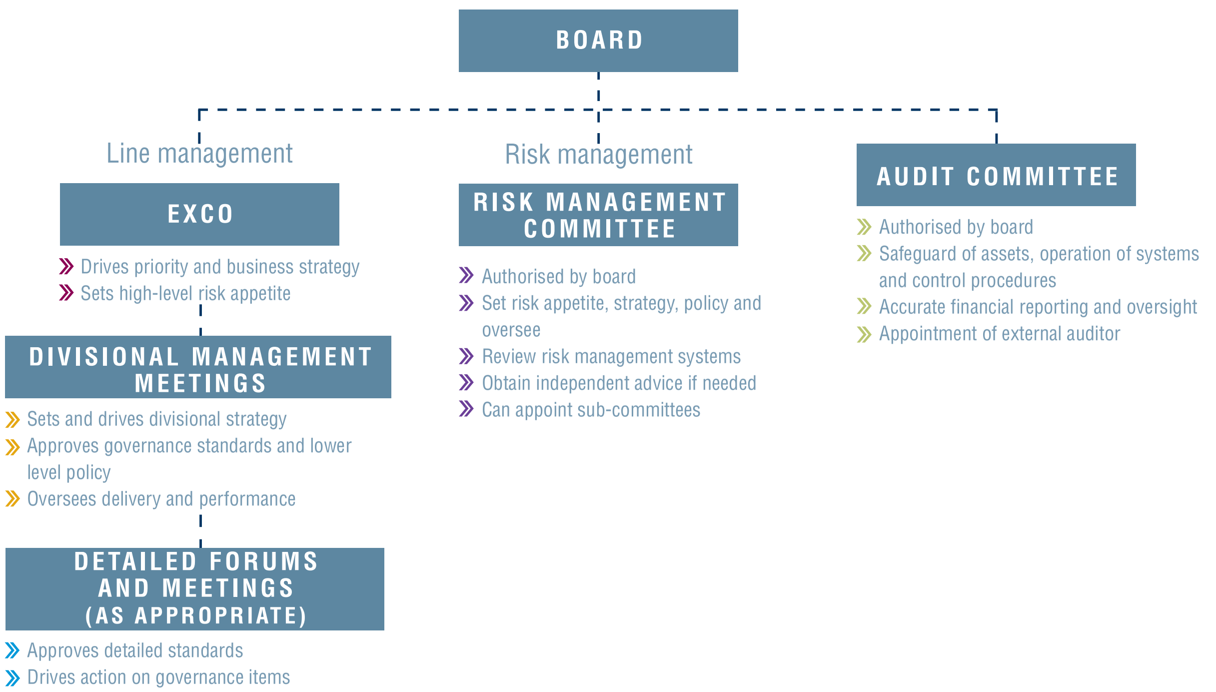
The collaboration of the committee, the head of Internal Audit and Risk, the Executive Committee and the board has ensured a thorough understanding of the risks accepted by the JSE in pursuance of its objectives. The chairman of the Risk Management Committee attends annual general meetings to respond to any queries related to issues considered by this committee.

N Payne

Risk management and internal control

As the largest securities exchange in Africa, the JSE recognises its responsibility to South Africa's financial markets as well as to its direct stakeholders. The risks to which the exchange is exposed are regularly reviewed by the Executive Committee as well as the board's Risk Management and Audit (financial risks) committees, and the effectiveness of the risk mitigation actions is continually evaluated.

The JSE not only recognises that managing risk is an integral part of generating sustainable shareholder value and increased stakeholder interest, but also that it needs to be integrated into the very core of how the JSE is



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managed. In addition, 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.

In executing this vision of risk management adopted by the JSE, the following “multiple lines of defence” approach, as depicted in the structure on page 46, has been implemented.

Line management

Over and above the priority and business strategy decisions, most risk appetite decisions are made by the JSE Executive Committee (Exco). Exco not only subscribes to embedding risk decision-making in the way the organisation is managed day to day, but also participates in a formal annual risk assessment with quarterly updates on status to the Risk Management Committee.

Where appropriate, divisional forums and meetings provide and complete the detail that is required in supporting and enabling Exco execution. To this extent, risk management is firmly embedded in this “first” line of defence.

Risk Management Committee

Risk management is the “second” line of defence, and is spearheaded by the Risk Management Committee, where business and risk experts are present. The committee reports directly to the board and is authorised by the board to appoint sub-committees to assist with the discharge of its duties. Various risks, incidents and status reports are discussed by the Risk Management Committee. Further, the committee is authorised by the board to obtain inside or outside professional advice and to secure the attendance of insiders or outsiders with relevant experience and expertise, if it considers this necessary.

The committee’s terms of reference are set out on page 43.

Audit Committee

The Audit Committee oversees reporting of financial performance. It also acts as the “third” line of defence. The committee is a formal sub-committee of the board. The duties and responsibilities of the members of the committee are in addition to those as a member of the board.

The committee will assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control procedures and the preparation of accurate financial reporting and statements in compliance with all legal requirements and accounting standards. The board’s functions are, however, reduced in respect of the appointment of the external auditors, determining audit fees and the terms of engagement of the audit, as these functions are assigned to the Audit Committee in terms of the new Companies Act.

The committee has the authority to conduct or authorise investigations into any matters within the committee’s scope of responsibility.

The committee’s terms of reference are set out on page 33.

Internal audit

Internal audit is a centralised independent assurance function, the head of which reports administratively to the CEO and in all other instances to the Audit Committee.

The definition of internal audit as applied by the Institute of Internal Auditors is as follows:
"Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

Therefore the internal audit function is recognised to be an integral part of the governance structures of the JSE and functions under policies established by executive management and the board. It is responsible to the board, in particular the board Audit Committee, providing:

- assurance that the management processes are adequate to identify and monitor significant risks;
- confirmation of the effective operation of the established internal control systems;
- ongoing development and evaluation of improved controls;
- credible processes for feedback on risk management and assurance; and
- objective confirmation that the board receives the right quality of assurance and information from management and that this information is reliable.

Internal audits of the various business units, as approved by the Audit Committee, are regularly conducted. Audits are determined on a risk based approach.

Given that the JSE is a relatively small organisation, the internal audit and assessment of risk is housed in one function. The potential inherent shortcomings of this structure are recognised and this issue will be assessed during the 2010 financial year.

Internal control systems

The board is ultimately responsible for the system of internal control, which is designed to provide assurance against material misstatement and loss. The JSE also maintains a system of internal financial control that provides a high level of assurance on:

- maintenance of proper accounting records;
- appropriate use of separation of duties with associated levels of sign-off and approval; and
- reliable financial information produced by way of monthly management accounts for internal business use and externally through the publication of financial statements. Swift and appropriate actions are taken to correct any shortcomings as and when they occur.

During 2009 an electronic requisition and procurement system was implemented in line with the JSE's process and workflow requirements and new procurement policies and procedures. Savings over the previous financial year

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are attributed to this. The board will look to quantify further savings for future reporting.

The effectiveness of the systems of internal control is subject to inherent limitations, including:

- the possibility of human error and/or poor decision-making;
- the deliberate circumventing of controls by employees or others;
- management overriding controls; and
- the occurrence of unforeseeable circumstances.

Controls are therefore designed to manage risk. Accordingly, it is recognised that a sound system of internal control can provide only reasonable and not absolute assurance against risks impacting the achievement of business objectives or any misstatement or loss.

The board is comfortable that, for the period under review, no material incidents took place and that the current systems of control are robust.

IT governance report

Information technology services are crucial to the success of any organisation, and reliable, accurate and relevant information underpins most decision-making and any organisation's competitive advantage. In addition to the overall goal of protecting JSE stakeholder value, the IT governance function aims to ensure repeatable quality IT delivery, enabling the business to achieve its goals.

Currently IT operations are being measured against a customised IT governance model, based on various best practices. The model covers 178 detailed IT governance aspects consolidated into 45 areas that are reported against the following high level sections:

- IT management (financial, workforce, etc);
- Architecture and IT alignment;
- Business analysis;
- Project governance and management;
- IT development and change management;
- IT support;
- Service management; and
- Monitoring.

IT incidents are also formally reported up to the highest management level, the Executive Committee. Corrective actions and root cause problem solving are formally tracked.

Information security

An information security function has been established to oversee appropriate governance in this specialised area. This function uses a formal steering committee as its main vehicle to guide activities. The Information Security Steering Committee (ISSC) reports into the IT Management Committee (IT Manco), which has delegated the responsibility to specifically deal with detailed information security concerns and provide feedback and escalation of key aspects.

The committee is responsible to govern and set principles and policy regarding:

- setting information security roles and responsibilities;
- managing any formal exception to policy or audit requirement with regard to information security;
- executing business direction with regard to information security to guide access rights and risk appetite;
- security arrangements with external service providers and/or vendors;
- information security awareness and training;
- implementing physical security in data centres, and user behaviour and arrangements focused around safeguarding information;
- security requirements with regard to new developments;
- implementing virus protection and content scanning;
- security requirements regarding information retention;
- network security implementations;
- secure disposal of devices;
- security scanning and investigations;
- logical access control;
- authentication credential safeguards;
- encryption requirements and implementation;
- security of systems and applications on a technical level;
- ensuring production data is not exposed as part of development processes; and
- tracking security-related incidents not addressed as part of the production function.

Risk management review

Technology and systems risk

All four of the markets operated by the JSE are computerised, as are the associated settlement systems and the support systems provided to all the members of the JSE equities market. All JSE systems are subject to regular redundancy and disaster recovery testing and the JSE believes that it has made adequate provision for potential contingencies that could be reasonably anticipated. Many of the tests carried out have been performed in conjunction with Strate, the JSE's equities settlement service provider, and the other partners in the settlement processes because of the mutual dependencies.

To minimise the risk of failure of power supplies, the JSE operates an uninterrupted power supply infrastructure and also diesel generators, with the capacity to provide uninterrupted service to the markets. Adequate supplies of diesel to maintain the generator have been contractually assured by the fuel suppliers. An additional generator was installed in 2008 to provide a further level of redundancy.

Guarantee of settlement

The JSE is the ultimate guarantor of settlement of equities trades executed on the central order book. This risk can be effectively managed through the JSE systems that enable the exchange to monitor each trade's progress through the settlement cycle on a real-time basis and to assess each member's financial standing daily. The settlement authority of the exchange also has the capacity to borrow securities

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to enable settlement in the event of a lack of liquidity in that particular counter and calls for cash margin in the event that there is a delay in achieving adequate guarantee of settlement.

The JSE does not guarantee the settlement of trades on its derivatives and Yield-X markets. In these markets, assurance of settlement is provided by clearing members, which are, predominantly, the major clearing banks in South Africa. There have been no losses to participants in these markets as a result of a settlement failure.

Investment risk

Equities

The JSE equities brokers/members administer funds on behalf of their clients. These funds are pooled and managed under the umbrella "JSE Trustees" which facilitates compliance by members with section 27 of the Securities Services Act which obligates all members to open and maintain a trust account for clients' monies. The primary clients of this fund are therefore the individual members acting on behalf of their clients. All interest income earned, less the administration fee of 20 basis points, accrues to the participating members, for onward payment to their own clients. The management of these funds implies a fiduciary duty to the members and their respective clients. Consequently, the utmost care must be taken in the management of these funds. The ultimate aim is to "maximise the investment income earned on funds invested while minimising the inherent risks related thereto."

The rules relating to JSE Trustees (Proprietary) Limited place reliance on directives that accept a stated level of counterparty risk vis à vis counterparty banks, as well as the type of securities that may be invested in. The limits imposed on managing these funds are as follows:

1. Counterparty limit
   If an individual bank is part of a group of banks, the limits applied are for the banking group as a whole.
   - Local banks and branches of foreign banks:
     P-1.za banks: to a maximum of 20% of fund size
     P-2.za banks: to a maximum of 15% of fund size
   - Subsidiaries of foreign banks:
     P-2.za banks: to a maximum of 10% of fund size
     P-2.za banks: to a maximum of 10% of fund size
2. The manager may not include foreign investments in the portfolio.
3. Only the following investment instruments may be used:
   - Overnight call
   - Call bonds
   - Fixed deposits (preferably with interest payable monthly*)
   - Negotiable certificates of deposit*
   - Treasury bills*
   - SA Reserve Bank debentures*
   - Repurchase agreements and/or carries*

** May not have a tenor or time to maturity in excess of 91 days.*

The investment manager must ensure that there is sufficient liquidity to meet the needs of its clients. For example, if the size of the total fund is R20 billion, an amount of approximately 25% must be invested on call at all times. There is no maximum limit on the amount of funds that can be invested in this way. The remaining funds (amounts not invested on call) can be invested for any period with a maximum tenor of 91 days. The overall weighted average duration of the investments may not exceed 40 days.

Because the markets in which JSE Trustees operates are dynamic, these guidelines are revisited regularly.

Equity derivatives, commodity derivatives and Yield-X products

Equity derivatives, commodity derivatives and Yield-X products members transact on the market on behalf of themselves and their clients. In order to transact, all participants are required to place an initial margin "deposit" with their members. These sums are paid daily via clearing members to Safcom, which in turn deposits these funds with various financial institutions. Daily mark-to-market profits can also be withdrawn via the clearing member. Similarly, daily mark-to-market losses are funded via the clearing member. All these funds are administered and managed by Safcom. All interest earned on funds deposited with the institutions, less Safcom's administration fee of 20 basis points for EDD and CDD and 12.5 basis points in the case of Yield-X, accrues to the clearing members for onward payment to their members and, in turn, to clients.

The primary risks relating to these funds are:

1. Credit risk – the risk of default by the recipient institution

No counterparty is exempt from the process of having a credit limit imposed. Strict limits will be imposed on all approved counterparties. As the management of credit risk and counterparty limits is a dynamic process these limits must be reviewed at least annually. Only banks that have been accredited with a formal rating by one of the reliable rating agencies will be considered.

As credit risk plays such a vital role in this fund, the minimum requirement will be a P-1.za or P-2.za (or agency equivalent) rating. Should any of the existing counterparties be either placed on a ratings watch list or be downgraded, their limits must immediately be re-examined and adjusted accordingly. This is of the utmost importance. The JSE currently subscribes to a recognised credit agency and therefore will rely on their ratings in order to assess and compute credit limits.

Limits:

- If a bank is part of a group of banks, the limits applied are for that banking group as a whole.
- There is no differentiation between local and foreign banks. It is considered that they have similar risks.
  - Local banks and branches of foreign banks: P-1.za banks:
    - up to a maximum of 20% of fund size; and
    - P-2.za banks: up to a maximum of 15% of fund size.

- Subsidiaries of foreign banks:
  - P-1.za banks: up to a maximum of 10% of fund size; and
  - P-2.za banks: up to a maximum of 10% of fund size.

2. Liquidity risk – the risk that the funds invested cannot be withdrawn timeously

The funds managed by Safcom are invested on behalf of the members' clients. These funds must be available for withdrawal as and when requested by the members' clients. The total funds invested can be divided into a "volatile portion" and a "core portion" of funds. The core portion tends to be fully and continually invested, whereas the volatile portion tends to fluctuate.

Safcom's investment managers must ensure that there is sufficient liquidity to meet the needs of its clients. For example, if the size of the total fund is R16 billion then an amount of approximately 30% must be invested on call at all times. There is no maximum limit on the amount of funds that can be invested in this way. The remaining funds (amounts not invested on call) can be invested for any period with a maximum tenor of 91 days. The overall weighted average duration of the investments may not exceed 40 days.

The calculation of the average weighted duration must be computed daily.

The rate of interest payable to the clearing members of Yield-X is the average rate of interest earned by Safcom for the month less an administration fee of 12.5 basis points.

The following investment instruments may be used:

- Overnight call
- Call bonds
- Fixed deposits (preferably with interest payable monthly*
- Negotiable certificates of deposit*
- Treasury bills*
- SARB debentures*
- Repurchase agreements and/or carries*

** May not have a tenor or time to maturity in excess of 91 days.*

Currency risk

Several of the contracts relating to the provision of technology services to the exchange are denominated in currencies other than the rand, primarily US dollars and pounds sterling. However, the JSE also receives revenue from the sale of information, which is similarly designated, thus providing a hedge against exposure to loss from depreciation in the value of the rand. The residual risk is assessed regularly by the chief financial officer, in conjunction with an advisory group.

Fidelity risk

The finance department of the JSE is responsible for the investment of substantial sums of money received in trust from equity members in respect of client funds awaiting investment, margin paid to Safcom in relation to derivative market exposures, as well as the reserves of the JSE. No

CORPORATE GOVERNANCE
continued

investment may be of a duration of greater than 91 days and the majority of funds are invested for much shorter periods to ensure that adequate liquidity is maintained at all times.

The Chief Financial Officer is responsible for the internal control and effective management of this function and these aspects are regularly assessed by internal audit.

The JSE has fidelity insurance cover against fraud and theft, which provides protection against losses of up to R250 million for any one claim and R500 million in aggregate.

Licensing risk

In order to operate a securities exchange in South Africa, an entity is required to obtain a licence from the registrar of Securities Services, which must be renewed annually. The renewal may be denied if the registrar is not satisfied that the exchange has complied with the requirements of the Securities Services Act, its rules and any direction, request, condition or requirement of the registrar in terms of the Act. The registrar has granted a renewal of the licence of the JSE for the 2010 calendar year.

External audit and external auditor independence

The group annual financial statements have been audited by independent auditors, KPMG Inc.

The Audit Committee considered the position of KPMG and resolved that KPMG is independent of the group and has recommended the reappointment of KPMG as auditors. This view and recommendation was endorsed by the board on 17 December 2009. The reappointment of the auditors will be a matter for consideration by the shareholders at the annual general meeting to be held on 22 April 2010.

The JSE board believes KPMG has observed the highest level of business and professional ethics and has no reason to believe that it has not at all times acted with unimpaired independence.

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

Accountability

The CEO is responsible and accountable to the board for all JSE operations. The heads of the diverse divisions of the JSE assist the CEO in discharging this responsibility. The duties and responsibilities of all divisional heads are detailed in formal job descriptions, together with prescribed limits of authority. These duties and responsibilities are reviewed and approved annually by the CEO.

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Going-concern statement

The board is of the opinion that, after making enquiries, it has reasonable expectation that the group has sufficient resources to maintain its operational existence for the foreseeable future. Accordingly, the board continues to adopt the going-concern basis in preparing the financial statements.

Company secretary

Gary Clarke is the company secretary. He is suitably qualified and has access to the group's secretarial resources. The company secretary is responsible for the duties set out in section 268G of the Companies Act and for ensuring compliance with the Listings Requirements of the JSE Limited. He provides guidance and support to the board, board committees and the Executive Committee in matters relating to governance sustainability, transformation and ethics. All directors have unlimited access to the company secretary. He assists the board as a whole, and all board committees or directors individually, with the discharge of their fiduciary duties. He also facilitates training and induction for directors.

Other

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.

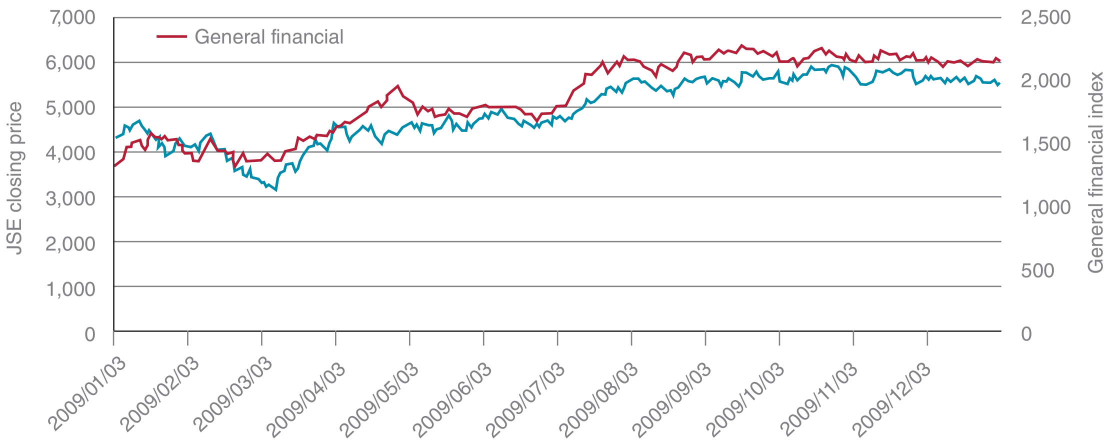
SHAREHOLDER INFORMATION

JSE Limited's share performance during 2009	
Number of shares in issue	85 140 050
Close (31 December 2009)	R60.28
12 month high/12 month low	R63.50/R36.63
Weighted average volume traded	63 131 759
Value traded	R3 323 120 750
Market capitalisation	R5 132 242 214

Shareholder diary	
Financial year-end	31 December
Annual general meeting	22 April 2010
Interim report	August
Annual report	March
Dividends payable	May

Share performance

2009 JSE Limited and General Financial Index daily values



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Analysis of holdings as at 31 December 2009

	No	Shareholding	%
Public shareholders	3 647	71 902 282	84,45
Non-public shareholders	117	13 236 768	15,55
Directors	8	27 557	0,03
Beneficial shareholders with greater than 5% of issued ordinary shares:			
Government Employees Pension Fund	1	13 107 961	15,40
Northern Trust Global Services	1	5 494 251	6,45

Directors' interest as at 31 December 2009

Director	Direct beneficial	Indirect beneficial	Held by associates	Total	%
Russell Loubser (CEO)	1 000	–	–	1 000	0,0012
Nicky Newton-King (Deputy CEO)	3 400	–	–	3 400	0,0040
Freda Evans (CFO)	1 000	–	–	1 000	0,0012
Leanne Parsons (COO)	2 000	–	–	2 000	0,0023
John Burke	3 200	–	–	3 200	0,0038
Humphrey Borkum (Chairman)	15 000	–	–	15 000	0,0176
Anton Botha	–	–	–	–	–
Bobby Johnston	–	–	–	–	0,0000
Andile Mazwai	3 943	124 560	–		0,1509
David Lawrence	–	–	–	–	–
Gloria Serobe	–	–	–	–	–
Nigel Payne	–	–	–	–	–
Wendy Luhabe	214	–	–	214†	0,0003
Sam Nematswerani	–	–	–	–	–
Zitulele "K K" Combi	–	4 000 000	–	4 000 000	4,70
Nonkululeko Nyembezi-Heita (appointed with effect from 1 July 2009)	–	–	–	–	–

† *Shares received in the form of a dividend in specie.*

Directors' interest as at 31 December 2008

Director	Direct beneficial	Indirect beneficial	Held by associates	Total	%
Russell Loubser (CEO)	1 000	–	–	1 000	0.0012
Nicky Newton-King (Deputy CEO)	3 400	–	–	3 400	0.0040
Freda Evans (CFO appointed 25 April 2008)	1 000	–	–	1 000	0.0012
Leanne Parsons (COO)	2 000	–	–	2 000	0.0023
John Burke	1 000	–	–	1 000	0.0012
Humphrey Borkum (Chairman)	15 000	–	–	15 000	0.0176
Anton Botha	–	–	–	–	–
Bobby Johnston	–	–	–	–	0.0000
Andile Mazwai	3 943	124 560	–		0.1509
David Lawrence	–	–	–	–	–
Gloria Serobe	–	–	–	–	–
Nigel Payne	–	–	–	–	–
Wendy Luhabe	214	–	–	214†	0.0003
Sam Nematswerani	–	–	–	–	–

† *Shares received in the form of a dividend in specie.*

Administration

JSE Limited
Registration number 2005/022939/06
Share code: JSE
ISIN No: ZAE000079711

Registered office
One Exchange Square
2 Gwen Lane
Sandown
Sandton
2196

Postal address
Private Bag X991174
Sandton
2146

Telephone
+27 (0) 11 520 7000

Web
www.jse.co.za

Email
ir@jse.co.za

Transfer secretary
Computershare Investor Services
(Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001

Telephone
+27 (0) 11 370 5000

Auditor
KPMG Inc

Sponsors
RMB, Morgan Stanley

Bankers
First National Bank

BOARD OF DIRECTORS

Humphrey Borkum

Chairman of the JSE; chairman of the Nominations Committee; member of the Human Resources Committee; member of the Audit Committee; non-executive director; chairman of Merrill Lynch SA; member of the South African Institute of Stockbrokers

Appointed to the board in 2000

Leanne Parsons

Executive director of the JSE; chief operating officer; chairman of the Trading Advisory Committee; member of the Risk Committee; director of JSE-related companies

Appointed to the board in 2000

John Burke

Executive director of the JSE; chairman of the Issuer Services Advisory Committee; member of the King Committee on Corporate Governance; member of the Institute of Directors

Appointed to the board in 2001

Russell Loubser

Chief executive officer; executive director of the JSE; member of the Risk Management Committee; member of the board of directors of the World Federation of Exchanges; previous chairman of the World Federation of Exchanges; previous chairman of the South African Futures Exchange; previous executive director of financial markets at Rand Merchant Bank Limited

Appointed to the board in 2000

Anton Botha

Non-executive director of the JSE; chairman of the Human Resources Committee; member of the Audit Committee; member of the Nominations Committee; director and co-owner of Imalivest; chairman of Vukile Property Fund; non-executive director of Sanlam Limited; previous chief executive of Genbel and Gensec

Appointed to the board in 2000

Nicky Newton-King

Deputy chief executive officer; executive director of the JSE; member of the Financial Markets Advisory Board and Standing Advisory Committee on Company Law; member of the Presidential Remuneration Commission; World Economic Forum Young Global Leader; Yale World Fellow 2006; led development of the JSE's Socially Responsible Investment Index

Appointed to the board in 2000

Bobby Johnston

Non-executive director of the JSE; previous chairman of the JSE; honorary life member of the South African Institute of Stockbrokers; member of the Audit Committee; member of the Risk Management Committee; non-executive director of Strate Limited; previous chief executive officer of First National Equities Limited

Appointed to the board in 2000

Freda Evans

Executive director of the JSE; chief financial officer; member of the XBRL Advisory Committee to the International Accounting Standards Committee Forum

Appointed to the board in 2008

David Lawrence

Non-executive director of the JSE; deputy chairman of Investec Bank Limited; member of the Risk Management Committee; member of the Human Resources Committee; previous chairman and managing director of Citibank SA; previous managing director of FirstCorp Merchant Bank; director of various companies

Appointed to the board in 2008

Wendy Luhabe

Non-executive director of the JSE; chairman of Vendome SA; previous chairman of the Industrial Development Corporation; previous chairman of the International Marketing Council; on the board of the International Institute of Management Development; World Economic Forum Young Global Leader; member of the Human Resources Committee; trustee of the Duke of Edinburgh's Award International Foundation

Appointed to the board in 2003

Andile Mazwai

Non-executive director of the JSE; group chief executive officer of Barnard Jacobs Mellet; member of the Human Resources Committee; member of the Risk Management Committee; member of the Audit Committee; founder of Mazwai Securities; trustee of the JSE Education Fund; member of the South African Institute of Stockbrokers

Appointed to the board in 2004

Norman Muller

Head of the Capital Markets department of the Financial Services Board; representative of the FSB on the board of directors of the JSE, Strate and SAFCOM; governor and honorary member of the South African Institute of Financial Markets; acting secretary of the Financial Markets Advisory Board

Appointed to the board in [redacted]

Sam Nematswerani

Non-executive director of the JSE, chairman of the Audit Committee; chief executive director of AKA Capital; member of the Risk Management Committee; director of various companies

Appointed to the board in 2005

Nigel Payne

Non-executive director of the JSE; chairman of the Risk Management Committee; member of the Nominations Committee; director of companies; member of the King Committee on Corporate Governance

Appointed to the board in 2005

Gloria Serobe

Non-executive director of the JSE; member of the Nominations Committee; chief executive officer of Wipcapital; non-executive director of Old Mutual South Africa, Mutual and Federal Limited and Nedbank Limited

Appointed to the board in 2000

Gary Clarke

Group company secretary to the JSE; alternate director of the Financial Sector Charter Council; director of JSE-related companies

Appointed company secretary in 2001

11 years in service

Zitulele Combi

Non-executive director of the JSE; executive chairman of Thembeka Capital Limited; non-executive chairman of Master Currency; SA Entrepreneur of the Year 2000; World Entrepreneur for Managing Change 2001; director of various companies

Appointed to the board in 2009

Nonkululeko Nyembezi-Heita

Non-executive director of the JSE; chief executive officer of ArcelorMittal South Africa; previous chief executive officer of Alliance Capital; previous chief officer of mergers & acquisitions for the Vodacom Group; Non-executive director of arivia.kom; previous chairperson of Bond Exchange SA.

Appointed to the board in 2009

MEMBERS OF THE EXECUTIVE COMMITTEE

Russell Loubser
Age 59
Number of years in service 13

John Burke
Age 43
Number of years in service 19

Gary Clarke
Age 43
Number of years in service 11

Nicky Newton-King
Age 43
Number of years in service 13

Des Davidson
Age 56
Number of years in service 9

Leanne Parsons
Age 44
Number of years in service 24

Shaun Davies
Age 43
Number of years in service 14

Freda Evans
Age 51
Number of years in service 9

Maureen Dlamini
Age 47
Number of years in service 4

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Ana Forssman
Age 45
Number of years in service 21

Jannie Immelman
Age 50
Number of years in service 13

Rod Gravelet-Blondin
Age 56
Number of years in service 15

Noah Greenhill
Age 41
Number of years in service 7

Allan Thomson
Age 44
Number of years in service 8

Geoff Rothschild
Age 63
Number of years in service 6

Mpuseng Moloi
Age 47
Number of years in service 6

Riaan van Wamelen
Age 40
Number of years in service 2

Graham Smale
Age 51
6 months

ENVIRONMENTAL REPORT

In a world of economic, social and environmental uncertainty, it is clearer than ever that companies must become responsible corporate citizens.

The JSE recognises the need to further integrate its focus on ensuring that JSE employees are treated fairly and well, pursuing its goal of reducing and limiting the environmental impact of its activities and ensuring that it exceeds its legal compliance obligations.

The JSE has been a thought leader in the area of encouraging businesses to look beyond purely financial measures and to measure themselves against criteria related to the triple bottom line. One notable action has been the development and hosting of the internationally respected Socially Responsible Investment (SRI) Index. The SRI Index, launched in 2004 in response to global and local debate, assesses JSE-listed companies' environmental, social and economic sustainability practices and corporate governance.

The JSE reviews its own sustainability using the same criteria as the exchange's SRI Index. The JSE, which listed on its own exchange in 2006, has been a constituent of the SRI Index since 2007. It recognises the need for a comprehensive and consolidated approach to long-term sustainability.

Its research into climate change and carbon markets has allowed the JSE to think beyond business as usual. The need to take concrete and forward-thinking steps to reduce its environmental impact has thus become even more urgent. As the JSE takes cognisance of the threat that global warming poses, it considers the need to reduce its carbon footprint to be key. Thus the JSE is conducting a baseline assessment to establish this.

Environmental Management Committee

Responsibility for the JSE's environmental policy and its execution is located under the Company Secretariat division. The company secretary provides quarterly environment reports to the executive management and the board.

Although the JSE is classified as a low-impact company in terms of the SRI classification, it strives to go beyond compliance and aim for best practices, including the Global Reporting Initiative standards.

The role of the Environmental Management Committee is to:

- set strategic objectives and policy with regard to all JSE sustainability initiatives;
- formulate policy and guidelines to manage and monitor the JSE's direct impacts on the environment in relation to climate change, air and water pollution, waste and water consumption and energy use;
- monitor and benchmark against local and international best practices and legislation;
- conduct appropriate and cost-effective research that aims to reduce the JSE's environmental impact;
- conduct a baseline assessment to determine the JSE's initial carbon footprint;
- reduce the JSE's carbon footprint by:
  - setting appropriate targets and agreeing on actions;
  - implementing agreed actions;
  - measuring performance; and
  - conducting regular audits; and
- report to stakeholders.

A core team has been set up to brainstorm the broad context of sustainable practices relevant to the JSE. This session will take place in the first quarter of 2010.

The committee is made up of representatives from the following key business units:

- Company Secretariat;
- Procurement;
- Investor Relations;
- Marketing;
- Strategy;
- Finance;
- Business Continuity;
- Building Management; and
- IT Governance and Risk.

The committee's short-term focus areas are:

- the approval of the environment policy (achieved in November 2009);
- to enhance and enable the contribution that employees can make;
- to create awareness of environmental issues among employees
- to steer the JSE towards environmentally friendly procurement;
- to ensure that the JSE building becomes more energy-efficient by:
  - standardising recycling across the company;
  - improving waste and energy efficiency, and
  - investigating potential remedial actions;
- to conduct a carbon footprint audit and begin carbon disclosure reporting;
- to improve the JSE's environmental reporting standards and SRI Index performance; and
- to establish a comprehensive environmental management strategy for the JSE, drawing on assessments of environment-related facets of the JSE's operations that have been conducted over time.

The JSE has various environmental initiatives and progress has been achieved in several related areas:

Recycling/waste management

- Placing paper recycling bins in all areas of operation. Office paper, newspapers and magazines are collected and recycled. Through this initiative, the JSE saved 199 trees from being destroyed for the period under review;
- Recycled printing paper is used at the JSE;
- Recycling bins for glass, tin, plastics and cardboard have been placed throughout the building and employees are being made aware of the benefits and the contribution they can make by recycling the waste they generate;
- Toner cartridges are recycled;
- All chemicals used for cleaning purposes are biodegradable in terms of medical safety data sheets;
- A fluorescent lamp crusher is used to destroy used lamps;
- All taps in the bathrooms are fitted with water flares that aerate the water – therefore less water is used;
- Toilets are fitted with two flushing devices – a half-flush and a full flush-to-save water; and

- Dry-walling previously used in construction was replaced with demountable walls which can be sourced from a company that is fully committed to reducing the impact that the business and its products have on the environment. The company manufactures and represents products that are environmentally friendly and do not produce any biochemical waste products.

Energy management

- Energy-saving interventions have been implemented through the building management system:
  - The use of low-power lamps (36 watt);
  - Permanently switching off 30% of the basement lights;
  - Switching off external spotlights and floodlights located around the building;
  - The air-conditioning units are on a time switch and are switched off at night and during weekends and public holidays;
  - Temperatures in the computer sites have been increased from 17 degrees to 21 degrees so less water is used in the chillers and consequently less energy to cool the sites; and
  - All internal lights are on a timer switch and automatically switch off at 19:00, leaving only emergency lights to illuminate the offices. The lights can be reactivated by individuals when required.
- With the carbon footprint management report now available, a core team from the JSE Environment Management Committee will engage with appropriate service providers to develop a plan to manage the energy used by the JSE, in the most energy-efficient way, thus reducing its footprint.

Other environmentally friendly interventions

- During 2009, all plants in the building were exchanged for larger plants, as they produce more oxygen during the day and carbon dioxide at night. Care was taken that the plants chosen do not use more water than is necessary.

Raising awareness

- The Green Tips Forum, a subgroup of the Environmental Management Committee, is tasked with raising awareness among employees;
- Weekly "green tips" are circulated to employees on posters, the intranet and screens in the lifts; and
- On an external level, the JSE continues to raise awareness of critical environmental issues through the SRI Index criteria.

Building management system

The JSE uses a computer-based system that controls and monitors the building's mechanical and electrical equipment, such as ventilation, lighting, power systems and security systems.

- Fire and smoke detection systems have been rewired and tested four times during the year under review (25% of total tested) in compliance with the Occupational Health and Safety Act (the Act);
- White sound, a low-volume, electronically created sound of equal intensity over a wide range of the spectrum, is used to hide other sounds in open-plan offices;
- Compliance with the Occupational Health and Safety Act is ensured:
  - Ongoing first-aid and firefighting training is given to security guards in compliance with the number of trained personnel required by the Act;

- Level 2 first-aid training was done on site for JSE employees;
- Reports are received from day and night shift security employees when they log calls to avoid possible hazards to employees. These calls are attended to by the help desk employees immediately;
- Gym equipment is serviced regularly;
- Fire extinguishers were serviced in October 2009;
- Sprinkler valves were serviced in December 2008; and
- The JSE uses four special chairs to assist in the evacuation of disabled employees.

Climate change

Given the magnitude of the challenge posed by climate change, and following on the findings of the JSE's initial study into climate change and carbon trading, the JSE has started to consolidate its efforts in this regard to bring about a more holistic approach to the various areas where it is able to make a contribution towards dealing with the problem. These include:

Public and business forums

The JSE actively seeks to participate in and encourage debate around the role of business in tackling climate change and how business would like to participate. This includes speaking at and participating in forums that aim to raise awareness around climate change as well as market-based mechanisms that help to put a price on carbon and support the mitigation goal.

Continuing to provide input into the government's national strategy for climate change, which is currently being developed, is important. To this end, the JSE participated in the National Climate Change Summit organised by the Department of Environmental Affairs and Water in March 2009. At this summit, the JSE highlighted the potential for voluntary mechanisms (voluntary cap and trade) as an option that business can consider in the absence of legislation.

The JSE is part of the Climate Change Committee at the National Business Initiative (NBI), which is co-ordinating discussion groups around the aspects of mitigation, adaptation, finance and technology for input into the government's national strategy. In November 2009 the JSE hosted a dinner round-table event organised by Business Unity South Africa (BUSA) and the NBI, which aimed to create awareness and encourage action among business leaders.

The JSE is represented on the advisory board to the Unisa Centre for Corporate Citizenship's Exxaro Chair for Business and Climate Change, which will also aim to help build an approach around advocacy and education of business in relation to climate change.

In late 2008 and early 2009, the JSE participated in the South African Clean Development Mechanism (CDM) Association's accounting and finance working group, which worked with the National Treasury to encourage clarification of the tax position on sales of certified emissions reductions (CERs), a type of carbon credit. Such clarification was given in the 2009 budget speech by the then Minister of Finance, Trevor Manuel.

The JSE also remains involved in the Carbon Disclosure Project (CDP) by completing the annual CDP questionnaire.

Socially Responsible Investment Index

The JSE continues to create an awareness of and support for broader sustainability through the industry-leading SRI Index. The introduction of climate change related criteria into the SRI Index is overdue. Following two years of research and preliminary assessments, the JSE is currently developing criteria to encourage companies to consider and report on related indicators that assist in the mitigation of and adaptation to climate change. The JSE will also assess the extent to which measures are already in place. The SRI climate change criteria will take into consideration other assessments already being done on companies with regard to climate change, most notably the highly respected CDP, and will be complementary to these.

Internal focus

The JSE recognises that, as a company, it also has an impact on the environment. It has established an environmental policy for managing its impact responsibly, as described elsewhere in this report. The policy includes a specific section on climate change and the need to conduct a carbon footprint assessment. The process of determining the JSE's initial carbon footprint is currently under way, and will be followed by the establishment of an emissions baseline and related reduction targets and the finalisation of a strategy for the achievement of these targets.

In all of its efforts, the JSE acknowledges and is grateful for the fact that South Africa has a very strong community of experts on climate change. Within each focus area, the JSE continues dialogues with these experts and draws on their knowledge to ensure that it is able to develop approaches that are relevant, realistic and aligned to global best practices.

The JSE plans to build on the above and other opportunities, which will assist businesses in understanding and responding to climate change.

Carbon footprint

The JSE has contracted a service provider to determine its carbon footprint. The JSE's carbon footprint for the year under review is 10,706 tonnes carbon dioxide equivalent (tCO_2e).

- The greatest contribution to the 2009 JSE carbon footprint is Scope 2 indirect emissions from the consumption of purchased electricity 9,979 tCO_2e; 9,688 million kWh; R2,966 million).
- The second largest contributor (~7%) to the carbon footprint is Scope 3 indirect emissions. Of these, 95% can be attributed to business air travel. Business mileage in private vehicles and rented vehicles is responsible for the remainder.
- The smallest contributor (<1%) to the carbon footprint is Scope 1 direct emissions from the burning of fossil fuels. The combustion of petrol for mobile purposes is the dominant source of direct emissions and is responsible for 75% of Scope 1 emissions. Diesel use for the generation of electricity in generators is responsible for the other 25%. It is noted that, while refrigerants may have a significant influence on the total carbon emissions, insufficient data was available to determine emissions associated with the use of refrigerants in the current assessment.

The outcomes of the calculation and how the JSE plans to address them will be published on the JSE website (www.jse.co.za) in due course.

Specific targets relating to the JSE's Scope 2 emissions will need to be considered by the Environmental Management Committee and a plan put in place to reduce its carbon footprint over the next two years.

Long term goals

The core Environmental Management Committee will be meeting in the first quarter of 2010 to gain an understanding of where the JSE can make the most telling and practical difference to the way it conducts its business, considering the interests of all stakeholders, and ensuring that it acts responsibly towards the environment.

The JSE is not currently involved in any projects or financing activities that have indirect negative environmental impacts. There have been no fines, accidents or other significant environmental incidents during the year under review.

SUMMARY OF SA TOLL CONCESSIONAIRES CARBON FOOTPRINT SITE

	Average employee numbers	Total emissions (Scope 1 + 2 + 3) (tCO_2e)	Total emissions Scope 1 (tCO_2e)	Total emissions Scope 2 (tCO_2e)	Total emissions Scope 3 (tCO_2e)
JSE	398	10,706	24	9,979	703
% of total	–	100%	<1%	93%	7%

STAKEHOLDER REPORT

In a world of economic, social and environmental uncertainty, it is clearer than ever that companies must become responsible corporate citizens.

The JSE has a diverse stakeholder base and engages all stakeholders regularly through communication sessions, meetings and other processes. Annual road shows are held in all major centres of the country to ensure that stakeholders are adequately informed of the latest developments at the JSE. The JSE also maintains contact with its stakeholders through market notices to authorised users, press releases, SENS announcements and through the exchange's magazine, JSE.

The board believes that fair, balanced and transparent communication of the JSE's activities to its diverse range of stakeholders is vital. It thus strives to clearly present all matters material to stakeholders, who are then in a position to understand and appreciate the group's views about its future direction. The interests of stakeholders are attended to wherever possible by ensuring that information is communicated as it becomes known, regardless of any potentially positive or negative impact. The head of Investor Relations is assisted by the JSE's marketing division in ensuring that communication takes place as described above.

Employees

Employee complement

The employee complement (excluding fixed term contractors) of the JSE as at 31 December 2009 was as follows, on a divisional basis:

	2009		2008	
	Permanent	**Fixed-term contractor**	Permanent	Fixed-term contractor
Commodity derivatives	6		5	
CEO's office	3	2	3	2
Class of project	–	10	–	10
Clearing and settlement (including settlement authority)	18	1	15	1
Company Secretariat (including building facilities management and mail room)	17	–	18	–
Equity derivatives	18	–	21	–
Education (including Africa Board)	11	–	9	1
Equity market	43	2	34	5
Finance	20	1	17	1
Government and international affairs	3	–	3	–
Human resources	7	3	8	1
Information products sales	10	1	8	–
Information services	21	–	17	–
Issuer services	32	–	32	–
Interest rate market	10	–	–	–
IT	131	20	92	7
Marketing and business development	18	–	16	–
Surveillance	26	1	19	1
Strategy and legal counsel	14	–	10	2
Risk and internal audit	1	1	–	–
Total	**409**	**42**	327	31

The increase in the employee complement from 2008 to 2009 was mainly as a direct consequence of in-sourcing and restructuring IT and the acquisition of BESA.

JSE employees attend feedback meetings and are kept informed of issues relevant to them and relating to the JSE by means of newsletters, the intranet and email. Various forums have been set up to proactively engage with employees.

Employee relations

The JSE's conditions of employment promote and sustain the values of integrity, excellence, commitment, diversity, empowerment, team spirit, recognition and customer service.

Developmental policies such as the employment equity plan, individual skills plan and a long-term incentive and retention scheme for key senior employees are in place. The JSE also sponsors various employee sporting teams to foster team spirit among employees.

Policy

The JSE operates in a non-unionised environment, but works to promote good employee relations through detailed policies and engagement. Policy in this area is the responsibility of the head of the JSE's human resources team, Mpuseng Moloi, who is a member of the JSE's Executive Committee.

All new employees attend a one-day induction, where policies and procedures are explained. The head of the Human Resources division and a member of the executive management team assume this responsibility. A manual is also available to all employees on the intranet.

The JSE believes in providing a safe environment for its employees, tenants, clients and visitors. The company will not tolerate any form of sexual harassment in the workplace. Anyone who has been subjected to sexual harassment in the workplace has the right to raise a complaint, which will be investigated and acted on by the JSE if required.

Where required, the JSE provides or pays for technology and equipment so that employees can carry out their responsibilities. This includes cell phones, computers, internet access and email. Licence and copyright requirements are maintained.

It is essential that all employees maintain discipline for the JSE to achieve its objectives and to promote sound employment relationships. The JSE's culture is to encourage self-discipline among employees, based on guidance and coaching rather than imposed discipline. However, the JSE has a disciplinary policy and procedure to ensure fair and equitable standards when the organisation's rules are transgressed. The policy is available on the JSE's intranet.

The JSE believes in a formal procedure through which employees can express any work-related dissatisfaction directly to management.

STAKEHOLDER REPORT
continued

JSE policies also cover:

- employee motivation (benefits, reward and recognition);
- employee wellness (HIV/Aids and sexual harassment);
- employee relations (code of conduct, disciplinary action, dispute resolution);
- dealing policy;
- employee interest in contracts with suppliers;
- maternity leave – four consecutive months' fully paid leave;
- paternity leave – five days' fully paid leave;
- adoption leave – to a primary caregiver – two consecutive months' fully paid leave;
- flexi-time – at the discretion of the divisional head as long as the core hours of business remain unaffected;
- employee records;
- corporate and media relations; and
- private firearms and dangerous weapons.

Employment equity

The JSE's vision is to become an employer of choice, cultivating a culture of respect and acceptance, creating an environment that is free from any form of unfair discrimination, and nurturing each employee as an individual and an important member of a diverse team. An employment equity policy is in place. It aims to eradicate all forms of unfair discrimination that may exist, and to create opportunities for all employees with special emphasis on the business's demographic profile.

Like other companies, the JSE needs to attract, develop and retain the best talent and skills. Employment equity initiatives assist by providing a larger pool of suitable candidates. This enables the JSE to compete on a global scale. Effective diversity management results in more innovative solutions to the challenges that face our business.

The JSE commits itself to complying with existing employment equity legislation.

The JSE has also made progress with employment equity strategies, with over 54% women and 52% black employees in the employee complement, as is depicted in the accompanying graphs.

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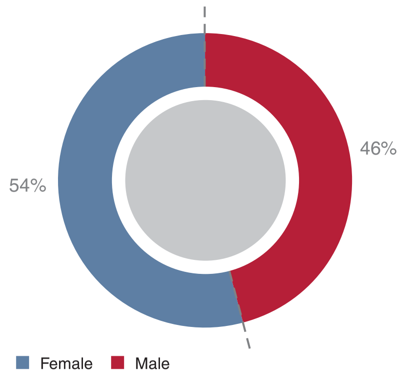
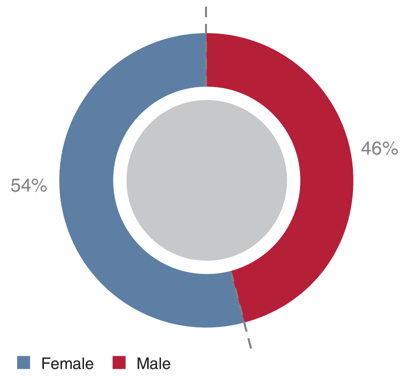


2008



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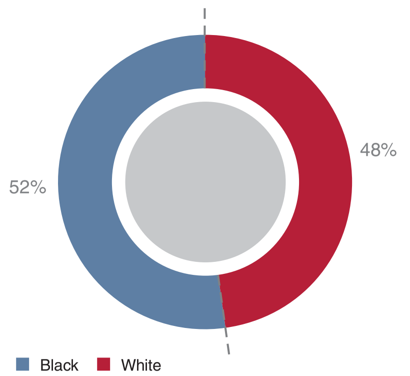
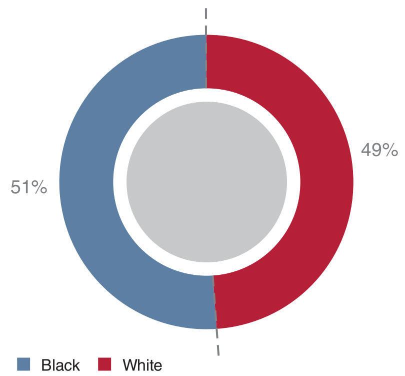


2008



The JSE has four disabled employees. Changes to the infrastructure and technology have been made to accommodate them.

Best Company to Work For review

In 2009 the JSE participated for the second time in the Deloitte Best Company to Work For survey. The JSE showed improvement over the scores achieved in the previous year, but believes that more can be done to improve on the 2009 results and so has formed an employee forum, The Best Company to Work For Forum, to engage with all employees in addressing any concerns and suggesting new ideas and changes that employees would like to see.

Employee assistance programme (EAP)

To provide personal support to employees and their immediate families on a range of issues, the JSE subscribes to a 24-hour, 365-days-a-year employee assistance programme (EAP), operated by an independent external organisation called ICAS. The programme helps employees and their families to deal with everyday situations and more serious concerns anonymously and confidentially:

- HIV/Aids: counselling, assistance and support to those infected and affected.
- Trauma: debriefing, counselling and support for traumatised employees.
- Family matters: childcare and care of the elderly, education, state benefits and allowances.
- Relationships: help and support for difficulties experienced with relationships with family, colleagues, partners and friends.
- Stress and depression: counselling for those struggling with a range of problems such as anxiety, depression and bereavement.
- Legal and financial advice: advice, guidance and referrals on both financial and legal matters.

EAP assistance is provided in one or a combination of the following ways:

- Telephone counselling: EAP counsellors can help individuals reach a decision, try a different approach or find a better way of living with a problem.
- Face-to-face counselling: If preferred, employees can arrange a face-to-face discussion with a counsellor.
- Family counselling: ICAS consultants also provide help for work/life issues such as prenatal care, adoption, parenting, elder-care, divorce or retirement. They provide practical information; education and referrals that help employees manage their responsibilities.
- ER24: A national emergency medical care network.

Training and development

The JSE aims to promote and create a culture of learning among its employees, as it relies on their knowledge and skills to provide the best service to its customers and stakeholders. The learning and development policy provides guidelines within which all JSE employees can develop the competencies necessary for business and individual growth. In 2009 the JSE spent just over R4 million on training and development. The head of the Human Resources division, as a member of the executive management team, assumes this responsibility.

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Health and safety

The JSE has several services and initiatives in place to enhance employee health and safety and provide early warning signals. It follows international standards for building infrastructure and ensuring safety. The JSE adheres strictly to the Occupational Health and Safety Act, 1993, (the Act) and other relevant regulations. The following installations and services are in place:

- SANS 60849:2005 (sound systems) which is used only in emergencies to guide people safely out of the building.
- The JSE's building management system is designed to integrate and monitor all fire and life safety systems so as to minimise risk, prevent property loss and ensure a safer environment for employees.
- Fire and smoke detection systems have been rewired and tested in compliance with the Act.
- Critical process control computer production and mirror sites are precisely monitored and alarms alert the JSE of system failure before it compromises safety or disrupts business.

The JSE is working on setting clear objectives and targets for employee occupational health and safety. Although policies and emergency protocols are in place, the JSE will look to implement a monitoring and measurement system to assess possible cases and incidents.

General

There have been no fines, accidents or other significant social incidents in the period under review.

Retail investors

Education remains a strategic priority for the JSE. The exchange's educational initiatives are aimed at increasing understanding about the financial markets (particularly among pupils and university students), encouraging investment among South Africans and growing the pool of potential employees in the financial markets. The JSE has initiated several projects:

- The JSE/Liberty Investment Challenge aims at educating learners about the workings of the stock market. In 2009 it entered its 37th year. For the first time in 2009, the JSE also explored the use other media vehicles such as MXit and Facebook to advertise the challenge. This has proved to be a great vehicle for exposing the challenge to the target market. In a few months, over 115 000 content interactions have been achieved. In 2009 a total of 7 372 learners and 1 843 teams from 409 schools participated. Of the above, 49 schools were part of the Adopt-a-School programme, which aims at assisting schools with no resources. The schools are adopted by stockbroking firms, listed companies and other interested institutions. Through this programme, schools are supported with funds to enter the game and to receive daily newspapers and business publications. The JSE invested R5,6 million in employee time and expenses in 2009 (2008: R5,2 million).
- The University Challenge, a similar game aimed at university students, saw 29 universities and private colleges participating in 2009 with a total of 2 163 students. Two students from the University of the Witwatersrand won a trip to the Zimbabwe Stock Exchange and Zambia. The intention is for winners to visit different countries each year.

The JSE has plans to open the challenge to the general public in time.

- The JSE has achieved the first step of its goal of introducing investment education to the curriculum at schools. The Curriculum Programme was a pilot project initiated by the JSE and the Gauteng Department of Education in 2007. The objective of this project was to further increase the reach of the JSE education programmes in schools by providing teachers and learners with teaching and learning activities using well researched resource materials. In 2009 the focus was on schools in the Eastern Cape and KZN regions. Teacher training sessions were held throughout the districts in these regions and were attended by 100 teachers. The training was to ensure that teachers were competent enough to teach the new curriculum effectively. As per agreement in the memorandum of understanding, the project will be handed over to the Department of Education for full implementation in the remaining provinces.

Transformation

Broad-based black economic empowerment

The JSE embarked on a transformation strategy many years ago and is committed to fulfilling the relevant elements of the FSC within the Exchange. As the future of the FSC remains uncertain, the JSE is starting to measure compliance with the dti Codes as well.

The JSE has maintained an independently verified A-rating under the FSC since 2005. The necessary information for the 2009 year is being compiled and the JSE expects to maintain its A-rating. A summarised version of the JSE's latest scorecard is shown below:

FSC scorecard	Adjusted weighting	FY09[1] score	FY08[2] score
Human resource development	20	17.13	15.64
Procurement and enterprise development	15	15	15
Access to financial services	2, rest exempt	2	2
Empowerment financing	Exempt	–	–
Ownership and control	20	15.53	15.66
Corporate social investment	3	1.63	1.66
Total	**60**	**51.3**	**49.96**
Percentage		**85**	**83**
Rating		**A**	**A**

[1] *Review of 2009 data is in the process of being scheduled, subject to the future of the FSC.*

[2] *2008 score is independently verified and is valid until 31 August 2009.*

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The dti's BEE Codes of Good Practice were gazetted on 9 February 2007 and encompass seven elements: equity ownership, management control, employment equity, skills development, preferential procurement, enterprise development and corporate social investment.

A self-assessment for the review period showed the JSE to be a Level 6 contributor primarily because the JSE has to date not been able to score sufficient points for enterprise development. The board has approved a strategy to improve on this rating.

DTI scorecard (self-assessment)	Weighting	2009 score	2008 score
Human resource development	18	7.06	
Procurement and enterprise development	35	17.36	
Skills development	15	9	
Ownership and control	30	11.68	
Socio-economic development	5	5	
Total	**103**	**50.09**	
DTI level recognition (self-assessment)		**Level 6**	**n/a**

Equity ownership

The JSE launched its broad-based black economic empowerment initiative in 2006, details of which are available at http://ir.jse.co.za. Through one component of this initiative, the black shareholder retention scheme, the JSE has developed its direct black shareholding, which at end-2009 stood at 9.69%.

Procurement

BEE procurement at the JSE has been in the region of 70% and above since measurement criteria became applicable. As the JSE is currently engaging with a South African National Accreditation System (SANAS) accredited verification agent to conduct its first audit into its compliance under the dti Codes, the audited 2009 percentage is not available, however, the JSE is confident that at least 50% of the spend was with BEE vendors as determined by the dti Codes.

The JSE is committed to accomplish further progress in this and other areas in 2010.

Community investment

The JSE is an active investor in the South African community, through its strategy of involvement in education and social upliftment initiatives such as:

- R770 000 – Nurturing Orphans of Aids for Humanity;
- R350 000 – Business Against Crime South Africa;
- R310 000 – Computershare Change a Life Cycle;
- R200 000 – Business Leadership South Africa;
- R150 000 – Sponsorship for the Constitution Hill Trust;
- R100 000 – Buffelshoek Trust;
- R100 000 – Centre for Institutional Rights;
- R50 000 – Adopt a School;
- R50 000 – Sponsorship for the Constitutional Hill Trust;
- R30 000 – The Salvation Army;
- R25 000 – World Wide Fund for Nature; and
- +R200 000 – 42 other organisations in total.

The Benevolent Fund

The Benevolent Fund, a fund managed by the JSE, was set up to assist unemployed indigent persons who were employed in the broking community prior to 8 November 1995 and who find themselves in dire financial circumstances because of their inability to find new employment. The fund was established through donations made by stockbrokers in their individual capacities.

When the JSE was restructured and corporate membership was introduced, this source of income dried up and assistance is now financed from the income stream of the fund's investments. No person is entitled to financial assistance; rather, applicants for assistance are assessed on the basis of their past employment records and their household circumstances. The assistance is granted at the discretion of the Managing Committee of the fund. Dependants of deceased beneficiaries are also considered for assistance.

At present an aggregate of R308,000 is distributed among about 150 beneficiaries per month.

Beneficiaries are offered non-financial assistance including:

- guidance on the preparation of a will;
- using bank accounts efficiently;
- rights regarding the payment of school fees; and
- employment opportunities at the JSE.

JSE Empowerment Fund (JEF) Trust

The JSE Empowerment Fund Trust provides promising black students with the finance and support to acquire the appropriate qualifications and opportunity to enter the financial services sector on completion of their university training.

Through the JEF Trust, the tuition and accommodation of students is funded. Initially, students attending the Community and Individual Development Association (CIDA) campus were funded. During the period under review, the JEF Trust broadened its reach, providing financial support to other educational institutions. As a result, 46 students were sponsored last year (2008: 23). R1.6 million was spent (2008: R357 000), representing an increase of approximately 360%.

The JSE also provides a mentoring programme to assist these students in their life and studies. Mentors are JSE employees who volunteer to perform this role.

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Details of the support in 2009 are as below:

Academic year	Number of students	Tuition cost	Progress/comments
Reunert College (Matric improvement)	5	R292 695	Students who are upgrading their matric results
Foundations	1	R42 000	Bridging course, CIDA city campus
First year	2	R99 125	One student from the University of Pretoria; one from the University of KwaZulu-Natal
Second year	32	R911 238	Ten students from CIDA City Campus; five from the University of Pretoria; eight from the University of the Witwatersrand; nine from the University of Johannesburg
Third year	5	R252 000	Four students from CIDA; one was disqualified from the fund
Honours	1	R58 667	One student from the University of Pretoria
Total	**46**	**R1 655 725**	

Industry representatives

The JSE holds regular communication sessions and participates in various organisations aimed at industry dialogue. Specifically, the focus is on:

- Customers: Member firms, data vendors, listed companies and other customers are invited to attend regular communication sessions on issues of strategic and operational interest to them. In addition, customer relationship managers meet regularly with individual customers to address issues relevant to those customers. There is a dedicated call and support centre to assist customers with their queries, complaints and compliments.
- Government and ministerial authorities: The JSE participates in various bodies such as the Financial Markets Advisory Board, the Policy Board for Financial Services and Regulation, the Standing Advisory Committee on Company Law, the Money Laundering Advisory Council and the GAAP Monitoring Panel, and has an executive dedicated to maintaining close relationships with governmental and ministerial departments. The JSE hosts numerous local and international governmental and ministerial delegations.
- Regulators: A Financial Services Board (FSB) representative is invited to attend all executive, board and board committee meetings. The JSE is a member of the FSB's Directorate of Market Abuse. There is close co-operation between the JSE and the FSB on all developments affecting the financial markets.
- Industry interest groups: The JSE is a member of the following industry interest groups: the Ethics Institute of SA, the Company Secretaries Interest Group, the Institute of Risk and Management SA, the CGF Research Institute, and the Institute for International Research.

STAKEHOLDER REPORT
continued

Communication is structured in the form of committees, where stakeholders wish to discuss specific aspects of JSE business, including trading, clearing and settlement, and indices. All advisory committee members are approved by the board to ensure the correct combination of people from the industry and internal JSE representation, and the mandates are approved by the board to ensure the correct terms of reference. Details of the industry representatives on these committees and key issues considered in 2009 follow.

Clearing and Settlement Advisory Committee

The Clearing and Settlement Advisory Committee met three times in 2009.

The topics discussed include:

- the T+3 Project, regarding the proposed shortening of the settlement period for equity securities, second phase, was completed and a document titled *"Blueprint for the Move to T+3"* detailing the business requirements specifications was published to the market in May 2009. The third phase of the project, which will define the implementation plan, has been initiated and is due to be completed in the first quarter of 2010;
- JSE settlement issues on 20 November 2008 and the actions taken by the JSE to ensure that similar problems do not occur in future, including preparation of a communication plan between the JSE and Strate in the event of a market crisis;
- the suppression of status intimation messages between JSE and Strate, with a resultant cost saving to equities member firms;
- the implementation of new report-only trade types to facilitate bookbuild transactions and give-up trades, including the backdating of report-only trades by one business day;
- new and amended Directives for Securities Lending and Borrowing;
- updates on progress with the JSE/BESA transaction;
- updates on JSE technology, particularly with regard to the systems replacement project; and
- the review of statistics relating to clearing and settlement of equity securities through Strate.

Industry specialists on the committee are as follows:

Name	Employer
B Balkind	Strate
E Bruce	Navigare Securities
F Cindi	Standard Bank
A Cousins*	Standard Bank
J Crews	UBS South Africa
D Davidson	JSE
S Davies	JSE
M R Johnston	Eljay Financial Services
E Jooste#	Association for Savings and Investment SA
B Kotze	JSE
S Lorge	Computershare
A Manganyi	Financial Services Board
J McCann	Online Securities
T Riviere#	South African Securities Lending Association
I Seymour-Smith	Strate
J van Tonder#	Association for Savings & Investment SA
T Vermeulen	Computershare
D Wilks	Merrill Lynch
S Yates*	Rand Merchant Bank

* *Mr A Cousins and Mr S Yates resigned at the end of the year.*

Invited representatives from relevant market associations.

Commodity Derivatives Advisory Committee

The Commodity Products Advisory Committee met four times in 2009. The topics discussed included:

- industry acceptance for the continued use of location differentials;
- enhancements to the silo owner and individual silo requirements (Appendix C and D of the contract specifications);
- trading anonymity and whether there was support for such in the local grains market;
- the possibility for various new products, such as a non-genetically modified maize contract, a mini-maize contract, a sorghum futures contract and additional cash-settled commodities, particularly on soy beans;
- a trial period for white and yellow maize where daily price limits were increased and the margining methodology applied was based on historical price movements and no longer a factor of the price limit;
- a new methodology to determine the wheat grade discounts based on the local December wheat futures prices; and

STAKEHOLDER REPORT
continued

- a proposal whereby the exchange would provide a platform for all Safex silo receipts tendered for delivery to be first made available via an auction to existing buyers before being randomly allocated. This was endorsed and all agreed that it would assist the grains market in transparently discovering the basis value for stock delivered.

Industry representatives on the committee are as follows:

Name	Representative from
J Baker	SAOPO
R Bone	JSE
J de Villiers	NCM
J Gordon	Agric clearing members
R Gravelet-Blondin	JSE
A Jooste	NAMC
K Keyser	AFMA
D Kok	Grain Silo Industry
P Kotecha	B&P Group
W Lambrechts	Vanguard Derivatives
W Lemmer	Grain South Africa
R Loubser	JSE
A Manganyi	Financial Services Board
D Mathews	Private producer
C Schoonwinkel	Grain South Africa
A Snyman	SACOTA
J Steyn	Cargill RSA
C Sturgess	JSE
J Theron	Rand Merchant Bank
J van Heerden	Farmwise Grains
P Watt	Afgri Trading

Currency Derivatives Advisory Committee

The first Currency Derivatives Advisory Committee meeting was held at the JSE on 10 November 2009. These agenda items were discussed:

- Introduction to the principles behind the Currency Derivatives Advisory Committee meeting;
- Nominations and acceptance of members to attend the Currency Derivatives Advisory Committee meetings;
- Current market practice; and
- Suggestions/changes to current market practice.

Equity Derivatives Advisory Committee

The Financial Derivatives Advisory Committee met four times during 2009. The topics discussed include:

- the Safex/JSE options initiative;
- volatility skews and pricing;
- dividend futures;
- international derivatives (IDX);
- the Africa Board;
- African derivatives (ADX);
- BDA costing;
- anonymous trading;
- close-out calculations;
- one-to-one ratio for SSFs;
- the proposed new billing model;
- retail options;
- Nutron and Nuclears software upgrades;
- additional margin for members and clients;
- margin requirements for physical settlements;
- the mutual markets initiative; and
- variance futures (SAVI squared).

Industry representatives on the committee are as follows:

Name	Representative from
M Arnott	Deutsche Securities
G Betty	Peregrine Derivatives
D Blatch	Investec Asset Management
W Bohmer	Sanlam
A Bunkell	Absa Capital
N Cohen	Merrill Lynch
B Duncan	Standard Bank
C Gell	Nedbank
H Gouws	Thebe Securities
B Hatty	Old Mutual
D Hompes	JP Morgan
E Lenci	Oakleaf Capital
A Mancha	Afrifocus Securities
A Manganya	Financial Services Board
H M Masson	Pan-African Asset Management
A Myers	Investec
R Pretorius	Peresys
T Rautenbach	Investec Securities
A Thomson	JSE
C van der Merwe	Sanlam Securities
E van Rensburg	Nedbank
D Walker	BEX Structured Products
M Weetman	Cortex Derivatives

Equities Trading Advisory Committee

The Equities Trading Advisory Committee discussed:

- T+3 settlement status update;
- growth in the equity market project;
- revision of the equity market billing model;
- publishing of member rankings;
- implementation of new reported trade types to facilitate broker-to-broker and give-up transactions;
- improving liquidity in the equity market;
- the derivatives system replacement project;
- investigation into the introduction of remote membership for the equity market;
- JSE dark pool of liquidity offering;
- disclosure of beneficial download information;
- disclosure of client information;
- non-resident statistics;
- review of OP trade type requirements;
- facilitating South African industry related conferences/ workshops; and
- trading hours for December 2009.

Industry representatives on the committee are as follows:

Name	Representative from
H Beets	Old Mutual Investment Group SA
R Botha	Sanlam Investment Management
K Brady	Investec Securities Ltd
E Bruce	Noah Financial Innovation
D da Silva	Macquarie Securities SA
W Chapman	Peregrine Equities
T Gale	Merrill Lynch South Africa
Q Kilbourn	Citigroup Global Markets
A Mazwai	BJM Securities
S Mulder	Association for Savings and Investment SA
N Muller	Financial Services Board
A Raats	Stanlib Asset Management
M Ray	SA Stockbrokers
B Smith	Sanlam Securities
J Stewart	JP Morgan Equities
P van der Merwe	Coronation Asset Management
J van den Berg	Thebe Securities
C Wilde	Deutsche Securities

FTSE/JSE Advisory Committee

The FTSE/JSE Advisory Committee had four meetings during 2009. The following key issues were discussed:

Major corporate actions including:

- the restructuring of Richemont and Remgro and the subsequent listing of British American Tobacco;
- the issue of renounceable rights by Anglogold;
- the acquisition of Siyathenga and Ifour by Pangbourne;
- the index treatment of rights offers and mandatory offers;
- the treatment of inward foreign listings in the indices;
- the treatment of treasury shares in the indices; and
- the introduction of the Shariah 40, RAFI All Share, Preference Shares and All Africa indices.

Industry representatives on the committee are as follows:

Name	Representative from
H Beets	Old Mutual Investment Group SA
G Baker	Rand Merchant Bank
M Bhoyroo	FTSE
A Cabot-Alletzhauser	Advantage Asset Managers
J Caulfied	FTSE
I Dillon-Hatcher	FTSE
B du Toit	Peregrine Securities
A Forssman	JSE
J Immelman	JSE
A LePetit	FTSE
F Oosthuizen	Sanlam
D Polakow	Peregrine Securities
S Roberts	Taquanta Asset Managers
R Rousseau	Deutsche Bank
A Stephens	Legal and General UK
A Thomson	JSE
N Waisberg	Intellectual Property

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Interest Rate Advisory Committee

An advisory committee(s) will be set up for the interest rate division to drive out the implementation of the new strategy for the fixed-income cash and derivatives markets.

The committee will have representation by a group wider than the membership of the JSE and will include the FSB, National Treasury and representation from the asset management community.

The new advisory committee is not a restructuring of the Bond Traders Association (BTA), which is constituted under the old BESA rules but is a new committee structured along the lines of other JSE committees. The future of the BTA will be considered as part of the project to restructure a single new rulebook for the interest rate markets.

Yield-X Advisory Committee

The Yield-X Advisory Committee was dissolved after the BESA acquisition. Two new advisory committees were formed:

- The Currency Derivatives Advisory Committee; and
- The Interest Rate Advisory Committee.

Issuer Services Advisory Committee

The Issuer Services Advisory Committee was reconstituted during the year to take account of the Issuer Services division's additional regulatory responsibilities on matters such as debt instruments, specialist securities, accreditation of auditors and more recently the BESA Listing Rules. The committee did not meet on a formal basis this year but members of the committee were used on a number of matters where companies and directors objected to decisions taken by the JSE. The committee was also consulted during the year on proposed changes to the JSE Listings Requirements.

The issuer services division consults with committee members on an ad hoc basis when their expertise is required on a matter:

- to consider objections received from listed companies and sponsors to decisions made by the Issuer Services division;
- to advise the Issuer Services division on matters of principle;
- to advise the Issuer Services division on interpretations of the Listings Requirements in cases of uncertainty; and
- to advise during the process of making changes to the Listings Requirements.

The Issuer Services Advisory Committee met once in 2009. The topics discussed include:

- the representations from a listed company regarding a significant amendment to the Listings Requirements.

Industry representatives on the committee are as follows:

Name	Representative from
B Abrahams	Independent
D Brooking	Independent
J Burke	JSE
S Chahonyo	Standard Bank
A Clay	Venmyn Rand
L de Beer	Independent
A de Bruyn	JSE
P Egan	Deutsche Bank
P Ferreira	Steinhoff
P Goldhawk	Goldhawk Corporate Advisory
T Grieve	Independent
J Grobbelaar	PSG Capital
J Hall	Nedbank Capital
S Jagoe	Independent
M Katz	Edward Nathan Sonnebergs
R Loubser	JSE
S Lunney	Rand Merchant Bank
A Mazwai	Barnard Jacobs Mellet Holdings
R Moody	Investec Bank
N Muller	Financial Services Board
N Stander	Absa Capital
C van Heerden	Deneys Reitz
A Visser	JSE
L Williams	iCapital Advisors

Service and goods providers

The JSE started a procurement office in the IT division in November 2008 to manage all IT procurement, with the major objectives achieved during 2009.

During this period, the following goals were achieved:

- key vendors (preference to BEE) were identified in support of the JSE's strategy and objectives;
- procurement from selected vendors based on JSE terms and conditions;
- embarked on a vendor consolidation exercise to reduce management effort and to economies of scale;
- vendor management forums were established to track, measure and report the performance of services or products from vendors and how this relates to the contracts/agreements;
- developed policies and processes for supplier selection, requisition, ordering and acceptance;
- developed policies and process for account management, invoicing, approvals and payments;
- developed policies and processes to monitor, manage and report on vendor performance; and
- implemented a requisition and procurement system in line with the JSE's process and workflow requirements.

With regard to disputes that arise with vendors, the procedure followed depends on the nature of the contract, however, the JSE preference is:

- firstly, to try and resolve disagreements informally between the actual business owners, through a process of consultation and discussion;
- secondly, to engage a slightly more formal process where senior people within each organisation, CEOs if required, try to mediate between the disagreeing entities; and
- finally, disputes are referred for arbitration, rather than taking legal action.

The objectives were to acquire goods and services at the best possible total cost of ownership, in the right quantity and quality, at the right time and from the right source for the direct benefit or use of the JSE. In support of the procurement office an ITD contract function was also established to efficiently manage contract creation, execution and analysis for the purpose of maximising financial and operational performance and minimising financial and legal risk.

Shareholders

As part of its listing, the JSE worked hard to get close to its shareholders. A manager of investor relations was employed who is known to major investors and whose contact details are on the company website. The JSE launched an investor relations website and now addresses queries from analysts, investors and potential shareholders almost daily.

The JSE engages all relevant stakeholders through regular communication sessions, meetings and other processes. Yearly road shows are held in all major national centres to ensure that stakeholders are adequately informed of the latest developments at the JSE. The JSE also maintains contact with its stakeholders through market notices to authorised users, press releases, SENS announcements and through the exchange's magazine, JSE.

The company encourages the active participation of shareholders at general meetings. The annual general meeting is attended by all the directors and shareholders are encouraged to be present and to ask questions. Shareholders are also afforded the opportunity to meet with the directors after formal proceedings have ended.

The JSE values its relationship with both institutional and private investors and adopts a positive, proactive and fully engaging approach to ensure that communication is handled appropriately. There is regular two-way communication with investors and analysts, including presentations after the interim and year-end results at road shows held at the major centres in the country. The JSE makes provision for international shareholders to participate via electronic media at all material JSE shareholder meetings.

The website, www.jse.co.za, enables all shareholders to access results presentations and detailed information on the JSE. The new website, launched early in December 2009, has a specific focus on attracting retail investors and educating all potential investors on all JSE products on offer.

STAKEHOLDER REPORT
continued

At the end of December, the JSE's shareholding was as follows:

		Percentage shareholding 2009	2008
Local	Retail	**5**	5
	Institutional	**28**	49
	Authorised users	**6**	12
	Pension funds	**28**	15
	Unclaimed shares	**1**	1
Foreign	Unspecified	**32**	18
		100	**100**
Black shareholding (Option holders)		**9.69**	9.94

In future, linkages and strategic partnerships with relevant interest groups will continue to be explored so as to establish cohesion and value in addressing corporate social responsibility.

The chief executive officer and chairman host an annual road show to update the JSE's broader stakeholder group on the latest developments affecting the JSE.

Value added statement

Value at the JSE is created from providing secure and efficient primary and secondary capital markets across a diverse range of instruments and products, supported by cost-effective services.

	2009 R'000	%	2008 R'000	%
Revenue	**1 155 756**		1 071 570	
Net interest income	**104 126**		134 943	
Other income, including share of associate income	**68 484**		70 822	
Operating expenses	**(491 774)**		(484 281)	
Value created	**836 592**	**100**	**793 054**	**100**
To remunerate employees for their services	**(318 632)**	38	(238 565)	30
To shareholders – dividends paid	**(163 469)**	20	(110 682)	14
To government – taxation	**(152 359)**	**18**	(180 132)	23
Value distributed	**(634 400)**		**(529 379)**	
Value retained				
To sustain future expansion and growth	**202 132**	**24**	**263 675**	**33**

Value created increased by 5% compared with 2008. Value distributed to employees increased by 34% in the period under review. Investors' share of the value distributed increased by 48%, while government's share decreased by 15%. The value retained in the business increased by 24%, in line with the JSE's strategy to strengthen its financial position.

Code of ethics

The JSE values integrity, business ethics and customer needs and is committed to ensuring that these are respected in its operations and interaction with clients and stakeholders. The JSE, in turn, expects all employees to embrace these values and reflect them in day-to-day interactions among themselves and with clients. The JSE also expects all its employees to act in accordance with the highest levels of professional and personal integrity related to their profession and to comply with all the relevant laws, regulations and policies of the company, thus promoting the JSE's aspiration to be a good corporate citizen.

The following standards, based on ethics, appear in the JSE's corporate human resources policies and procedures manual. All staff have access to this manual and are trained on it, firstly at the initial employee induction session, thereafter through continuous education sessions held by the Human Resources division.

- Work attendance;
- Work performance;
- Operating procedures;
- Private business and secondary employment;
- Corporate and media relations – from time to time, the JSE may receive enquiries from the media about its activities. Only officials who are authorised to do so by the JSE may disclose such information;
- Disclosure of information;
- Participation on external committees – employees who serve on external committees/panels during JSE working hours and who are remunerated for their services are required to reimburse the JSE any monies received for this time;
- Non-discrimination – all employees to treat fellow employees with respect and consideration;
- Conflicts of interest – the general principle that underlies conflict of interest is that employees should avoid any activity, investment or interest that might reflect unfavourably upon the integrity or good name of the JSE or themselves; and
- The acceptance of gifts – employees are required to obtain approval before accepting gifts (financial or otherwise) as follows:
  - Up to R1 000 – Divisional manager
  - Over R1 000 – Executive Committee

Compliance with the policies is monitored by the Human Resources division. Serious transgressions are dealt with appropriately and reported to the board.

Dealing in company shares and insider trading

A dealing policy is in place for employees and directors dealing in JSE shares. These rules prohibit directors from dealing in JSE shares when they possess price-sensitive information. In addition, dealing is permitted only during two limited periods of the year immediately following the release of the annual financial and interim financial statements. Directors and employees may not deal during any other periods. A director may not deal in JSE shares without obtaining prior written approval from the chairman of the board or, failing him, the CEO or deputy 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 or deputy CEO.

Fraud and illegal acts

The JSE does not engage in or accept or condone engaging in any illegal acts in the conduct of its business. The board's policy is to actively pursue and encourage the prosecution of perpetrators of fraudulent and other illegal activities should they become aware of such acts. A strict zero tolerance approach has been adopted.

While there is no confidential fraud line, all employees can report any act of fraud or illegal activity to the company secretary, their manager or a senior executive, who will deal with it appropriately and confidentially.

No fraud or misdemeanours of any significance were reported during the period under review.

Interests in contracts

There is a policy that controls the disclosure of interests in contracts by all employees to avoid any potential conflicts of interest. Further, the policy covers directors and senior management, who must disclose any interest in contracts as well as other appointments, which is critical to assess and mitigate any potential conflict in fiduciary duties. During the year under review, save as may be disclosed in the financial statements, none of the directors had any significant interest in any material contract or arrangement entered into by the company or its subsidiaries and associates.

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 Executive Committee of the JSE. The ombud of the scheme is Judge C F Eloff, a retired judge and former Judge President of the Transvaal. 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 timeous and cost-effective manner which eliminates the need for either party to resort to slow and cost prohibitive legal proceedings.

In 2009, the ombud presided over, and pronounced on one matter between an authorised user and a client of that authorised user.

The Monitoring Body of the Scheme is required, in terms of section 16(1)(b) of the Ombud Act, and does confirm that, insofar as it is required to, the scheme has, during the period under review, complied with its constitution, provisions of the scheme and the Ombud Act.

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY

for the year ended 31 December 2009

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of JSE Limited, comprising the statements of financial position at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements, which are free from material misstatement, whether owing to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the group's and the company's ability to continue as a going concern and have no reason to believe the businesses will not be going concerns in the year ahead.

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

Approval of the annual financial statements

The group annual financial statements and separate parent annual financial statements of JSE Limited, as identified in the first paragraph, were approved by the board of directors on 8 March 2010 and are signed on its behalf by:

H J Borkum
Chairman

R M Loubser
Chief Executive Officer

DECLARATION BY SECRETARY

for the year ended 31 December 2009

The JSE Limited has complied with all statutory and regulatory requirements in accordance with the Securities Services Act, and all directives issued by the Financial Services Board. In terms of section 268G (d) of the Companies Act, as amended, I hereby confirm that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

G C Clarke
Group Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JSE LIMITED

We have audited the group annual financial statements and the annual financial statements of JSE Limited, which comprise the statements of financial position at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 94 to 167.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of JSE Limited at 31 December 2009, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per V T Yuill
Chartered Accountant (SA)
Registered Auditor
Director
8 March 2010

85 Empire Road
Parktown
2193

DIRECTORS' REPORT

The directors are pleased to present the annual financial statements of the JSE Group for the year ended 31 December 2009.

Business activities

The JSE is licensed as an exchange under the Securities Services Act of 2004 and carries on business at One Exchange Square, 2 Gwen Lane, Sandown. The postal address is Private Bag X991174, Sandton, 2146.

The JSE has the following main lines of business: issuer services, trading, clearing and settlement services, technology and other technology-related services, and information product sales. The contribution of these business lines to revenue is set out in note 8 to the financial statements.

Further information on the business activities of the JSE is also set out in the CEO's statement.

JSE subsidiaries and strategically important investments

Subsidiaries

JSE Trustees (Proprietary) Limited

JSE Trustees (Proprietary) Limited ("JSE Trustees") was incorporated in 1973 and is a wholly owned subsidiary of the JSE. The authorised share capital of JSE Trustees is R4 000, divided into 4 000 shares of R1 each, and its issued share capital is R7. JSE Trustees' purpose is to collect all funds received in trust by equities members from investors by means of an automatic electronic sweep and to invest those funds on behalf of investors with banking institutions falling inside prescribed parameters. This protects investors by automatically separating investors' funds from equities members' funds in compliance with section 27 of the Securities Services Act.

SAFEX Clearing Company (Proprietary) Limited ("Safcom")

The JSE owns 100% (2008: 100%) of the 8 300 issued ordinary shares of 12.5 cents each. Safcom is the licensed clearing house for the JSE derivatives markets and provides clearing services to the JSE.

BESA Limited (BESA), BESA Investments (Proprietary) Limited (BESA Investments) and BondClear Limited (BondClear)

The JSE owns 100% of the ordinary share capital in BESA, which was acquired under a Scheme of Arrangement in June 2009. Previously registered as the Bond Exchange of South Africa Limited, BESA no longer holds an exchange licence and serves merely as the holding company of various subsidiaries acquired as part of the BESA transaction. From the effective date of this acquisition, 1 July 2009, all BESA's business activities are accounted for within the JSE.

BESA Investments is wholly owned by BESA, originally established to act as an investment holding company. BESA Investments did not conduct operations during the year under review.

BondClear was incorporated in 2008 with the intention to serve as a clearing house for the interest-rate derivatives market. On the effective date of the BESA acquisition, BondClear was owned 80% by BESA Investments and 20% by NASDAQ OMX. The JSE subsequently acquired the shareholding and other rights in BondClear held by NASDAQ OMX for a consideration of R5 million. The JSE and BESA Investments now own 20% and 80% respectively of the ordinary shares in BondClear. The JSE does not intend to pursue the BondClear clearing house project and the company did not conduct any clearing operations during the year under review.

Dormant subsidiaries

The JSE has various dormant subsidiaries that are in the process of being liquidated or deregistered. The remaining subsidiary are: Open Outcry Investment Holdings Limited and Stock Exchange Nominees (Pty) Limited. The JSE owns 100% (2008: 100%) of the issued share capital of both these subsidiaries; being 3 510 ordinary shares of R1 each and 2 ordinary shares of R1 each respectively.

Strategically important investments

Strate Limited (Strate)

The JSE owns 44.55% (2008: 44.55%) of the 9,756 issued ordinary shares in Strate. Strate is a central securities depository licensed under the Securities Services Act and is responsible for the electronic settlement of all transactions on the JSE's equities and warrants markets. It also settles spot bonds on Yield-X and transactions from the former Bond Exchange of South Africa. Electronic custody of shares eliminates the risks inherent in paper settlement and the costs of lost, stolen or forged documents. The electronic records of shareholding are subject to extensive controls.

Strate utilises the Society for Worldwide Interbank Financial Telecommunication (SWIFT) network to achieve true simultaneous final and irrevocable delivery versus payment (SFIDvP) in central bank funds. Other features of Strate include disclosure of beneficial shareholding through the beneficial owner download and the enablement of automated securities lending and borrowing for clients.

The financial performance of Strate is closely correlated to that of the JSE and to the financial markets.

BESA

Capital markets continue to evolve rapidly, both locally and internationally. In order to remain relevant to investors, issuers and intermediaries, and address the challenges posed by over-the-counter (OTC) markets, exchanges must continue to innovate. They can do this by growing their product offering, reducing risk to market participants, improving transparency and liquidity, and driving down execution costs across the trade lifecycle. These drivers were the motivation for the JSE acquiring the Bond Exchange of South Africa Limited (BESA) during the first half of 2009.

Following discussions with various shareholders and the BESA board, the JSE and BESA proposed a scheme of arrangement in December 2008, which was successfully finalised in June 2009. As a consequence, on 22 June 2009 the JSE acquired 100% of the shares and voting interests in BESA for a consideration of R240.6 million.

BESA's chairman, Nonkululeko Nyembezi-Heita, joined the JSE board with Jonathan Berman, also a former non-executive BESA director, as her alternate with effect from 24 June 2009. BESA's staff and operations were successfully integrated into the JSE effective from 1 July 2009. It is pleasing to note that the relocation of BESA's market operations to the JSE was completed smoothly and without any disruption to the bond market or participants.

BESA's market operations have been merged with the JSE's existing Yield-X division to form a new interest rate division, focused on running the JSE's combined interest rate products and developing a fresh interest rate strategy for the South African fixed-income market. Much progress has been made during the first six months post acquisition to develop this strategy in consultation with the market.

The JSE anticipates that the transaction and the combined expertise of BESA and JSE staff will over time yield the real benefits that originally motivated the acquisition.

Africa Board

The Africa Board continued to drive the JSE's Africa strategy during the year under review, with the major thrust being outreach and the engagement of identified stakeholders in the targeted African capital markets. Country visits were made to Zambia, Zimbabwe, Angola, Ghana, Tanzania, Côte d'Ivoire and Senegal. Significant inroads were also made in engaging and apprising South African investors of the intentions and strategies of the JSE Africa Board.

The business development efforts have generated considerable interest among issuers across the continent and we remain confident that the board will take shape through increased listings in 2010. As debt markets grow to support Africa's infrastructure backlog, the JSE Africa Board will position itself to play a leading role in attracting much-needed capital to the continent.

The Advisory Committee, consisting of eminent individuals with a demonstrated interest in the development of African capital markets, was set up to give guidance to the Africa Board team and to assist it in its business development endeavours.

General review of JSE operations

As at 31 December 2009, there were 393 authorised users (2008: 324), which can be broken down as follows:

	2009	2008
Equities members	**60**	57
Trading services providers only	**26**	24
Trading services and investment services providers	**18**	17
Trading services and custody services providers	**2**	2
Trading services, investment services and custody services providers	**11**	11
Custody service providers	**3**	3
Equity derivatives members	**127**	122
Agricultural derivatives members	**92**	87
Yield-X members	**61**	58
Interest rate market members	**53**	0
	393	324

Information technology

In 2009 information technology (IT) continued to rebuild its capability by focusing on rebuilding the IT division from a people and leadership perspective, enhancing the current JSE systems and progressing the technology replacement programme. Achievements during 2009 include:

- Progressed significantly the system replacement programme aimed at replacing the JSE's back-office systems;
- Launched the Africa Board;

1887 1888 1889 1890 1891 1892 1893 1894 1895 1896 1897 1898 1899 1900 1901 1902 1903 1904 1905 1906 1907 1908 1909 1910 1911
1912 1913 1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1930 1931 1932 1933 1934 1935
1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1953 1954 1955 1956 1957 1958 1959
1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984
1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

- Replaced the Yield-X platform with a new technology solution, aligned to the platform deployed for equity and commodity derivatives in 2008, achieving improved functionality and availability;
- Successfully transferred the BESA data centre into the JSE following the BESA acquisition;
- Reduced the number of technology-related incidents by more than 50%;
- Launched the new JSE website; and
- Implemented the first phase of an electronic procurement system aimed at achieving internal efficiencies and improved governance.

Replacement of Yield-X and clearing systems

Towards the end of 2008, the JSE replaced both the trading and clearing solutions for the equity and commodity derivatives markets. The new software has improved functionality and enhanced risk management controls as well as surveillance and fail-over capabilities (the ability to switch automatically to a backup system when there is a problem).

In 2009, the same process was followed and new software was successfully implemented for the Yield-X market. Market access is also improved through an open application programming interface (API), allowing more external software vendors to connect to the trading system. For the first time, users can access both markets from a single trading terminal, making execution and deal management across multiple markets much simpler. The new application also paves the way for further automation on the order entry side and the efficient processing of larger trading volumes.

Directors and management

Directors

The directors of the JSE are:

Non-executive directors

H J Borkum
A D Botha
M R Johnston
W Y N Luhabe
A M Mazwai
N S Nematswerani
N Payne
G T Serobe
D Lawrence
Z L Combi[1]
N Nyembezi-Heita[2] (alternate: J Berman)

[1] *Appointed to the board in April 2009.*
[2] *Appointed to the board in June 2009.*

Executive directors

R M Loubser
N F Newton-King
L V Parsons
J H Burke
F Evans

Company secretary

G C Clarke

Retirements by rotation

In terms of the JSE's Memorandum and Articles of Association, Bobby Johnston, David Lawrence, Sam Nematswerani and K K Combi retire by rotation at the 2010 annual general meeting. All directors who are retiring are eligible and available for re-election. A brief curriculum vitae for each director up for re-election appears in the notice of the annual general meeting. In addition, following on the purchase of the BESA business, Nonkululeko Nyembezi-Heita was nominated and appointed to the board with effect from 1 July 2009, and her appointment is required to be confirmed by shareholders at the annual general meeting.

Service contracts with directors

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

Directors' interests

The directors' interests are set out in the annual financial statements. Humphrey Borkum, David Lawrence, Andile Mazwai and K K Combi may have indirect interests in the JSE by virtue of holding shares in authorised users, which in turn hold JSE shares. Other than these indirect interests, no other non-executive director has any indirect beneficial or non-beneficial or direct non-beneficial shareholding in the JSE. None of the executive directors has any indirect beneficial or non-beneficial or direct non-beneficial shareholding in the JSE. The beneficial interests of all directors are set out in note 27 to the financial statements.

Financial results

Profit for the year ended 31 December 2009 amounted to R366 million (2008: R374 million), representing earnings per share of 431.3 cents (2008: 439.7 cents). Headline earnings were 456.1 cents per share (2008: 456.9 cents per share). The most noteworthy item on the consolidated statement of financial position is liquid assets of R15 billion (2008: R15 billion). This represents margins held for open positions in the derivatives market.

It should be noted that the JSE maintains the JSE Guarantee Fund Trust, the BESA Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust for investor protection purposes, as required under the Securities Services Act. In view of the control that the JSE exercises over these trusts, the JSE is required to consolidate them into the results of the Group in terms of International Financial Reporting Standards. However, as these trusts are legal entities separate from the JSE, neither the JSE nor its shareholders have any right to the net assets of the trusts. (Refer to note 16 of the annual financial statements).

Regulatory and supervisory structure

The Financial Services Board is responsible for supervising the JSE's listing and regulates its ongoing compliance with the JSE Listings Requirements. During the year under review, the JSE complied with all its rules, Listings Requirements and procedures in a manner that warrants its continued listing and there were no conflicts of interest that were required to be referred to the Financial Services Board.

Share capital

Full details of the authorised, issued and unissued capital of the JSE are contained in note 21 to the annual financial statements.

Dividend policy

The board is conscious of the fact that the JSE needs to provide the most cost-effective services to its clients while providing an acceptable return to its shareholders. In particular, the board does not expect to increase the prices of the JSE's services for the sole purpose of being able to provide a larger dividend to shareholders.

The dividend policy of the Group is to distribute between 40% and 67% of earnings, after deducting non-recurring items. This equates to dividend cover of between 2.5 and 1.5 times. In terms of the policy, the directors are proposing to declare ordinary dividend No 5 of 192 cents per share.

The board may in future decide not to declare any dividend or to declare a higher dividend if it believes that this is warranted in the circumstances.

In accordance with the JSE's Articles of Association, the company in general meeting or the board may declare a dividend to be paid, but the company in general meeting may not declare a larger dividend than is recommended by the board. The board may declare dividends that are unclaimed for a period of not less than 12 years from the date on which they became payable as forfeited for the benefit of the JSE.

Rights attaching to shares

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

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

Resolutions

The following special resolution was passed in 2009:

- General approval to repurchase shares.

Loans by and to the JSE

No material loans have been made to or by the JSE.

Material commitments, lease payments and contingencies

The JSE leases a building and accounts for the lease as an operating lease. The lease commenced on 1 September 2000 for a period of 15 years. On termination of the lease, should the landlord wish to sell the building, the JSE has an option to buy the building at a price yet to be determined. The operating lease payments escalate at 11% per annum.

The JSE is party to a contract with the London Stock Exchange (LSE) for the use of the LSE's trading and information systems. The licence fees are payable quarterly in advance in pound sterling.

The JSE and Strate have entered into an agreement in terms of which Strate will provide settlement services for trades on the JSE's equities and spot interest rate markets.

Post-balance sheet events

No facts or circumstances of a material nature have emerged or occurred between the accounting date and the date of this report that require adjustment or disclosure in the annual financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009

		Group		Exchange		Investor Protection Funds*	
	Note	2009 R'000	2008 R'000	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Revenue	8.1	**1 155 756**	1 071 570	**1 177 181**	1 097 095	**–**	–
Other income	8.2	**40 547**	39 805	**43 449**	38 058	**13 165**	9 074
Personnel expenses	9.1	**(318 632)**	(238 565)	**(318 632)**	(238 565)	**–**	–
Other expenses	9.2	**(491 774)**	(484 281)	**(448 001)**	(458 013)	**(13 142)**	(20 588)
Profit/(loss) before net finance income		**385 897**	388 529	**453 997**	438 575	**23**	(11 514)
Finance income	9.3	**1 325 473**	2 202 351	**77 236**	123 383	**7 518**	5 926
Finance costs	9.4	**(1 221 347)**	(2 067 408)	**(11 835)**	(26 395)	**–**	–
Net finance income		**104 126**	134 943	**65 401**	96 988	**7 518**	5 926
Share of profit of equity accounted investees (net of income tax)	14.2	**27 937**	31 017	**–**	–	**–**	–
Profit/(loss) before tax		**517 960**	554 489	**519 398**	535 563	**7 541**	(5 588)
Income tax expense	10.1	**(152 359)**	(180 132)	**(152 053)**	(179 766)	**–**	–
Profit/(loss) for the year		**365 601**	374 357	**367 345**	355 797	**7 541**	(5 588)
Other comprehensive income							
Net change in fair value of available-for-sale financial assets		**38 187**	(33 721)	**–**	–	**38 187**	(33 721)
Net change in fair value of available-for-sale financial assets transferred to profit or loss		**(9 087)**	(3 388)	**–**	–	**(9 087)**	(3 388)
Income tax on other comprehensive income	10.3	**–**	–	**–**	–	**–**	–
Other comprehensive income/(loss) for the year, net of income tax		**29 100**	(37 109)	**–**	–	**29 100**	(37 109)
Total comprehensive income/(loss) for the year		**394 701**	337 248	**367 345**	355 797	**36 641**	(42 697)
Profit attributable to:							
Owners of the company		**367 244**	374 357	**367 345**	355 797	**7 541**	(5 588)
Non-controlling interest		**(1 643)**	–	**–**	–	**–**	–
Profit/(loss) for the year		**365 601**	374 357	**367 345**	355 797	**7 541**	(5 588)
Total comprehensive income attributable to:							
Owners of the company		**396 344**	337 248	**367 345**	355 797	**36 641**	(42 697)
Non-controlling interest		**(1 643)**	–	**–**	–	**–**	–
Total comprehensive income/(loss) for the year		**394 701**	337 248	**367 345**	355 797	**36 641**	(42 697)
Earnings per share							
Basic earnings/(loss) per share (cents)	11.1	**431.3**	439.7	**431.5**	417.9	**8.9**	(6.6)
Diluted earnings/(loss) per share (cents)	11.2	**425.2**	434.0	**425.3**	412.4	**8.7**	(6.5)

* *Investor Protection Funds comprise the JSE Guarantee Fund Trust, JSE Derivatives Fidelity Fund Trust and BESA Guarantee Fund Trust (the Trusts).*

The JSE maintains these Trusts for investor protection purposes as required under the Securities Services Act, 36 of 2004. The JSE is required to consolidate the Trusts into the results of the Group in terms of International Financial Reporting Standards (IFRS). However, as these trusts are legally separate from the JSE, neither the JSE nor its shareholders have any right to the net assets of these trusts. For enhanced understanding, the Trusts have been shown separately (before intercompany adjustments), although, for compliance with IFRS, the results form part of the Group financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

	Note	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000	Investor Protection Funds 2009 R'000	Investor Protection Funds 2008 R'000
Assets							
Non-current assets		874 301	656 823	806 741	404 772	239 536	194 021
Property and equipment	12.3	87 301	84 115	87 301	84 115	–	–
Intangible assets	13.3/6	382 749	232 763	382 400	232 763	–	–
Investments in equity accounted investees	14.1	92 874	82 647	21 416	21 416	–	–
Investments in subsidiaries	15	–	–	243 783	3 201	–	–
Other investments	16.2	239 538	194 025	2	4	239 536	194 021
Derivative financial instruments	17	1 451	5 619	1 451	5 619	–	–
Deferred taxation	23.1/3	70 388	57 654	70 388	57 654	–	–
Current assets		15 702 377	15 993 536	969 317	1 143 123	122 584	34 109
Trade and other receivables	18	210 918	204 104	118 863	99 821	4 274	3 443
Income tax receivable		29 641	15 978	28 992	15 658	–	–
Due from group entities	15.5	–	–	8 184	7 680	2 200	–
Margin deposits	19.1	14 540 905	14 752 793	23 685	91 222	–	–
Collateral deposits	19.2	116	74 320	116	74 320	–	–
Cash and cash equivalents	20	920 797	946 341	789 477	854 422	116 110	30 666
Total assets		16 576 678	16 650 359	1 776 058	1 547 895	362 120	228 130
Equity and liabilities							
Total equity	21.3	1 604 724	1 373 492	1 287 592	1 083 716	357 888	227 497
Non-current liabilities		195 258	188 619	195 149	188 619	–	–
Finance lease	29.2.3	3 333	2 402	3 333	2 402	–	–
Employee benefits	22.1	64 625	51 336	64 625	51 336	–	–
Deferred taxation	23.1/3	5 587	11 972	5 478	11 972	–	–
Operating lease liability	29.2.1	70 529	75 767	70 529	75 767	–	–
Investor Protection Levy	33	50 165	46 200	50 165	46 200	–	–
Due to SAFEX members	24	1 019	942	1 019	942	–	–
Current liabilities		14 776 696	15 088 248	293 317	275 560	4 232	633
Trade and other payables	25	159 762	208 031	65 964	56 914	3 061	633
Employee benefits	22.1	70 571	50 071	70 571	50 071	–	–
Operating lease liability	29.2.1	5 342	3 033	5 342	3 033	–	–
Due to group entities	15.6	–	–	127 639	–	1 171	–
Margin deposits	19.1	14 540 905	14 752 793	23 685	91 222	–	–
Collateral deposits	19.2	116	74 320	116	74 320	–	–
Total equity and liabilities		16 576 678	16 650 359	1 776 058	1 547 895	362 120	228 130

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009

Group	Note	Share capital R'000	Share premium R'000	Non-distri-butable reserve R'000	BBBEE reserve R'000	Retained earnings R'000	Non-controlling* interest R'000	Total Exchange and sub-sidiaries R'000	Investor Protection Funds R'000	Total Group R'000
		Attributable to equity holders of the Company								
Balance at 1 January 2008		8 514	162 779	10 058	127 371	529 762	–	838 484	270 194	1 108 678
Total comprehensive income for the year										
Profit/(loss) for the year		–	–	–	–	379 945	–	379 945	(5 588)	374 357
Other comprehensive income										
Net change in fair value of available-for-sale financial assets		–	–	–	–	–	–	–	(33 721)	(33 721)
Net change in fair value of available-for-sale financial assets transferred to profit or loss		–	–	–	–	–	–	–	(3 388)	(3 388)
Total other comprehensive loss		–	–	–	–	–	–	–	(37 109)	(37 109)
Total comprehensive income/(loss) for the year		–	–	–	–	379 945	–	379 945	(42 697)	337 248
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
BBBEE reserve		–	–	–	38 132	116	–	38 248	–	38 248
Options issued to black shareholders		–	–	–	33 539	–	–	33 539	–	33 539
Options lapsed transferred to retained earnings		–	–	–	(116)	116	–	–	–	–
Replacement options issued to the JSE Empowerment Fund Trust		–	–	–	4 709	–	–	4 709	–	4 709
Dividends paid to equity holders	21.5	–	–	–	–	(110 682)	–	(110 682)	–	(110 682)
Total contributions by and distributions to owners		–	–	–	38 132	(110 566)	–	(72 434)	–	(72 434)
Total transactions with owners		–	–	–	38 132	(110 566)	–	(72 434)	–	(72 434)
Balance at 31 December 2008		8 514	162 779	10 058	165 503	799 141	–	1 145 995	227 497	1 373 492
Total comprehensive income for the year										
Profit for the year		–	–	–	–	358 060	–	358 060	7 541	365 601
Other comprehensive income										
Net change in fair value of available-for-sale financial assets		–	–	–	–	–	–	–	38 187	38 187
Net change in fair value of available-for-sale financial assets transferred to profit or loss		–	–	–	–	–	–	–	(9 087)	(9 087)
Total other comprehensive income		–	–	–	–	–	–	–	29 100	29 100
Total comprehensive income for the year		–	–	–	–	358 060	–	358 060	36 641	394 701
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
BBBEE reserve		–	–	–	(5 311)	5 311	–	–	–	–
Options lapsed transferred to retained earnings		–	–	–	(5 311)	5 311	–	–	–	–
Dividends paid to equity holders	21.5	–	–	–	–	(163 469)	–	(163 469)	–	(163 469)
Total contributions by and distributions to owners		–	–	–	(5 311)	(158 158)	–	(163 469)	–	(163 469)
Total transactions with owners		–	–	–	(5 311)	(158 158)	–	(163 469)	–	(163 469)
Non-controlling interest in BESA Group		–	–	–	–	–	1 643	1 643	–	1 643
Minority share of losses		–	–	–	–	–	(1 643)	(1 643)	–	(1 643)
Transfer to the BESA Guarantee Fund Trust*#		–	–	–	–	(95 676)	–	(95 676)	95 676	–
Balance at 31 December 2009		8 514	162 779	10 058	160 192	903 367	–	1 244 910	359 814	1 604 724

** Refer to note 7 for details of the non-controlling interest.*

 # The transfer represents the isolation in the BESA Guarantee Fund Trust of the value on acquisition by the JSE of the fund. Refer to note 7.

Exchange	Note	**Share capital R'000**	**Share premium R'000**	**BBBEE reserve R'000**	**Retained earnings R'000**	**Total Exchange R'000**
Balance at 1 January 2008		8 514	162 779	127 371	501 689	800 353
Total comprehensive income for the year						
Profit for the year		–	–	–	355 797	355 797
Other comprehensive income						
Total other comprehensive income		–	–	–	–	–
Total comprehensive income for the year		–	–	–	355 797	355 797
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
BBBEE reserve		–	–	38 132	116	38 248
Options issued to black shareholders		–	–	33 539	–	33 539
Options lapsed transferred to retained earnings		–	–	(116)	116	–
Replacement options issued to the JSE Empowerment Fund Trust		–	–	4 709	–	4 709
Dividends paid to equity holders	21.5	–	–	–	(110 682)	(110 682)
Total contributions by and distributions to owners		–	–	38 132	(110 566)	(72 434)
Total transactions with owners		–	–	38 132	245 231	283 363
Balance at 31 December 2008		8 514	162 779	165 503	746 920	1 083 716
Total comprehensive income for the year						
Profit for the year		–	–	–	367 345	367 345
Other comprehensive income						
Total other comprehensive income		–	–	–	–	–
Total comprehensive income for the year		–	–	–	367 345	367 345
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
BBBEE reserve		–	–	(5 311)	5 311	–
Options lapsed transferred to retained earnings		–	–	(5 311)	5 311	–
Dividends paid to equity holders	21.5	–	–	–	(163 469)	(163 469)
Total contributions by and distributions to owners		–	–	(5 311)	(158 158)	(163 469)
Total transactions with owners		–	–	(5 311)	209 187	203 876
Balance at 31 December 2009		8 514	162 779	160 192	956 107	1 287 592

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2009

	Note	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000	Investor Protection Funds 2009 R'000	Investor Protection Funds 2008 R'000
Cash from/(used in) operations	26	467 318	540 006	527 936	576 498	(10 632)	(7 051)
Interest received		1 353 964	2 237 456	77 806	124 212	7 268	6 182
Interest paid		(1 284 943)	(2 074 998)	(16 440)	(22 469)	–	–
Dividends received		3 922	5 089	–	–	3 922	5 089
Taxation paid		(185 700)	(218 309)	(185 126)	(217 655)	–	–
Net cash from operating activities		354 561	489 244	404 176	460 586	558	4 220
Cash flows from investing activities							
Investment to maintain operations		–	(7 984)	–	(7 984)	–	–
Replacement of property and equipment		–	(7 984)	–	(7 984)	–	–
Investment to expand operations		(209 621)	(155 799)	(305 652)	(141 891)	86 901	(13 908)
Proceeds from maturity of other investments		(91 329)	54 622	–	–	(91 329)	54 622
Acquisition of other investments		81 888	(68 530)	–	–	81 888	(68 530)
Acquisition of shares in Bond Exchange of South Africa, net of cash acquired		(98 346)	–	(240 582)	–	–	–
Cash acquired from BESA Limited		–	–	36 764	–	–	–
Cash acquired from BESA Guarantee Fund Trust		–	–	–	–	96 342	–
Cash flows from equity accounted investees		17 710	7 327	17 710	7 327	–	–
Proceeds from disposal of property and equipment		447	–	447	–	–	–
Leasehold improvements		(3 181)	(1 438)	(3 181)	(1 438)	–	–
Acquisition of intangible assets		(89 730)	(89 802)	(89 730)	(89 802)	–	–
Acquisition of property and equipment		(27 080)	(57 978)	(27 080)	(57 978)	–	–
Net cash (used in)/from investing activities		(209 621)	(163 783)	(305 652)	(149 875)	86 901	(13 908)
Cash flows from financing activities							
Transfer of reserves to JSE		(2 015)	–	–	–	(2 015)	–
Repayment of loan to OMX Technology AB		(5 000)	–	–	–	–	–
Purchase of European call options		–	(32 983)	–	(32 983)	–	–
Dividends paid		(163 469)	(110 682)	(163 469)	(110 682)	–	–
Net cash used in financing activities		(170 484)	(143 665)	(163 469)	(143 665)	(2 015)	–
Net (decrease)/increase in cash and cash equivalents		(25 544)	181 796	(64 945)	167 046	85 444	(9 688)
Cash and cash equivalents at beginning of year		946 341	764 545	854 422	687 376	30 666	40 354
Cash and cash equivalents at end of year	20	920 797	946 341	789 477	854 422	116 110	30 666

1. Reporting entity

JSE Limited (the "JSE", the "Company" or the "Exchange") is duly registered and incorporated in South Africa. The registration number is 2005/022939/06. The JSE is licensed as an exchange in terms of the Securities Services Act, No 36 of 2004. The JSE has the following main lines of business: trading, issuer services, clearing and settlement services, technology and other technology related services and information product sales. The address of the Company's registered office is One Exchange Square, 2 Gwen Lane, Sandown. The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries and controlled special purpose vehicles (collectively referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements and the separate financial statements of the Exchange have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements and the separate financial statements were authorised for issue by the Board of Directors on 8 March 2010.

2.2 Basis of measurement

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

- derivative financial instruments;
- available-for-sale financial assets; and
- liabilities for cash-settled share-based payment arrangements.

The methods used to measure fair values are discussed further in note 4.

2.3 Functional and presentation currency

The consolidated and separate financial statements are presented in South African rand (which is the Company's functional currency), rounded off to the nearest thousand.

2.4 Use of estimates and judgements

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

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

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

Note 17 – valuation of derivative financial instruments
Notes 21 and 22.7 – measurement of share-based payments
Note 22 – employee benefits
Note 29.1 – contingent liabilities
Note 29.2.1 and 29.2.3
– lease classifications.

2.5 Changes in accounting policies and other accounting developments

(i) Overview

Starting as of 1 January 2009, the Group has changed its accounting policies in the following areas:

- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests
- Determination and presentation of operating segments
- Presentation of financial statements.

(ii) Accounting for business combinations

The Group has early adopted IFRS 3 *Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements* (2008) for business combinations occurring in the financial year starting 1 January 2009. All business combinations occurring on or after 1 January 2009 are accounted for by applying the acquisition method. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

The Group has applied the acquisition method for the business combination disclosed in note 7.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the acquisition date fair value of any contingent consideration and a portion of the market-based measure of share-based payment awards of the acquiree that are replaced mandatorily in the business combination (refer to note 7). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as a post-combination compensation cost.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

(iii) Accounting for acquisitions of non-controlling interests

The Group has early adopted IFRS 3 *Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements*

(2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 January 2009. The Group has applied IAS 27 (2008) for the acquisition of non-controlling interests as explained in note 7.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

(iv) Determination and presentation of operating segments

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the Executive Committee ("Exco"), which represents the Group's chief operating decision-maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. As the services provided by the JSE are not subject to materially different operational risks, they were previously regarded as a single business and geographical segment for annual financial statement reporting purposes and therefore segment information was not disclosed.

Comparative segment information has been presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by Exco to make decisions about resources to be allocated to the segment and assess its performance, and discrete financial information is available for an operating segment.

IFRS 8 *Operating Segments*, has been amended to clarify that an entity should report a measure of total assets and total liabilities for each reportable segment, if the amounts are regularly provided to the chief operating decision maker. The Group has early adopted this amendment. Accordingly, no measure of segment assets or liabilities is presented.

(v) Presentation of financial statements

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been represented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(vi) IFRS 7 (amendment), 'Financial Instruments – Disclosures'

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the amendment only results in additional disclosures, there is no impact on profit for the year.

(vii) IFRS 2 (amendment), 'Share-based Payment'

The amendment to IFRS 2 deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. The amendment does not have an impact on the Group's financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and the separate financial statements of the Exchange, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies and other accounting developments.

3.1 Basis of consolidation

(i) Business combinations

The Group has changed its accounting policy with respect to accounting for business combinations. See note 2.5(ii) for further details.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group financial statements incorporate the assets, liabilities and results of the operations of the SAFEX Clearing Company (Proprietary) Limited (Safcom), the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust and JSE Trustees (Proprietary) Limited. As a result of the business combination effective 22 June 2009 (refer to note 7), the JSE also accounts for BESA Limited, BondClear Limited, BESA Investments (Proprietary) Limited and the BESA Guarantee Fund Trust as subsidiary companies. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the separate financial statements of the Exchange, investments in subsidiaries are carried at cost less accumulated impairment losses. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Special purpose entities

The JSE Guarantee Fund Trust, JSE Derivatives Fidelity Fund Trust and BESA Guarantee Fund Trust are special purpose entities (SPEs) set up for investor protection. The Group does not have any direct or indirect shareholding in these entities, however, based on the evaluation of the substance of the relationship with the Group and the SPEs risks and rewards, the Group controls the financial and operating policies of these entities and the results are thus consolidated. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

(iv) Investments in associates and jointly controlled entities (equity accounted investees)

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

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

(v) Transactions eliminated on consolidation

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

3.2 Foreign currency transactions

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

3.3 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade receivables, interest receivable, other receivables, margin and collateral deposits, cash and cash equivalents, trade payables, interest payable, amounts due to and from Group companies and amounts due to SAFEX members.

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

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

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

Available-for-sale financial assets
The Group's investments in equity and debt securities are classified as available-for-sale financial assets. Available-for-sale financial assets are carried at fair value with any resultant gain or loss being recognised directly in other comprehensive income, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established. Refer to note 16 (other investments) for the financial assets classified as available-for-sale.

Financial instruments at fair value through profit or loss
An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. No financial instruments have been designated at fair value through profit or loss upon initial recognition. The derivative financial instruments are classified as held for trading.

Loans and receivables and financial liabilities measured at amortised cost
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses on financial assets. Other non-derivative financial instruments include trade and other receivables, trade and other payables, cash and cash equivalents, amounts due to and from Group companies, margin and collateral deposits and amounts due to SAFEX members.

(ii) Derivative financial instruments

The Exchange holds derivative financial instruments to economically hedge its exposure to risks arising from operational activities. The Exchange does not hold derivative financial instruments for trading purposes. Derivative instruments are initially recognised at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value and the resultant gains or losses are recognised in profit or loss.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. Changes in the fair value of separable embedded derivatives are recognised in profit or loss.

(iii) Share capital
Ordinary shares

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

(iv) Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

3.4 Property and equipment
(i) Recognition and measurement

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

- computer hardware – three to ten years
- leased assets – three years
- vehicles – five years
- leasehold improvements – fifteen years
- furniture and equipment – three to fifteen years.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.5 Intangible assets
(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see note 2.5.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

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

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

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

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

(v) Amortisation
Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:
- trademarks – five to ten years
- capitalised development costs – three to seven years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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

(ii) Operating leases
Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease. When the timing of lease payments does not represent the time pattern of the lessee's benefits under the lease agreement, prepaid

rent or accrued liabilities for rental payments are recognised.

3.7 Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. In the case of an available-for-sale financial asset, a significant or prolonged decline in the fair value of the financial asset below its cost is considered as an indicator that the financial asset is impaired. In the case of a financial asset measured at amortised cost, suspension of the debtor, significant liquidity concerns in respect of the debtor, and default in payments are considered indicators that the financial asset is impaired. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining assets are assessed collectively in groups that share similar credit risk characteristics. The carrying amount of the impaired financial asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Subsequent recoveries of amounts written off are credited to profit or loss. Impairment losses relating to available-for-sale equity securities are not reversed through profit or loss but directly in equity.

(ii) Non-financial assets

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

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

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expense is discussed in note 3.14.

3.9 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

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

(iii) Leave pay

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

(iv) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as a personnel expense with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

3.10 Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.11 Revenue

Revenue comprises derivatives trading and clearing fees, equities trading fees, equities risk management fees, clearing and settlement fees, information product sales, listing fees, interest rate market fees, fees for technology and related services and funds management. Revenue is recognised in the year in which the service relates.

3.12 Other income

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

3.13 Lease payments

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

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

(i) Determining whether an arrangement contains a lease

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

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

3.14 Finance income and expenses

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

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

3.15 Income tax expense

(i) Income tax

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

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

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

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

(ii) Secondary tax on companies

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.16 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributed to ordinary shareholders and the weighted average number of ordinary share outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to qualifying black shareholders.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.18 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

IFRIC 17, *'Distribution of non-cash assets to owners'* – effective on or after 1 July 2009

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group will apply IFRIC 17 from 1 January 2010. It is not expected to have an impact on the Group's financial statements.

Amendments to IFRS 2, *'Share-based payments'* – effective 1 January 2010

The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the Group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled. It is not expected to have an impact on the Group's financial statements.

Improvements to IFRS (Issued August 2009) – effective 1 January 2010

This is a collection of amendments to IFRS. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRS. The following amendment is relevant to the Group's financial statements:

IAS 38, *'Intangible assets'* which has been amended to clarify that when an intangible asset acquired in a business combination is linked to a contract or identifiable asset, the intangible asset may be recognised separately from goodwill, but together with the related item. In addition, the acquirer may recognise a group of complementary intangible assets as a single asset provided the individual assets in the Group have similar useful lives. This improvement is not expected to have an impact on the Group's financial statements.

3.19 New standards and interpretations not yet adopted

Other than those adopted early as explained in note 2 (e) a number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated and separate financial statements. None of these will have an effect on the consolidated and separate financial statements of the Group.

4. Determination of fair value

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

4.1 Plant and equipment

The fair value of plant and equipment recognised as a result of a business combination is based on market values. The fair values of items of plant, equipment, fixtures and fittings are based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

4.2 Intangible assets

The fair value of patents and trademarks acquired in a business combination are based on the discounted estimated future cash flows attributable to the identified cash generating units.

4.3 Investments in equity and debt securities

The fair value of the financial assets at fair value through profit or loss, and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

4.4 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

4.5 Non-derivative financial instruments

The carrying value (less impairment allowance where relevant) of short-term non-derivative financial instruments are assumed to approximate their fair values.

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

4.6 Share-based payment transactions

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

5. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes from measuring and managing risk, and the Group's management of capital. Further quantitative and qualitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Risk Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported to the Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances. Approximately 5% (2008: 6%) of the Group's revenue is attributable to sales transactions with a single customer. However, geographically there is no concentration of credit risk.

A significant number of the Group's customers have been transacting with the Group for over four years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables, investments and other financial assets. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have a credit rating of at least P-1.za or P-2.za from Moody's. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that can not reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group incurs financial liabilities in order to manage market risks relating to the long-term incentive scheme. All transactions are carried out within the guidelines set by the Risk Management Committee.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as the result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

Neither the Exchange nor any of it subsidiaries are subject to externally imposed capital requirements.

6. Operating segments

The Group has five reportable segments, as stated below. The business units offer different products and services, and are managed separately because they require different technology and marketing strategies. Management has determined the operating segments based on the monthly reports reviewed by the Executive Committee ("Exco"). Exco reviews the revenue streams as set out in note 8.1. Financial and personnel resources are allocated according to the needs of the various divisions in order to apply the strategy and operating plans agreed to during the budgeting process. Costs in the JSE are managed holistically across the Exchange and variances against budget are closely monitored. Information technology and other corporate overheads are not generally allocated to a particular segment.

Information about reportable segments

Group	Equity* division R'000	Equity derivatives R'000	Commodity derivatives R'000	Interest rate market R'000	Information sales R'000	Other R'000	Total R'000
For the year ended 31 December **2009**							
External revenues	**725 674**	**116 175**	**41 241**	**16 433**	**108 773**	**147 460**	**1 155 756**
For the year ended 31 December **2008**							
External revenues	648 040	141 216	46 893	–	96 563	138 858	1 071 570

Comprises equities trading fees, membership fees, issuer services, broker deal accounting services and risk management, and clearing and settlement fees.

7. Acquisition of subsidiary and non-controlling interests

7.1 Business combination

The Scheme of Arrangement, proposed by BESA and the JSE in December 2008 in respect of the proposed acquisition of BESA, was successfully finalised in June 2009, with all necessary regulatory and competition authority approvals having been received. As a consequence, on 22 June 2009 the Group acquired 100% of the shares and voting interests in BESA, a licensed exchange responsible for operating and regulating fixed-income and interest-rate derivatives markets in South Africa.

As a consequence of this acquisition, the Group anticipates being able to increase utilisation of infrastructure to achieve economies of scale and to leverage the combined expertise of the BESA and JSE staff. This is expected to translate into real benefits for market participants, particularly with respect to an increased range of spot and derivative products, enhanced liquidity and market volumes, and improved, common risk-management processes.

Although the shares were acquired on 22 June 2009 the activity for the eight days to 30 June 2009 was not significant in light of the Group results and has thus being ignored when determining the final take-on values.

For the period 1 July 2009 to 31 December 2009 BESA Limited generated revenue of Rnil and a profit of R60.7 million. This is as a consequence of the sale of its business to the JSE. Refer to note 7.2. As a result of the sale of business, revenue and expenditure from the BESA operations amounting to R22.6 million and R24.5 million respectively for the same period have been incorporated within the JSE. If the acquisition had occurred on 1 January 2009, management estimates that the BESA Group's consolidated revenue would have been R30.1 million, and the BESA Group's consolidated loss for the year would have been R23.8 million. These figures exclude the revenue and expenditure now incorporated within the JSE from 1 July 2009. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2009.

7. Acquisition of subsidiary and non-controlling interests continued

7.1 Business combination continued

The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration transferred

	R'000
Cash consideration paid	240 582

Identifiable assets acquired and liabilities assumed	Final take-on values R'000	Provisional take-on values as disclosed in the 2009 interim report R'000
Property and equipment	**1 496**	5 585
Intangible assets	**27 904**	72 347
Trade and other receivables	**10 598**	13 064
Cash and cash equivalents	**142 236**	145 494
Employee benefits	**(1 502)**	(1 502)
Deferred lease liability	**(578)**	(534)
Deferred taxation	**(621)**	(14 137)
Loan from OMX Technology AB	**(10 000)**	(10 000)
Trade and other payables	**(10 453)**	(14 776)
Total net identifiable assets	**159 080**	195 541

The fair values of the net identifiable assets at 30 June 2009 per the 2009 interim report were determined provisionally pending completion of an independent valuation. This valuation has since been completed. Intangible assets comprise BESA's tradename, customer relationships, computer software and regulatory and operational relationships. The most significant changes between the provisional and final values relate to the values provisionally attributable to the customer relationship and the computer software. In using the Multi-period Excess Earnings method and applying the Contribution Asset Costs model to that, both values together provisionally estimated at R45 million in the interim report are worth negligible amounts in the valuation. Deferred taxation recognised on these provisional balances amounting to R14 million has also been removed from the take-on values.

The trade and other receivables include gross contractual amounts due of R10.6 million of which Rnil was expected to be uncollectible at the acquisition date.

The non-controlling interest is based on the proportionate share of the fair value of identifiable net assets.

7. Acquisition of subsidiary and non-controlling interests continued

7.1 Business combination continued

Goodwill

Goodwill on the acquisition has been recognised as follows:

	R'000
Total consideration transferred	240 582
Add: non-controlling interest	1 643
	242 225
Less: value of net identifiable assets	159 080
Goodwill	83 145

The goodwill is attributable mainly to the skills and technical talent of BESA's workforce, and the synergies expected to be achieved from integrating BESA into the Group's existing business. The goodwill recognised is not deductible for income tax purposes. Refer to note 13.10 for the goodwill impairment test.

Transactions recognised separately from the acquisition

The JSE incurred acquisition-related costs of R4.2 million (2008: R2.1 million) relating to external legal and consulting fees. These costs have been included in other expenses in the Group's consolidated statement of comprehensive income.

7.2 Purchase of BESA Limited's business

Subsequent to the business combination, the JSE acquired the operations of BESA via a Sale of Business Agreement. BESA's market operations have been merged into the JSE to form a new interest rate division which is focused on running the JSE's interest rate products and developing a fresh interest rate strategy for the South African fixed-income market. Operating activities and personnel have been integrated into the JSE. The JSE purchased the business (identified assets and liabilities) of BESA Limited with effect from 1 July 2009 for R125.4 million.

7.3 Acquisition of non-controlling interest

In December 2009, the Group acquired the 20% shareholding held by OMX in BondClear Limited, a subsidiary company of the Group for R1.00. As a result the Group's ownership in BondClear Limited increased from 80% to 100%. The parent is under obligation to fund the losses in respect of non-controlling interests and thus the attribution to non-controlling interest losses are limited.

8. Revenue and other income

8.1 Revenue comprises:

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
Equity derivatives fees	106 700	131 591	106 700	131 591
Commodity derivatives fees	41 241	46 893	41 241	46 893
Equities trading fees	309 980	266 739	309 980	266 739
Yield-X trading fees	9 475	9 625	9 475	9 625
Interest rate market	16 433	–	18 123	–
Risk management, clearing and settlement fees	163 663	157 744	163 663	157 744
Information sales	108 773	96 563	108 773	96 563
Membership fees	8 360	6 895	8 360	6 895
Issuer services	78 853	69 134	78 853	69 134
Technology services (BDA)	164 818	147 528	164 818	147 528
Funds management	49 630	47 491	69 365	73 016
Strate ad valorem fees	97 830	91 367	97 830	91 367
	1 155 756	1 071 570	1 177 181	1 097 095

8.2 Other income comprises:

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
Investor Protection Funds	13 165	9 074	–	–
– BESA Guarantee Fund Trust contributions	156	–	–	–
– dividend income	3 922	4 707	–	–
– gain on disposal of available-for-sale financial assets transferred from equity	9 087	4 367	–	–
Rental income	13 176	3 420	13 176	3 420
Foreign exchange gain	–	10 424	–	10 424
Dividends received	–	–	17 710	7 327
Gain on assignment of debt due from BondClear Limited	5 000	–	5 000	–
Bad debt recovered	2 148	10 403	2 148	10 403
Sundry income	7 058	6 484	5 415	6 484
	40 547	39 805	43 449	38 058

9. Profit before taxation

9.1 Personnel expenses comprises:

	Note	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
Remuneration paid to employees		**204 163**	153 710	**204 163**	153 710
Contribution to defined contribution plans		**9 880**	6 227	**9 880**	6 227
Directors' emoluments		**38 552**	32 196	**38 552**	32 196
– executive directors, for services as directors	27.1	**34 349**	28 648	**34 349**	28 648
– non-executive directors	27.3	**4 203**	3 548	**4 203**	3 548
Long-term incentive scheme	22.7	**53 147**	35 851	**53 147**	35 851
– first tranche charge		**30 756**	(19 538)	**30 756**	(19 538)
– second tranche (write-back)/charge		**(842)**	783	**(842)**	783
– second tranche hedge charge		**4 168**	27 364	**4 168**	27 364
– Deferred cash bonus 2008		**(2 757)**	27 242	**(2 757)**	27 242
– Deferred cash bonus 2009	22.5	**21 822**	–	**21 822**	–
Remuneration paid other than to employees for technical services		**12 890**	10 581	**12 890**	10 581
		318 632	238 565	**318 632**	238 565

9. Profit before taxation continued

9.2 Other expenses

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
are arrived at after taking into account:				
Amortisation of intangible assets	**22 191**	18 059	**22 152**	18 059
Auditors' remuneration	**5 918**	4 096	**4 608**	3 090
– audit fee	**3 782**	2 198	**2 858**	1 682
– fees for other assurance services	**24**	397	**24**	397
– fees for other services	**1 821**	1 251	**1 497**	901
– prior year under-accrual	**291**	250	**229**	110
Consulting fees	**27 227**	21 305	**27 227**	21 305
– strategic	**390**	220	**390**	220
– other	**26 837**	21 085	**26 837**	21 085
Depreciation	**26 873**	27 579	**26 873**	27 579
– computer hardware	**16 555**	12 244	**16 555**	12 244
– furniture and equipment	**3 038**	2 247	**3 038**	2 247
– leased assets	**3 547**	9 560	**3 547**	9 560
– leasehold improvements	**3 700**	3 523	**3 700**	3 523
– vehicles	**33**	5	**33**	5
Foreign exchange loss	**8 430**	–	**8 430**	–
Impairment of available-for-sale equity securities	**2 113**	9 811	**–**	–
Impairment of monies due from Group entities	**329**	–	**1 844**	–
Impairment of intangible assets	**29 531**	8 700	**8 018**	8 700
(Decrease)/increase in allowance for trade receivables impairment	**(30)**	389	**(30)**	389
Insurance premium	**10 833**	8 069	**1 631**	–
Legal fees	**4 434**	4 460	**4 364**	4 460
Loss on disposal of available-for-sale financial assets transferred from equity	**–**	979	**–**	–
Mainframe operations	**49 229**	50 623	**49 229**	50 623
Operating lease charges	**34 404**	33 009	**34 404**	33 009
– building	**32 217**	31 115	**32 217**	31 115
– office equipment	**2 187**	1 894	**2 187**	1 894
Other computer operations	**10 057**	16 473	**10 057**	16 473
Software maintenance	**48 648**	40 531	**48 648**	40 531
Strate ad valorem fees	**97 830**	91 367	**97 830**	91 367

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1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984
1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

9. Profit before taxation continued

9.2 Other expenses continued

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
Administration fees	**6 682**	6 283	**6 682**	6 283
Arbitration settlement	**–**	3 500	**–**	3 500
Black shareholders' retention scheme	**–**	38 248	**–**	38 248
Marketing and advertising	**20 075**	20 822	**20 075**	20 822
Recruitment fees	**2 940**	5 335	**2 940**	5 335
Swift charges	**5 177**	4 167	**5 177**	4 167
Transaction charges	**20 909**	19 141	**20 909**	19 141
Other expenses	**57 974**	51 335	**46 933**	44 932
	491 774	484 281	**448 001**	458 013

9.3 Finance income

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
Own funds	**66 452**	91 294	**66 150**	95 112
Investor Protection Funds	**7 518**	5 926	**–**	–
Finance income earned on collateral deposits	**3 475**	9 810	**3 475**	9 810
Finance income earned on margin deposits	**1 248 028**	2 095 321	**7 611**	18 461
– equities	**7 611**	18 461	**7 611**	18 461
– derivatives	**1 240 417**	2 076 860	**–**	–
	1 325 473	2 202 351	**77 236**	123 383

9.4 Finance costs

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
Finance costs on all funds excluding collateral and margin deposits	**4 441**	6 125	**4 441**	6 125
Finance costs on collateral deposits	**338**	1 619	**338**	1 619
Finance costs on margin deposits	**1 216 568**	2 059 664	**7 056**	18 651
– equities	**7 056**	18 651	**7 056**	18 651
– derivatives	**1 209 512**	2 041 013	**–**	–
	1 221 347	2 067 408	**11 835**	26 395

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
10. Income tax expense				
10.1 Taxation				
– Current tax expense				
– current year	**157 415**	179 948	**157 109**	179 582
– adjustment for prior periods	**108**	–	**108**	–
– Secondary tax on companies				
– current year	**14 576**	10 336	**14 576**	10 336
– Deferred tax asset				
– origination and reversal of taxable temporary differences	**(13 355)**	(11 676)	**(13 246)**	(11 676)
– Deferred tax liability				
– origination and reversal of taxable temporary differences	**(6 385)**	1 524	**(6 494)**	1 524
	152 359	180 132	**152 053**	179 766
10.2 Reconciliation of effective tax rate				
Current tax rate	**28.00%**	28.00%	**28.00%**	28.00%
Adjusted for:				
– Tax exempt income	**(2.45%)**	(1.13%)	**(1.19%)**	(0.38%)
– Adjustment for prior periods	**(2.20%)**	(0.95%)	**(2.20%)**	(1.87%)
– Non-deductible expenses	**4.68%**	6.27%	**1.76%**	5.89%
– Secondary tax on companies	**2.81%**	1.86%	**2.81%**	1.93%
– Capital gains tax	**0.09%**	0.00%	**0.09%**	0.00%
– Share of profit of equity accounted investees	**(1.51%)**	(1.57%)	**0.00%**	0.00%
	29.42%	32.48%	**29.27%**	33.57%

10.3 The following tax rates are applicable to the various entities within the group:

JSE Limited	28% (2008: 28%)
SAFEX Clearing Company (Proprietary) Limited	28% (2008: 28%)
Strate Limited	28% (2008: 28%)
Satrix Managers (Proprietary) Limited	28% (2008: 28%)
JSE Trustees (Proprietary) Limited	28% (2008: 28%)
JSE Derivatives Fidelity Fund Trust	Exempt from income tax in terms of s10(1)(d) of the South African Income Tax Act, No 58 of 1962
JSE Guarantee Fund Trust	Exempt from income tax in terms of s10(1)(d) of the South African Income Tax Act, No 58 of 1962
BESA Limited	28% (2008: 28%)
BESA Investments (Proprietary) Limited	28% (2008: 28%)
BondClear Limited	28% (2008: 28%)
BESA Guarantee Fund Trust	Application for income tax exemption in terms of s10(1)(d)(iii) of the South African Income Tax Act, No 58 of 1962 has been submitted to SARS.

11. Earnings and headline earnings per share

11.1 Basic earnings per share

The calculation of basic earnings per share at 31 December 2009 of 431.3 (2008: 439.7) cents per share was based on profit for the year of R367.2 million (2008: R374.4 million) and a weighted average number of ordinary shares of 85 140 050 (2008: 85 140 050) calculated as follows:

	Group		Exchange	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Profit for the year	**367 244**	374 357	**367 345**	355 797
Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January	**85 140 050**	85 140 050	**85 140 050**	85 140 050
Weighted average number of ordinary shares at 31 December	**85 140 050**	85 140 050	**85 140 050**	85 140 050
Basic earnings per share (cents)	**431.3**	439.7	**431.5**	417.9

11.2 Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2009 of 425.2 (2008: 434.0) cents per share was based on the profit for the year of R367.2 million (2008: R374.4 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 86 369 696 (2008: 86 266 616) calculated as follows:

	Group		Exchange	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Profit for the year	**367 244**	374 357	**367 345**	355 797
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December (basic)	**85 140 050**	85 140 050	**85 140 050**	85 140 050
Effect of share options on issue	**1 229 646**	1 126 566	**1 229 646**	1 126 566
Weighted average number of ordinary shares (diluted)	**86 369 696**	86 266 616	**86 369 696**	86 266 616
Diluted earnings per share (cents)	**425.2**	434.0	**425.3**	412.4

The average market value of the Exchange's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

11. Earnings and headline earnings per share continued

11.3 Headline earnings per share

The calculation of headline earnings per share at 31 December 2009 of 456.1 (2008: 456.9) cents per share was based on headline earnings of R388.4 million (2008: R389.0 million) and a weighted average number of ordinary shares of 85 140 050 (2008: 85 140 050) during the year as calculated in Note 11.1.

	Group		Exchange	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
Reconciliation of headline earnings:				
Profit for the year	**367 244**	374 357	**367 345**	355 797
Adjustments, net of tax[1], are made to the following:				
Loss on sale of property and equipment	**107**	2	**107**	–
Impairment of goodwill	**158**	–	**–**	–
Impairment of monies due from related entities	**329**	–	**1 844**	–
Impairment of intangible assets	**27 286**	8 700	**5 773**	8 700
Impairment of available-for-sale equity securities	**2 113**	9 811	**–**	–
Remeasurement included in equity accounted earnings of associates	**200**	–	**–**	–
Profit on realisation of available-for-sale instruments	**(9 087)**	(3 883)	**–**	–
Headline earnings	**388 351**	388 987	**375 069**	364 497
Headline earnings per share (cents)	**456.1**	456.9	**440.5**	428.1

[1] *Taxation effect of headline adjustments was R2.3 million (2008: Rnil)*

11.4 Diluted headline earnings per share

The calculation of diluted headline earnings per share at 31 December 2009 of 449.6 (2008: 450.9) cents per share was based on headline earnings for the year of R388.4 million (2008: R389.0 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 86 369 696 (2008: 86 266 616). Refer to note 11.2 and 11.3 for detailed calculations.

	Group 2009	Group 2008	Exchange 2009	Exchange 2008
Diluted headline earnings per share (cents)	**449.6**	450.9	**434.3**	422.5
11.5 Net asset value per share (cents)	**1 884.8**	1 613.2	**1 512.3**	1 272.9

The calculation of net asset value per share at 31 December 2009 of 1 884.8 (2008: 1 613.2) cents per share was based on total equity of R1 604.7 million (2008: R1 373.5 million) and the actual number of ordinary shares in issue during the year of 85 140 050 (2008: 85 140 050).

11. Earnings and headline earnings per share continued

11.6 Effect on earnings and net asset value per share of Investor Protection Funds

	Group	
	2009 R'000	2008 R'000
The contribution these funds make to the Group is as follows:		
Basic earnings/(loss) per share (cents)	**8.9**	(6.6)
Diluted earnings/(loss) per share (cents)	**8.7**	(6.5)
Headline earnings/(loss) per share (cents)	**0.7**	(11.1)
Net asset value per share (cents)	**422.6**	267.2

The JSE maintains the JSE Guarantee Fund Trust, JSE Derivatives Fidelity Fund Trust and BESA Guarantee Fund Trust for investor protection purposes as required under the Securities Services Act, No 36 of 2004. The JSE is required to consolidate these Trusts into the results of the Group in terms of International Financial Reporting Standards ("IFRS"). However, as these Trusts are legally separate from the JSE, neither the JSE nor its shareholders have any right to the net assets of such Trusts.

12. Property and equipment

	Note	Computer hardware R'000	Furniture and equipment R'000	Leasehold improvements R'000	Vehicles R'000	Total owned assets R'000	Finance lease assets R'000	Total assets R'000
12.1 Cost								
Group and Exchange								
2009								
Balance at 1 January 2009		58 881	28 477	55 279	264	142 901	15 712	158 613
Reclassification	13.8	(1 317)	(287)	(534)	–	(2 138)	–	(2 138)
Additions		16 627	5 857	3 181	–	25 665	4 596	30 261
Disposals		(40)	(14)	(186)	–	(240)	(437)	(677)
Acquisitions through business combination	7	602	874	–	–	1 476	–	1 476
Balance at 31 December 2009		74 753	34 907	57 740	264	167 664	19 871	187 535
Group and Exchange								
2008								
Balance at 1 January 2008		12 370	26 160	52 581	101	91 212	–	91 212
Additions		46 511	2 317	2 698	163	51 689	15 712	67 401
Balance at 31 December 2008		58 881	28 477	55 279	264	142 901	15 712	158 613
12.2 Depreciation								
Group and Exchange								
2009								
Balance at 1 January 2009		19 160	17 417	28 255	106	64 938	9 560	74 498
Reclassification	13.8	(206)	(316)	(534)	–	(1 056)	–	(1 056)
Depreciation charge for the year		16 450	2 956	3 700	33	23 139	3 547	26 686
Disposals		(20)	(5)	(56)	–	(81)	–	(81)
Acquisitions through business combination	7	105	82	–	–	187	–	187
Balance at 31 December 2009		35 489	20 134	31 365	139	87 127	13 107	100 234
Group and Exchange								
2008								
Balance at 1 January 2008		6 915	15 170	24 732	101	46 918	–	46 918
Depreciation charge for the year		12 245	2 247	3 523	5	18 020	9 560	27 580
Balance at 31 December 2008		19 160	17 417	28 255	106	64 938	9 560	74 498
12.3 Carrying amounts								
Group and Exchange								
2009								
At 31 December 2008		39 721	11 060	27 024	158	77 963	6 152	84 115
At 31 December 2009		39 264	14 773	26 375	125	80 537	6 764	87 301
Group and Exchange								
2008								
At 31 December 2007		5 455	10 990	27 849	–	44 294	–	44 294
At 31 December 2008		39 721	11 060	27 024	158	77 963	6 152	84 115

Finance lease assets

The Group leases computer equipment under a number of finance lease agreements. Some leases provide the Group with the option to purchase the equipment at market-related prices.

13. Intangible assets

13.1 Cost

	Note	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
Group						
2009						
Balance at 1 January 2009		–	–	199 497	170 411	369 908
Reclassification	13.8	–	–	1 340	–	1 340
Additions		–	–	8 561	81 169	89 730
Acquisitions through business combinations	7	83 145	2 217	25 687	–	111 049
Balance at 31 December 2009		83 145	2 217	235 085	251 580	572 027
Group						
2008						
Balance at 1 January 2008		–	–	175 189	104 917	280 106
Additions		–	–	1 835	87 967	89 802
Transfer to computer software		–	–	22 473	(22 473)	–
Balance at 31 December 2008		–	–	199 497	170 411	369 908

13.2 Amortisation and impairment losses

	Note	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
Group						
2009						
Balance at 1 January 2009		–	–	124 642	12 503	137 145
Reclassification	13.8	–	–	253	–	253
Impairment loss	13.9	158	–	21 513	8 018	29 689
Amortisation for the year		–	225	21 270	–	21 495
Acquisitions through business combinations		–	–	696	–	696
Balance at 31 December 2009		158	225	168 374	20 521	189 278
Group						
2008						
Balance at 1 January 2008		–	–	106 583	3 803	110 386
Impairment loss		–	–	–	8 700	8 700
Amortisation for the year		–	–	18 059	–	18 059
Balance at 31 December 2008		–	–	124 642	12 503	137 145

13.3 Carrying amounts

	Note	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
Group						
2009						
At 31 December 2008		–	–	74 855	157 908	232 763
At 31 December 2009		82 987	1 992	66 711	231 059	382 749
Group						
2008						
At 31 December 2007		–	–	68 606	101 114	169 720
At 31 December 2008		–	–	74 855	157 908	232 763

	Note	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
13. Intangible assets continued						
13.4 Cost						
Exchange						
2009						
Balance at 1 January 2009		–	–	199 497	170 411	369 908
Reclassification	13.8	–	–	1 340	–	1 340
Additions		–	–	8 561	81 169	89 730
Acquisitions through purchase of business	7	82 987	1 829	4 174	–	88 990
Balance at 31 December 2009		82 987	1 829	213 572	251 580	549 968
Exchange						
2008						
Balance at 1 January 2008		–	–	175 189	104 917	280 106
Additions		–	–	1 835	87 967	89 802
Transfer to computer software		–	–	22 473	(22 473)	–
Balance at 31 December 2008		–	–	199 497	170 411	369 908
13.5 Amortisation and impairment losses						
Exchange						
2009						
Balance at 1 January 2009		–	–	124 642	12 503	137 145
Reclassification	13.8	–	–	253	–	253
Impairment loss	13.9	–	–	–	8 018	8 018
Amortisation for the year		–	186	21 270	–	21 456
Acquisitions through purchase of business	7	–	–	696	–	696
Balance at 31 December 2009		–	186	146 861	20 521	167 568
Exchange						
2008						
Balance at 1 January 2008		–	–	106 583	3 803	110 386
Impairment loss	13.9	–	–	–	8 700	8 700
Amortisation for the year		–	–	18 059	–	18 059
Balance at 31 December 2008		–	–	124 642	12 503	137 145

13. Intangible assets continued

13.6 Carrying amounts

	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
Exchange					
2009					
At 31 December 2008	–	–	74 855	157 908	232 763
At 31 December 2009	**82 987**	**1 643**	**66 711**	**231 059**	**382 400**
Exchange					
2008					
At 31 December 2007	–	–	68 606	101 114	169 720
At 31 December 2008	–	–	74 855	157 908	232 763

13.7 Amortisation and impairment charge

The amortisation and impairment loss is recognised as other expenses in the statement of comprehensive income.

13.8 Reclassification

During the year an extensive exercise was carried out to reconcile the property and equipment and intangible assets balances per the fixed asset register to that of the general ledger. This has resulted in certain balances being reclassified. The impact to the net carrying amounts at the beginning and end of the year is Rnil.

13.9 Impairment loss

– Computer software

During 2009 BondClear Limited ("BondClear"), a subsidiary of BESA Limited acquired a licence to use the NASDAQ OMX Secure Clearing platform as part of a signed agreement with NASDAQ OMX. In order for BondClear to access the Secure Clearing platform, NASDAQ OMX customised various software applications. During December 2009 the JSE and NASDAQ OMX decided not to pursue this clearing project and accordingly both the software licence and the customisation work have been impaired (R21.5 million).

– Software under development

During the year, a special review of the software development costs was conducted. Certain elements totalling R8.0 million were identified as not being able to deliver value and have therefore been impaired. The remainder of the project was thereafter subjected to a value in use assessment and found not to require further impairment.

13. Intangible assets continued

13.10 Impairment testing for cash-generating units containing goodwill

BESA Limited was acquired by the JSE in June 2009. The incorporation of BESA into the JSE has made it possible for management to realise synergies particularly with regards to staff and systems to operate the bond business. For the purposes of impairment testing the BESA bond business is defined as the cash-generating unit.The recoverability of this cash-generating unit was based on its value in use and was determined with the assistance of independent valuers. The carrying amount of the unit was determined to be lower than its recoverable amount. An impairment loss was therefore not recognised.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit.

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

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

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

The allocated goodwill for the identifiable cash-generating units are made up as follows:

Cash generating units	Goodwill R'000
BESA operations	82 987
Frontier Capital	141
MarketTech (Proprietary) Limited	17
	83 145

As at 30 June 2009, an independent valuation of the intangible assets relating to the BESA Group was conducted.

Subsequent to the valuation, the goodwill relating to MarketTech (Proprietary) Limited (R0.1 million) and Frontier Capital (R0.02 million) were impaired as:

i) the JSE has reached an agreement with its joint venture partners in MarketTech (Proprietary) Limited to wind-down the operations of MarketTech with effect from 1 January 2010; and

ii) there is no reasonable expectation of significant earnings being generated from Frontier Capital in the short term.

	Group		Exchange	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
14. Investments in equity accounted investees				
14.1 Carrying amount				
Strate Limited				
– Carrying amount at beginning of year	82 616	58 942	21 416	21 416
– Dividends received	(17 710)	(7 327)	–	–
– Share of profit	27 927	31 001	–	–
– Carrying amount at end of year	92 833	82 616	21 416	21 416
Indexco Managers (Proprietary) Limited				
– Carrying amount at beginning of year	31	15	*	*
– Share of profit	10	16	–	–
– Carrying amount at end of year	41	31	*	*
Total investments in equity accounted investees	92 874	82 647	21 416	21 416

** Less than R1 000.*

14. Investments in equity accounted investees continued

14.2 Group share of post-acquisition profit

	Strate Limited		Indexco Managers (Proprietary) Limited		MarketTech (Proprietary) Limited		Total	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Share of opening accumulated profit	**74 481**	43 480	**31**	15	**–**	–	**74 512**	43 495
Share of profit after tax	**27 927**	31 001	**10**	16	**–**	–	**27 937**	31 017
Share of closing accumulated profit	**102 408**	74 481	**41**	31	**–**	–	**102 449**	74 512

14.3 Summarised financial statements at 31 December

	Strate Limited		Indexco Managers (Proprietary) Limited		MarketTech (Proprietary) Limited		Total	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Non-current assets	**82 017**	62 401	**–**	–	**–**	–	**82 017**	62 401
Current assets	**160 028**	148 300	**989**	929	**49**	–	**161 066**	149 229
Total assets	**242 045**	210 701	**989**	929	**49**	–	**243 083**	211 630
Equity	**219 958**	187 102	**99**	68	**(14)**	–	**220 043**	187 170
Non-current liabilities	**702**	2 683	**161**	21	**–**	–	**863**	2 704
Current liabilities	**21 385**	20 916	**729**	840	**63**	–	**22 177**	21 756
Total equity and liabilities	**242 045**	210 701	**989**	929	**49**	–	**243 083**	211 630
Revenue and other income	**270 467**	271 897	**63**	87	**2 046**	–	**272 576**	271 984
Expenses	**(168 812)**	(158 839)	**(21)**	(22)	**(788)**	–	**(169 621)**	(158 861)
Taxation	**(32 546)**	(33 712)	**(12)**	(18)	**–**	–	**(32 558)**	(33 730)
Profit for the year	**69 109**	79 346	**30**	47	**1 258**	–	**70 397**	79 393

14. Investments in equity accounted investees continued

14.4 Unlisted associated companies

	Carrying amount R'000	Effective holding 2009 %	Effective holding 2008 %	Number of shares held 2009	Number of shares held 2008	Directors' valuation 2009 R'000	Directors' valuation 2008 R'000
Group							
Strate Limited	92 833	44.55	44.55	4 346	4 346	337 203	311 826
Indexco Managers (Proprietary) Limited	41	33.33	33.33	50	50	15	31
MarketTech (Proprietary) Limited	–	40.00	–	4	–	*	–
	92 874			4 400	4 396	337 218	311 857
Exchange							
Strate Limited	21 416	44.55	44.55	4 346	4 346	337 203	311 826
Indexco Managers (Proprietary) Limited	*	33.33	33.33	50	50	15	31
	21 416			4 396	4 396	337 218	311 857

** Less than R1 000.*

15. Subsidiaries

15.1 SAFEX Clearing Company (Proprietary) Limited

	Issued share capital	Percentage holding 2009 %	Percentage holding 2008 %	Value of shares held 2009 R'000	Value of shares held 2008 R'000
– ordinary shares of 12.5 cents each	8 300	100	100	1	1
– zero-coupon redeemable convertible preference shares of 12.5 cents each	160	100	100	3 200	3 200
				3 201	3 201

The JSE owns all the shares in SAFEX Clearing Company (Proprietary) Limited.

The zero-coupon redeemable convertible preference shares are redeemable or convertible at the option of SAFEX Clearing Company (Proprietary) Limited. This is consistent with prior years.

15.2 BESA Limited

	Issued share capital	Percentage holding 2009 %	Percentage holding 2008 %	Value of shares held 2009 R'000	Value of shares held 2008 R'000
– ordinary shares of 12.5 cents each	1 925	100	–	240 582	–

Refer to note 7 for further details.

15. Subsidiaries continued

15.3 JSE Trustees (Proprietary) Limited

	Issued share capital	Percentage holding 2009 %	Percentage holding 2008 %	Value of shares held 2009 R'000	Value of shares held 2008 R'000
– ordinary shares of R1.00 each	7	#	#	*	*

Certain of the directors of the JSE hold these shares as nominees on behalf of the Exchange.

The Exchange has control over the operating and decision-making activities of JSE Trustees (Proprietary) Limited.

 # less than 1%

** less than R1 000*

15.4 Investor Protection Funds

In terms of section 9(1)(e) of the Securities Services Act, the JSE is required to have an investor protection mechanism in place to enable it to provide compensation to clients. In compliance with this requirement, the JSE has guarantee funds (JSE Guarantee Fund Trust and BESA Guarantee Fund Trust) which covers the equities and interest rate markets respectively, and a fidelity fund (JSE Derivatives Fidelity Fund Trust) which covers the derivatives and Yield-X markets. The three funds are housed within formalised trusts. The funds are administered in terms of their respective trust deeds and their sets of rules. Certain JSE directors are trustees. As a result of the control exercised over these funds we are required to consolidate them.

	Exchange 2009 R'000	Exchange 2008 R'000
15.5 Amounts due from group entities		
SAFEX Clearing Company (Proprietary) Limited	2 843	3 169
JSE Guarantee Fund Trust	–	43
JSE Derivatives Fidelity Fund Trust	–	43
JSE Trustees (Proprietary) Limited	4 170	4 425
BESA Guarantee Fund Trust	1 171	–
	8 184	7 680
15.6 Amounts due to group entities		
JSE Guarantee Fund Trust	2 200	–
BESA Limited	125 416	–
BondClear Limited	23	–
	127 639	–

All entities are incorporated in the Republic of South Africa. Amounts due to and from group entities are interest free, unsecured and repayable within three months, except for the amount due to BESA Limited which has no fixed date of repayment.

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
16. Other investments				
16.1 Investor Protection Funds financial assets				
16.1.1 JSE Derivatives Fidelity Fund Trust				
Bonds – fair value	5 315	5 987	–	–
Listed equities – fair value	52 432	34 128	–	–
Foreign unit trusts – fair value	10 794	12 025	–	–
	68 541	52 140	–	–
16.1.2 JSE Guarantee Fund Trust				
Bonds – fair value	12 961	14 898	–	–
Listed equities – fair value	129 683	93 028	–	–
Foreign unit trusts – fair value	26 788	32 764	–	–
Local unit trusts – fair value	1 563	1 191	–	–
	170 995	141 881	–	–
Total	239 536	194 021	–	–
An impairment on the listed equities of the Investor Protection Funds of R2.1 million (2008: R9.8 million) was raised in the current year.				
16.2 Other				
Emerging Enterprise Zone (Proprietary) Limited[1]	–	1	–	1
Indexco Limited, Indexco II Limited and Indexco III Limited[1]	–	1	–	1
Open Outcry Investment Holdings Limited[2]	1	1	1	1
Stock Exchange Nominees (Proprietary) Limited	1	1	1	1
Total	2	4	2	4
Total other investments	239 538	194 025	2	4
17. Derivative financial instruments				
European call options	1 451	5 619	1 451	5 619
	1 451	5 619	1 451	5 619

[1] *Entity has been deregistered.*
[2] *This entity is in the process of being deregistered and fair value is assumed to approximate cost.*

Refer to note 22.7 for further details.

18. Trade and other receivables

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000	Investor Protection Funds 2009 R'000	Investor Protection Funds 2008 R'000
Trade receivables	**105 504**	81 902	**94 434**	81 902	**30**	–
Prepaid expenses	**17 739**	12 765	**14 192**	9 582	**3 533**	3 169
Interest receivable	**75 302**	103 793	**2 270**	2 840	**711**	274
Other receivables	**12 373**	5 644	**7 967**	5 497	**–**	–
	210 918	204 104	**118 863**	99 821	**4 274**	3 443

The ageing analysis of trade receivables is as follows:

	Group Gross R'000	Group Impairment R'000	Exchange Gross R'000	Exchange Impairment R'000	Investor Protection Funds Gross R'000	Investor Protection Funds Impairment R'000
At 31 December 2009:						
Fully performing: 0 – 30 days	**103 814**	**58**	**92 744**	**58**	**30**	**–**
Past due: 31 – 90 days	**727**	**23**	**727**	**23**	**–**	**–**
Past due: More than 90 days	**1 680**	**636**	**1 680**	**636**	**–**	**–**
Total	**106 221**	**717**	**95 151**	**717**	**30**	**–**
At 31 December 2008:						
Fully performing: 0 – 30 days	78 515	16	78 515	16	–	–
Past due: 31 – 90 days	1 124	16	1 124	16	–	–
Past due: More than 90 days	3 084	789	3 084	789	–	–
Total	82 723	821	82 723	821	–	–

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

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000	Investor Protection Funds 2009 R'000	Investor Protection Funds 2008 R'000
At 1 January	**821**	687	**821**	687	**–**	–
(Decrease)/Increase in allowance for impairment	**(30)**	389	**(30)**	389	**–**	–
Receivables written off during the year as uncollectible	**(74)**	(255)	**(74)**	(255)	**–**	–
At 31 December	**717**	821	**717**	821	**–**	–

All trade receivables are individually assessed taking into consideration the customer's payment record and industry in which the entity operates.

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due, except as indicated above, as the amount relates to customers that have a good payment record with the Group and there has been no objective evidence to the contrary.

19. Margin and collateral deposits

Margin and collateral deposits received are managed and invested on behalf of members in terms of the JSE's rules. These funds have been placed with A1 and A1+ rated banks.

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000	Investor Protection Funds 2009 R'000	Investor Protection Funds 2008 R'000
19.1 Margin deposits						
– equities	**23 685**	91 222	**23 685**	91 222	**–**	–
– derivatives funds held by SAFEX Clearing Company (Proprietary) Limited	**14 517 220**	14 661 571	**–**	–	**–**	–
	14 540 905	14 752 793	**23 685**	91 222	**–**	–
19.2 Collateral deposits	**116**	74 320	**116**	74 320	**–**	–
The JSE acts as an agent in securities lending transactions necessary to facilitate electronic settlement in the Strate environment. At year-end interest bearing collateral deposits of R0.1 million (2008: R74.3 million) have been lodged as security against securities lending transactions with a market value of R0.09 million (2008: R57.9 million).						
20. Cash and cash equivalents						
Cash and cash equivalents comprise:						
Bank balances	**76 757**	112 614	**60 032**	112 531	**16 422**	82
Call deposits	**844 040**	833 727	**729 445**	741 891	**99 688**	30 584
	920 797	946 341	**789 477**	854 422	**116 110**	30 666

The effective interest rate on call deposits during 2009 was 7.89% (2008: 11.11%). The deposits had an average maturity of 16 days (2008: 6 days).

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
21. Share capital and reserves				
21.1 Authorised share capital				
400 000 000 ordinary shares with a par value of 10 cents per share	**40 000**	40 000	**40 000**	40 000
21.2 Issued share capital				
85 140 050 ordinary shares with a par value of 10 cents per share	**8 514**	8 514	**8 514**	8 514

21. Share capital and reserves continued

21.3 Share capital and reserves

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
Share capital (refer to note 21.2)	**8 514**	8 514	**8 514**	8 514
Share premium	**162 779**	162 779	**162 779**	162 779
Non-distributable reserve (arising on change in Strate Limited shareholding)	**10 058**	10 058	**–**	–
Investor Protection Funds	**359 814**	227 497	**–**	–
Fair value reserve[1]	**75 675**	46 576	**–**	–
– JSE Derivatives Fidelity Fund Trust	**14 943**	5 093	**–**	–
– JSE Guarantee Fund Trust	**60 732**	41 483	**–**	–
Capital and accumulated funds	**284 139**	180 921	**–**	–
– JSE Derivatives Fidelity Fund Trust[2]	**59 001**	56 551	**–**	–
– JSE Guarantee Fund Trust[3]	**126 412**	124 370	**–**	–
– BESA Guarantee Fund Trust	**98 726**	–	**–**	–
BBBEE reserve[4]	**160 192**	165 503	**160 192**	165 503
– Shares issued to the JSE Empowerment Fund Trust	**69 024**	69 024	**69 024**	69 024
– Black Shareholders' Retention Scheme	**91 168**	96 479	**91 168**	96 479
Retained earnings	**903 367**	799 141	**956 107**	746 920
Total	**1 604 724**	1 373 492	**1 287 592**	1 083 716

[1] *This reserve comprises fair value adjustments in respect of available-for-sale financial assets.*
[2] *The fund was established for the purpose of investor protection in the event of a member defaulting in derivatives trades in certain circumstances.*
[3] *The fund is ringfenced for the purpose of investor protection in the event of a member defaulting in equities trades in certain circumstances.*
[4] *Implementation of a broad-based black economic empowerment initiative (BBBEE).*

i) JSE Empowerment Fund Trust

The JSE Empowerment Fund Trust (JEF) was established to provide financial assistance for education initiatives targeted at bringing black people into the financial sector and at demystifying investment in the stock market. 1 737 550 JSE shares were set aside to be issued to JEF at par value for cash. The first and second tranches totalling 1 303 163 JSE shares were issued during 2006 (R38.7 million). The remainder of 434 387 JSE shares were issued in one tranche during 2007 (R30.3 million). This represented the final issue of the 1 737 550 JSE shares that were set aside to be issued to JEF at par for cash.

ii) Black Shareholders' Retention Scheme (the BBBEE Scheme)

The BBBEE Scheme was established to encourage qualifying black shareholders to retain their qualifying black shareholding until 1 June 2011 via the issue of options to subscribe for shares. The granting of options was tranched in amounts determined by the Board over a period of three years – at 5 June 2006, 1 June 2007, and 1 June 2008 respectively, to qualifying black shareholders proportionately to their qualifying black shareholding at those dates. The strike price of the options for each tranche was 20% of the 30 calendar day value weighted average price (VWAP) immediately prior to and including the effective date of the tranche of options in question. These options are exercisable during June 2011. They are not transferable.

Replacement options issued to the JSE Empowerment Fund Trust

During the year nil (2008: 81 290) lapsed options were reissued to JEF at a cost of Rnil (2008: R4.7 million).

Lapsed options

During the year 116 913 (2008: 4 441) options with a cost of R5.3 million (2008: R0.1 million) lapsed.

21. Capital and reserves continued

21.4 Reconciliation of share options

The number and weighted average exercise price of share options are as follows:

	First tranche		Second tranche		Third tranche		Total
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Number of options
2009							
Group and Exchange							
Outstanding at 1 January 2009	**R55.06**	**368 346**	**R55.06**	**708 792**	**R49.82**	**659 878**	**1 737 016**
Forfeited during the year		**(50 789)**		**(32 675)**		**(33 449)**	**(116 913)**
Outstanding at 31 December 2009	**R52.75**	**317 557**	**R52.75**	**676 117**	**R52.75**	**626 429**	**1 620 103**
Exercisable at 31 December 2009		**–**		**–**		**–**	**–**

No options were exercised during the year.

Refer to note 21.3 footnote 4(ii).

	First tranche		Second tranche		Third tranche		Total
2008							
Group and Exchange							
Outstanding at 1 January 2008	R72.61	372 179	R79.41	709 020		–	1 081 199
Forfeited during the year		(3 833)		(228)		(380)	(4 441)
Granted during the year		–		–		578 968	578 968
Forfeited reissued during the year		–		–		81 290	81 290
Outstanding at 31 December 2008	R55.06	368 346	R55.06	708 792	R49.82	659 878	1 737 016
Exercisable at 31 December 2008		–		–		–	–

No options were exercised during the year.

The board of directors authorised a maximum of 1 737 550 options be made available to qualifying black shareholders in three separate tranches over a period of three years effective from 2006. All calculations were rounded down resulting in a difference of 534 between the actual issue of 1 737 016 and the maximum number of 1 737 550 options authorised.

21.5 Dividends paid

	Exchange 2009 R'000	Exchange 2008 R'000
Ordinary dividend of 130.0 cents per share	**–**	110 682
Ordinary dividend of 192.0 cents per share	**163 469**	–
	163 469	110 682

22. Employee benefits

22.1 Group and Exchange

	Note	2009 R'000	2008 R'000
Non-current liabilities		**64 625**	51 336
Leave pay accrual		**14 357**	9 966
Compensation on termination of contract		**3 428**	3 137
Cash-settled share-based payment liability	22.7	**534**	10 991
Deferred cash bonus	22.5	**46 306**	27 242
Current liabilities		**70 571**	50 071
Deferred compensation	22.4	**17 161**	11 689
Special bonus	22.3	**–**	7 301
Cash-settled share-based payment liability	22.7	**53 410**	31 081

22.2 Retirement benefits

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

The members' interest in the JSE Pension Scheme is based on the market value of the fund and is recalculated monthly for changes in market value. This fund is governed by the Pension Funds Act, 1956 as amended. JSE member firms may, at their option, also become employer members of this fully funded pension scheme. Contributions to fund obligations for the payment of retirement benefits to their permanent staff are paid by the member firms directly to the scheme.

22.3 Special bonus

In light of the solid financial results, the Board of Directors awarded satisfactorily performing JSE employees who had been with the JSE during 2009 and who joined the JSE before 2 October 2009, a special bonus of R32.3 million (2008: R29.2 million). Included in the total special bonus is an amount of R12.2 million (2008: R14.0 million) awarded to executive directors and other key executives. The special bonus was fully paid in 2009.

22.4 Deferred compensation

In terms of company policy, deferred compensation depends on satisfactory personal and company performance. Fifty percent of the amount is payable on or before December of the year in which it is earned and the payment of the remainder is deferred for six months provided that the employee is still employed by the JSE when the deferred tranche is due to be paid. The CEO's contract provides for him to be paid a bonus up to his annual salary.

22.5 Replacement of the current long-term incentive scheme/Deferred Cash Bonus

At the Board meeting in November 2009 it was agreed that an amount not exceeding 10% (2008:10%) of the estimated net profit after tax of the Exchange be set aside for a long-term incentive scheme to replace the current scheme. After much research and consultation, the new long-term incentive scheme has been developed and is ready for discussion at the annual general meeting in April 2010. Since it will only be effective, if accepted, from January 2010, the Board decided, as an interim step, to award a deferred cash bonus of R34.2 million (2008: R34.0 million) to staff, vesting in three tranches in the form of deferred compensation: 50% at 31 December 2012 (2008: 31 December 2011), 25% at 31 December 2013 (2008: 31 December 2012) and 25% at 31 December 2014 (2008: 31 December 2013). This resulted in a net present value effect to profit or loss of R21.8 million (2008: R27.2 million). The Board has not yet completed either the exercise of determining which employees should be selected to participate in the 2009 deferred cash bonus long-term incentive scheme or the extent of their participation if selected.

22.6 Other

The resolution of the potential shortfall in the pension fund annuities which began during 2002 continues, and is being managed by the asset management company and the previous pension fund administrators. Based on specialist legal advice, the JSE continues to consider it unlikely that the outcome of the investigation will have any impact on its operations or the reserves of the Exchange. The resolution of this issue is at an advanced stage. Approval from the Financial Services Board in terms of section 14 was obtained and identification and assessment of the appropriate choice of vehicle for each pensioner is nearing completion. Subsequent to year-end this has been resolved.

22. Employee benefits continued

22.7 Cash-settled share-based payment liability

Long-term incentive scheme (LTIS 2006)

The Board considered it imperative to incentivise, attract and retain employees over the long term. Consequently, a long-term incentive and retention scheme (LTIS 2006) was introduced, effective 1 January 2006. LTIS 2006 is a share appreciation rights scheme which pays participants a certain amount in cash based on the extent of the employee's participation in LTIS 2006 and is calculated with reference to the growth in the JSE's share price from the base price (determined in accordance with the LTIS 2006 rules) to the share price on the date on which an employee's participation interest vests unconditionally. The board issued one tranche of participation interests effective 1 January 2006 and a second tranche of participation interests effective 1 December 2007.

As at 31 December the number of participation interests held (after taking into account the participation interests that vested on 31 December 2009 and 31 December 2008) were as follows:

	2009	2008
Executive directors (refer to note 27.4)	599 750	895 375
Other key executives (refer to note 27.5)	454 463	735 791
Other employees	505 937	548 984
	1 560 150	2 180 150

First tranche of participation interests

During November 2007, the Board agreed to accelerate 50% of the first tranche of participation interests that would have vested during December 2008 in return for participants agreeing to cap the vesting price of the first tranche of participation interests at R100 in order to limit the impact to the JSE's profit and loss. The remaining participation interests awarded in the first tranche vested 25% in December 2008 (R18.0 million) and 25% in December 2009 (R30.8 million). The balance of 25% will vest in December 2010.

The following assumptions, using Black-Scholes valuation methodology, were used to calculate the profit or loss fair value charge/(write-back) of R30.8 million (2008: (R19.5 million)).

	2009	2008
Base price	R8.31	R8.31
30 calendar day VWAP	R59.74	R39.02
Total number of participation interests in issue	1 165 000	1 762 500
(difference in participation interests from 2008 is due to staff resignations and the vesting of 25% of participation interests as at 31 December 2008)		
Vesting dates:		
25% of participation interests vest on 31 December 2009	582 500	587 500
25% of participation interests vest on 31 December 2010	582 500	587 500
Volatility	19.25%	52.52%
Dividend yield	3.19%	3.38%

22.7 Cash-settled share-based payment liability continued

Second tranche of participation interests

The second tranche of participation interests under LTIS 2006 were issued at a base price of R85.45 in November 2007 and vest 50% in December 2010, 25% in December 2011 and 25% in December 2012. During January 2008, the JSE's exposure under this tranche was hedged through cash-settled European call options, with a view to establishing an economic hedge over the life of the issue. The resultant impact to profit or loss for the year ended 31 December 2009 is a net fair value charge of R3.3 million (2008: R28.1 million).

Based on the Black-Scholes valuation methodology, the following assumptions were used to calculate the profit or loss impact as at 31 December:

	2009	2008
a) Second tranche of participation interests		
Base price	**R 85.45**	R 85.45
30 calendar day VWAP	**R 59.74**	R 39.02
Total number of participation interests in issue	**982 650**	1 005 150
(difference in participation interests is due to staff resignations)		
Vesting date:		
50% of participation interests vest on 31 December 2010	**491 325**	502 575
25% of participation interests vest on 31 December 2011	**245 662**	251 287
25% of participation interests vest on 31 December 2012	**245 663**	251 288
Volatility	**19.25%**	52.52%
Dividend yield	**3.19%**	3.38%

b) Derivative financial instruments – European call options

The same assumptions were used as for the second tranche of participation interests.

However the number of participation interests economically hedged is 1 050 350 (2008: 1 050 350).

23. Deferred tax assets and liabilities

23.1 Deferred tax assets and liabilities are attributable to the following:

	Assets 2009 R'000	Assets 2008 R'000	Liabilities 2009 R'000	Liabilities 2008 R'000	Net 2009 R'000	Net 2008 R'000
Group						
Property and equipment	318	–	–	(7 567)	318	(7 567)
Intangible assets	4 681	–	(621)	–	4 060	–
Operating lease liability	20 809	22 065	–	–	20 809	22 065
Employee benefits	38 000	28 394	–	–	38 000	28 394
Derivative financial instrument	3 856	5 228	–	–	3 856	5 228
Allowance for impairment losses	150	172	–	–	150	172
Prepayments	–	–	(3 073)	(2 683)	(3 073)	(2 683)
Finance lease asset	–	–	(1 893)	(1 722)	(1 893)	(1 722)
Finance lease liability	1 812	1 658	–	–	1 812	1 658
Income received in advance	762	137	–	–	762	137
Total	70 388	57 654	(5 587)	(11 972)	64 801	45 682

23.2 Movement in temporary differences during the year

	Balance 1 January 2008 R'000	Recognised in profit or loss R'000	Balance 31 December 2008 R'000	Recognised in profit or loss R'000	Balance 31 December 2009 R'000
Group					
Property and equipment	(8 077)	510	(7 567)	7 885	318
Intangible assets	–	–	–	4 060	4 060
Operating lease liability	22 749	(684)	22 065	(1 256)	20 809
Employee benefits	23 055	5 339	28 394	9 606	38 000
Derivative financial instrument	–	5 228	5 228	(1 372)	3 856
Allowance for impairment losses	150	22	172	(22)	150
Prepayments	(2 371)	(312)	(2 683)	(390)	(3 073)
Finance lease asset	–	(1 722)	(1 722)	(171)	(1 893)
Finance lease liability	–	1 658	1 658	154	1 812
Income received in advance	24	113	137	625	762
Total	35 530	10 152	45 682	19 119	64 801
Deferred taxation raised against goodwill on the purchase of shares in BESA Limited				621	
				19 740	

There are no current and deferred tax implications relating to items charged/credited directly to equity since these relate to Investor Protection Funds which are exempt from tax.

23. Deferred tax assets and liabilities
continued

23.3 Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Exchange						
Property and equipment	**318**	–	**–**	(7 567)	**318**	(7 567)
Intangible assets	**4 681**	–	**(512)**	–	**4 169**	–
Operating lease liability	**20 809**	22 065	**–**	–	**20 809**	22 065
Employee benefits	**38 000**	28 394	**–**	–	**38 000**	28 394
Derivative financial instruments	**3 856**	5 228	**–**	–	**3 856**	5 228
Allowance for impairment losses	**150**	172	**–**	–	**150**	172
Prepayments	**–**	–	**(3 073)**	(2 683)	**(3 073)**	(2 683)
Finance lease asset	**–**	–	**(1 893)**	(1 722)	**(1 893)**	(1 722)
Finance lease liability	**1 812**	1 658	**–**	–	**1 812**	1 658
Income received in advance	**762**	137	**–**	–	**762**	137
Total	**70 388**	57 654	**(5 478)**	(11 972)	**64 910**	45 682

23.4 Movement in temporary differences during the year

	Balance 1 January 2008 R'000	Recog-nised in profit or loss 2008 R'000	Balance 31 Dec-ember 2008 R'000	**Recog-nised in profit or loss 2009 R'000**	**Balance 31 Dec-ember 2009 R'000**
Exchange					
Property and equipment	(8 077)	510	(7 567)	**7 885**	**318**
Intangible assets	–	–	–	**4 169**	**4 169**
Operating lease liability	22 749	(684)	22 065	**(1 256)**	**20 809**
Employee benefits	23 055	5 339	28 394	**9 606**	**38 000**
Derivative financial instruments	–	5 228	5 228	**(1 372)**	**3 856**
Allowance for impairment losses	150	22	172	**(22)**	**150**
Prepayments	(2 371)	(312)	(2 683)	**(390)**	**(3 073)**
Finance lease asset	–	(1 722)	(1 722)	**(171)**	**(1 893)**
Finance lease liability	–	1 658	1 658	**154**	**1 812**
Income received in advance	24	113	137	**625**	**762**
Total	35 530	10 152	45 682	**19 228**	**64 910**
Deferred taxation raised against goodwill on purchase of BESA Limited's business operations				**512**	
				19 740	

	Group		Exchange		Investor Protection Funds	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
24. Due to SAFEX members						
The amount due to SAFEX members is the agreed portion of the purchase price for SAFEX retained pending the resolution of potential claims against SAFEX that existed at the time of the purchase. None of the claims outstanding as at 31 December 2008 were resolved during 2009 (2008: Rnil) and therefore no monies were released.						
Non-current liability	**1 019**	942	**1 019**	942	**–**	–
	1 019	942	**1 019**	942	**–**	–
25. Trade and other payables						
Trade payables	**68 774**	53 477	**65 039**	51 413	**3 061**	633
Interest payable	**90 465**	154 061	**403**	5 008	**–**	–
Income received in advance	**523**	493	**522**	493	**–**	–
	159 762	208 031	**65 964**	56 914	**3 061**	633

26. Notes to the consolidated statement of cash flows

	Group		Exchange		Investor Protection Funds	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Cash generated by operations						
Profit/(loss) for the year before tax	**517 960**	554 489	**519 398**	535 563	**7 541**	(5 588)
Adjustment for non-cash and separately disclosable items:						
– depreciation of property and equipment	**26 873**	27 579	**26 873**	27 579	**–**	–
– amortisation of intangible assets	**22 191**	18 059	**22 152**	18 059	**–**	–
– impairment of software development costs	**8 018**	8 700	**8 018**	8 700	**–**	–
– impairment of software	**21 513**	–	**–**	–	**–**	–
– impairment of loan	**329**	–	**344**	–	**–**	–
– impairment of goodwill	**158**	–	**–**	–	**–**	–
– gain on assignment of debt due from BondClear	**(5 000)**	–	**–**	–	**–**	–
– BBBEE expenses	**–**	38 248	**–**	38 248	**–**	–
– impairment of available-for-sale investment securities	**2 113**	9 811	**–**	–	**2 113**	9 811
– attributable profit of equity-accounted investees	**(27 937)**	(31 017)	**–**	–	**–**	–
– interest paid	**1 221 347**	2 067 408	**11 835**	26 395	**–**	–
– interest received	**(1 325 473)**	(2 202 351)	**(77 236)**	(123 383)	**(7 518)**	(5 926)
– dividend income	**(3 922)**	(4 707)	**(17 710)**	(7 327)	**(3 922)**	(4 707)
– European call options	**4 168**	27 366	**4 168**	27 366	**–**	–
– VAT expense	**–**	872	**–**	–	**–**	–
– loss on disposal of property and equipment	**149**	–	**149**	–	**–**	–
– net realised gain on disposal of investment securities	**(9 087)**	(3 388)	**–**	–	**(9 087)**	(3 388)
Surplus/(deficit) from operations before working capital changes	**453 400**	511 069	**497 991**	551 200	**(10 873)**	(9 798)
– (Increase)/decrease in trade and other receivables	**(24 707)**	(7 630)	**(9 046)**	(10 033)	**(2 594)**	2 420
– Increase in trade and other payables, and employee benefits	**38 625**	36 567	**38 991**	35 331	**2 835**	327
Cash from/(used in) operating activities	**467 318**	540 006	**527 936**	576 498	**(10 632)**	(7 051)

27. Directors' and other key executives' remuneration

27.1 Executive directors

	Basic salary R'000	CEO's discretionary bonus and deferred compensation R'000	Special bonus R'000	Payment in respect of vested portion of 2006 LTIS first tranche R'000	Defined contribution pension payments R'000	UIF, medical aid and travel allowance R'000	Total R'000
2009							
R M Loubser	**2 599**	**3 402**	**2 000**	**3 857**	**680**	**59**	**12 597**
N F Newton-King	**1 721**	**618**	**1 271**	**2 340**	**145**	**70**	**6 165**
L V Parsons	**1 451**	**618**	**918**	**2 340**	**386**	**62**	**5 775**
J H Burke	**1 668**	**602**	**1 101**	**2 340**	**141**	**78**	**5 930**
F M Evans	**1 317**	**462**	**686**	**1 286**	**108**	**23**	**3 882**
	8 756	**5 702**	**5 976**	**12 163**	**1 460**	**292**	**34 349**
2008							
R M Loubser	2 364	3 094	2 222	2 303	619	52	10 654
N F Newton-King	1 566	562	1 466	1 397	132	62	5 185
L V Parsons	1 320	562	896	1 397	352	55	4 582
J H Burke	1 532	548	1 270	1 397	129	55	4 931
F M Evans	1 197	420	792	768	99	20	3 296
	7 979	5 186	6 646	7 262	1 331	244	28 648

1887 1888 1889 1890 1891 1892 1893 1894 1895 1896 1897 1898 1899 1900 1901 1902 1903 1904 1905 1906 1907 1908 1909 1910 1911
1912 1913 1914 1915 1916 1917 1918 1919 1920 1921 1922 1923 1924 1925 1926 1927 1928 1929 1930 1930 1931 1932 1933 1934 1935
1936 1937 1938 1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1953 1954 1955 1956 1957 1958 1959
1960 1961 1962 1963 1964 1965 1966 1967 1968 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984
1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

27. Directors' and other key executives' remuneration continued

27.2 Other key executives

2009	Basic salary R'000	CEO's discretionary bonus and deferred compensation R'000	Special bonus R'000	Payment in respect of vested portion of 2006 LTIS and first tranche R'000	Defined contribution pension payments R'000	UIF, medical aid and travel allowance R'000	Total R'000
G C Clarke	1 097	401	458	1 028	94	67	3 145
D J Davidson	1 448	532	607	1 286	141	76	4 090
S A Davies	1 110	406	464	517	75	87	2 659
M Dlamini	992	351	401	1 028	84	27	2 883
A Forssman	897	356	529	1 028	54	77	2 941
R Gravelet-Blondin	1 029	400	503	1 028	144	80	3 184
N Greenhill	931	354	445	1 028	59	122	2 939
J Immelman	985	353	443	1 028	61	60	2 930
M Moloi	955	352	242	1 028	111	39	2 727
G Rothschild	1 444	515	471	1 028	110	60	3 628
G Smale	399	–	168	–	16	3	586
A Thomson	1 417	534	794	1 543	109	149	4 546
R van Wamelen	1 400	492	731	0	81	60	2 764
	14 104	5 046	6 256	11 570	1 139	907	39 022

The Board of Directors has allocated an amount of R34.2 million (2008: R34.0 million) to be distributed amongst JSE employees who are selected to participate in the 2009 Cash LTIS which will only vest beginning in 2012 and is accordingly not reflected in the above schedule of 2009 vested remuneration.

27. Directors' and other key executives' remuneration continued

27.2 Other key executives continued

2008	Basic salary R'000	CEO's discretionary bonus and deferred compensation R'000	Special bonus R'000	Payment in respect of vested portion of 2006 LTIS first tranche R'000	Defined contribution pension payments R'000	UIF, medical aid and travel allowance R'000	Total R'000
G C Clarke	998	365	476	614	86	62	2 601
D J Davidson	1 326	484	770	768	129	59	3 536
S A Davies	1 008	370	588	309	69	79	2 423
M Dlamini	910	320	509	614	67	24	2 444
A Forssman	889	322	604	614	49	67	2 545
R Gravelet-Blondin	882	363	580	614	131	127	2 697
N Greenhill	822	322	514	614	53	115	2 440
J Immelman	897	321	511	614	55	53	2 451
M Moloi	875	321	279	614	100	30	2 219
G Rothschild	1 327	473	616	614	101	54	3 185
A Thomson	1 281	485	986	921	99	144	3 916
R van Wamelen	865	446	908	0	49	21	2 289
	12 080	4 592	7 341	6 910	988	835	32 746

Comparative figures have been reclassified to better reflect the nature and amounts of the bonuses awarded.

27. Directors' and other key executives' remuneration continued

27.3 Non-executive directors

		Direct beneficial ownership in the JSE number of shares	Other services R'000	Retainer fee R'000	Meetings R'000	Total R'000
2009						
H J Borkum	Board Chairman, Chairman of Nominations Committee	15 000	–	788	324	1 112
A D Botha	Chairman of Human Resources Committee	–	–	189	269	458
J Berman	(appointed 22 June 2009)	–	–	–	18	18
Z L Combi	(appointed 23 April 2009)	–	–	87	74	161
M R Johnston		–	51	126	216	393
D Lawrence		–	–	126	216	342
W Luhabe		214	–	126	111	237
A Mazwai		3 943	–	126	220	346
N S Nematswerani	Chairman of Audit Committee	–	–	189	217	406
N Nyembezi-Heita	(appointed 22 June 2009)	–	–	–	37	37
N Payne	Chairman of Risk Management Committee	–	–	189	198	387
G T Serobe		–	–	126	180	306
		19 157	51	2 072	2 080	4 203
2008						
H J Borkum	Board Chairman, Chairman of Nominations Committee	15 000	–	717	279	996
A D Botha	Chairman of Human Resources Committee	–	–	172	262	434
M R Johnston		–	69	115	148	332
S Koseff	(resigned 24 April 2008)	–	–	36	–	36
D Lawrence	(appointed 25 April 2008)	–	–	79	180	259
W Luhabe		214	–	115	131	246
A Mazwai		1 817	–	115	182	297
N S Nematswerani	Chairman of Audit Committee	–	–	172	212	384
N Payne	Chairman of Risk Management Committee	–	–	172	195	367
G T Serobe		–	–	115	82	197
		17 031	69	1 808	1 671	3 548

27. Directors' and other key executives' remuneration continued

27.4 Executive directors

		Direct beneficial ownership in the JSE Number of shares	LTIS participation interests not yet vested (number of participation interests) First tranche	Second tranche	Total	2008 Cash LTIS R'000 Total
2009						
R M Loubser	Chief Executive Officer	1 000	75 000	173 000	248 000	2 896
N F Newton-King	Deputy Chief Executive Officer	3 400	45 500	59 000	104 500	1 647
L V Parsons	Chief Operating Officer	2 000	45 500	59 000	104 500	1 397
J H Burke	Director: Issuer Services	3 200	45 500	54 500	100 000	1 597
F M Evans	Chief Financial Officer	1 000	25 000	17 750	42 750	1 197
		10 600	236 500	363 250	599 750	8 734
2008						
R M Loubser	Chief Executive Officer	1 000	168 750	173 000	341 750	2 896
N F Newton-King	Deputy Chief Executive Officer	3 400	102 375	59 000	161 375	1 647
L V Parsons	Chief Operating Officer	2 000	102 375	59 000	161 375	1 397
J H Burke	Director: Issuer Services	1 000	102 375	54 500	156 875	1 597
F M Evans	Chief Financial Officer (appointed to the board 24 April 2008)	1 000	56 250	17 750	74 000	1 197
		8 400	532 125	363 250	895 375	8 734

27.5 Other key executives

		Direct beneficial ownership in the JSE Number of shares	LTIS participation interests not yet vested (number of participation interests) First tranche	Second tranche	Total	2008 Cash LTIS R'000 Total
2009						
G C Clarke	Company Secretary	1 000	20 000	17 000	37 000	880
D J Davidson	Director: Clearing and Settlement	1 000	25 000	23 000	48 000	1 197
S A Davies	Director: Surveillance	1 000	10 063	21 500	31 563	947
M Dlamini	Senior General Manager: Education	200	20 000	13 400	33 400	780
A Forssman	Senior General Manager: Information Products Sales	3 039	20 000	24 000	44 000	850
R Gravelet-Blondin	Senior General Manager: Commodity Derivatives	1 000	20 000	17 000	37 000	947
N Greenhill	Senior General Manager: Marketing and Business Development	1 000	20 000	24 000	44 000	780
J Immelman	Senior General Manager: Information Services	4 000	20 000	14 000	34 000	850
M Moloi	Senior General Manager: Human Resources	1 000	20 000	14 000	34 000	500
G Rothschild	Director: Government and International Affairs	1 000	20 000	24 000	44 000	850
G Smale	Director: Interest Rate (appointed 1 October 2009)	–	–	–	–	–
A Thomson	Director: Derivatives Trading	1 286	30 000	37 500	67 500	1 397
R van Wamelen	Chief Information Officer	–	–	–	–	1 397
		15 525	225 063	229 400	454 463	11 375

27. Directors' and executives' remuneration continued

27.5 Other key executives continued

		Direct beneficial ownership in the JSE number of shares	LTIS participation interests not yet vested (number of participation interests) First tranche	Second tranche	Total	2008 Cash LTIS* R'000 Total
2008						
G C Clarke	Company Secretary	1 000	45 000	17 000	62 000	880
D J Davidson	Director: Clearing and Settlement	1 000	56 250	23 000	79 250	1 197
S A Davies	Director: Surveillance	1 000	22 641	21 500	44 141	947
M Dlamini	Senior General Manager: Education	200	45 000	13 400	58 400	780
A Forssman	Senior General Manager: Information Products Sales	2 000	45 000	24 000	69 000	850
R Gravelet-Blondin	Senior General Manager: Commodity Derivatives	1 000	45 000	17 000	62 000	947
N Greenhill	Senior General Manager: Marketing and Business Development	4 000	45 000	24 000	69 000	780
J Immelman	Senior General Manager: Information Services	600	45 000	14 000	59 000	850
M Moloi	Senior General Manager: Human Resources	1 000	45 000	14 000	59 000	500
G Rothschild	Director: Government and International Affairs (resigned from the board 24 April 2008)		45 000	24 000	69 000	850
A Thomson	Director: Derivatives Trading	1 286	67 500	37 500	105 000	1 397
R van Wamelen	Chief Information Officer (appointed 1 May 2008)	–	–	–	–	1 397
		14 086	506 391	229 400	735 791	11 375

The board of directors has allocated an amount of R34.2 million to be distributed amongst JSE employees who are selected to participate in the 2009 Cash Bonus LTIS. The board has not yet completed either the exercise of determining which employees should be selected to participate or the extent of their participation if selected. Accordingly, the table of executive remuneration does not include any allocation to JSE executives. This allocation will be reflected in the JSE's next published financial information.

28. Related parties

28.1 Identity of related parties

The JSE is the main provider of risk management, clearing and settlement, and accounting systems to equity member firms (many of whom are shareholders). Revenue earned from this source, and from providing trading and market data to member firms, amounted to R765.1 million (2008: R685.1 million) for the year. These transactions are conducted on an arm's length basis.

Provision for doubtful debts in respect of related parties as at 31 December 2009 was Rnil (2008: Rnil).

The associated companies and subsidiaries of the group are identified in notes 14 and 15 respectively.

The directors are listed in the corporate governance report.

28. Related parties continued

28.2 Material related party transactions

Strate ad valorem fees	– see notes 8.1 and 9.2
Amounts due to and from related parties	– see notes 14 and 15
Directors' emoluments	– see notes 27.1, 27.3 and 27.4
Other key executives	– see notes 27.2 and 27.5

The JSE provides secretarial services to all the group entities for no consideration.

With effect from 22 June 2009 the JSE purchased 100% of the shares in BESA Limited. On 1 July 2009, the JSE purchased the business of BESA Limited. Refer to note 7.

29. Contingent liabilities and commitments

29.1 Contingent liabilities

29.1.1 The JSE has a contingent liability as a result of the JSE guaranteeing the settlement of central order book equity market trades in the event that one member fails to settle. This risk is mitigated through various mechanisms, being the member firms' deposits and bank guarantees of R16.6 million (2008: R16.6 million), the JSE Guarantee Fund Trust and the JSE's own trade monitoring system. The JSE retains reserves to meet this contingent liability.

29.1.2 The JSE is one of 25 defendants who have been served with a summons relating to losses realised by a pension fund in the amount of approximately R1.9 billion. This is in the early stages of the legal process and the exception filed by the JSE has been dismissed, although the merits of the claim have yet to be considered by the courts. The matter will now proceed to trial. Senior counsel's opinion on this matter is that the claim is unfounded and without any merit and the JSE will continue to defend the claim. The court date for the hearing is not expected to be before 2011.

29.1.3 The JSE has a contingent liability in respect of a guarantee of R0.7 million (2008: R0.7 million) issued to the Financial Services Board.

29.1.4 BESA Investments, a subsidiary company of the Group, has undertaken to provide funding to MarketTech as may be required from time to time on the terms and conditions contemplated in the Shareholders Agreement to enable MarketTech to pay any claims and all its operating expenses to the extent that this is necessary so as to place MarketTech in the financial position where its liabilities (excluding subordinated loans and all other loans advanced by shareholders) do not exceed its assets, and it will be able to pay its debts or settle its liabilities (excluding subordinated loans and all other loans advanced by MarketTech's shareholders if any) as they arise in the ordinary course of the business.

29.1.5 A subsidiary company of the group, BondClear Limited ("BondClear"), entered into a clearing services agreement with OMX Technology AB (OMX). This agreement included a contractual commitment for BondClear to pay fixed operating costs of R33.3 million to OMX over the initial five-year operating period of the contract. The effective date of the contract and the incurrence of this commitment was contingent upon the condition precedent that BondClear obtained a clearing licence from the Financial Services Board, for which BondClear had applied. Should the condition precedent have been satisfied, the entire commitment would have become payable immediately in the event of an early termination of the contract. The condition precedent was not met so the contingent liability has fallen away in its entirety.

29.2 Commitments

29.2.1 The JSE leases a building and accounts for the lease as an operating lease. The lease commenced on 1 September 2000 for a period of 15 years. On termination of the lease, should the landlord wish to sell the building, the JSE has an option to buy the building at a price yet to be determined. The operating lease payments escalate at 11% per annum.

The BESA Group leases a building at Melrose Arch and accounts for the lease as an operating lease. The lease was renewed for a further five-year period during 2007 and terminates on 30 June 2012. The lease payments escalate at 10% per annum. The JSE does not use the premises and is looking for a tenant.

	Group		Exchange	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
29. Contingent liabilities and commitments continued				
29.2 Commitments continued				
Total future minimum lease payments under non-cancellable operating leases:				
Not later than one year	**38 662**	34 148	**38 662**	34 148
Between one and five years	**182 036**	163 245	**182 036**	163 245
Later than five years	**37 004**	88 844	**37 004**	88 844
	257 702	286 237	**257 702**	286 237
29.2.2 The JSE is party to a contract with the London Stock Exchange for the use of their technology solution. The licence fees are payable quarterly in advance in Pound Sterling.				
Total future minimum payments:				
Not later than one year	**12 298**	13 903	**12 298**	13 903
Between one and five years	**15 373**	31 283	**15 373**	31 283
	27 671	45 186	**27 671**	45 186
In addition the JSE pays transaction fees to the London Stock Exchange quarterly in arrears for use of the LSE technology solution.				
Future commitments are payable in pound sterling and have been converted at the closing rates at 31 December.				
29.2.3 Certain contracts relating to Information Technology operations have been classified as finance leases.				
Total future minimum payments:				
Not later than one year	**3 139**	3 518	**3 139**	3 518
Between one and five years	**3 333**	2 402	**3 333**	2 402
	6 472	5 920	**6 472**	5 920

30. Financial risk management

30.1 Operational risk

The board accepts overall responsibility for operational risk with the responsibility of day-to-day management of operational risk delegated to management of the JSE's specialist departments.

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems.

Operational risks are those risks of a non-speculative nature with no potential of showing a profit. The objective of operational risk processes is therefore to mitigate the downside impact of these risks as far as possible, thereby ensuring the optimal application and protection of physical assets, while ensuring the continuity of the Exchange's business.

Operational risk elements can be classified as follows:

- Process risk
- Employee risk
- Systems risk

Risk management controls are in place to lower the probability of operational risk occurring and the seriousness thereof. These include, inter alia, disaster recovery processes, power back-up, succession plans and diagnostic tests.

30. Financial risk management continued

30.2 Currency risk

The JSE's activities are primarily conducted in South African Rand. The group is exposed to currency risk as a result of fee and other income, as well as certain purchases denominated in foreign currencies, predominantly US Dollars (USD). The resulting foreign currency balances are set out below. No foreign currency balances were held in the Investor Protection Funds. The JSE's finance department monitors the net foreign currency exposure and ensures that it remains within acceptable levels.

The group's exposure to foreign currency risk based on notional amounts was as follows:

	Group			Exchange		
	USD R'000	GBP R'000	EUR R'000	USD R'000	GBP R'000	EUR R'000
2009						
Financial assets	**42 127**	**–**	**–**	**42 127**	**–**	**–**
Trade receivables	**3 443**	**–**	**–**	**3 443**	**–**	**–**
Cash and cash equivalents	**38 684**	**–**	**–**	**38 684**	**–**	**–**
Financial liabilities	**–**	**(5 170)**	**(122)**	**–**	**(5 170)**	**(122)**
Trade payables	**–**	**(5 170)**	**(122)**	**–**	**(5 170)**	**(122)**
Net exposure	**42 127**	**(5 170)**	**(122)**	**42 127**	**(5 170)**	**(122)**
2008						
Financial assets	38 188	–	–	38 188	–	–
Trade receivables	7 865	–	–	7 865	–	–
Cash and cash equivalents	30 323	–	–	30 323	–	–
Financial liabilities	–	(2 555)	(169)	–	(2 555)	(169)
Trade payables	–	(2 555)	(169)	–	(2 555)	(169)
Net exposure	38 188	(2 555)	(169)	38 188	(2 555)	(169)

As at 31 December 2009

Bank buying rates
USD – 7,2184 (2008: 9,3825)
GBP – 11,6183 (2008: 13,6834)
EUR – 10,2965 (2008: 12,6201)

Bank selling rates
USD – 7,5244 (2008: 9,6154)
GBP – 12,2984 (2008: 14,1544)
EUR – 10,9411 (2008: 13,4487)

30. Financial risk management continued

30.2 Currency risk continued

Sensitivity analysis

A 15% (2008: 15%) strengthening of the rand against the USD and a 10% (2008: 10%) strengthening of the rand against the GBP and EUR respectively at 31 December would have increased profit or loss by R5.8 million (2008: R5.5 million) and equity by Rnil (2008: Rnil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2008.

	Group		Exchange	
	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000
2009				
USD	**6 319**	**–**	**6 319**	**–**
GBP	**(516)**	**–**	**(516)**	**–**
EUR	**(12)**	**–**	**(12)**	**–**
Net impact	**5 791**	**–**	**5 791**	**–**
2008				
USD	5 728	–	5 728	–
GBP	(255)	–	(255)	–
EUR	(17)	–	(17)	–
Net impact	5 456	–	5 456	–

A fifteen percent (2008: fifteen percent) weakening of the rand against the USD and a 10% (2008: 10%) weakening of the rand against the GBP and EUR respectively at 31 December would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

30. Financial risk management continued

30.3 Cash flow and fair value interest rate risk

Interest rate risk is the risk of the JSE being exposed to fluctuations in the fair values or future cash flows of financial instruments because of changes in market interest rates. The group is exposed to cash flow interest rate risk in respect of its floating rate financial assets set out below, and to fair value interest rate risk in respect of fixed rate bonds classified as available-for-sale financial assets. Cash flow interest rate risk is managed by the JSE ensuring that the floating rate financial assets are at least equal to or greater than the floating rate financial liabilities. The fair value interest rate risk arising from fixed rate bonds is managed by a reputable asset manager according to approved guidelines.

The following table analyses the interest rate risk profile for assets and liabilities at year-end:

	Group		Exchange		Investor Protection Funds	
	Fixed rate R'000	Floating rate R'000	Fixed rate R'000	Floating rate R'000	Fixed rate R'000	Floating rate R'000
2009						
Financial assets	**5 893 276**	**9 488 799**	**375 000**	**438 278**	**18 276**	**18 389**
Investments	**18 276**	**–**	**–**	**–**	**18 276**	**–**
Margin and collateral deposits	**5 500 000**	**9 041 021**	**–**	**23 801**	**–**	**–**
Cash and cash equivalents	**375 000**	**447 778**	**375 000**	**414 477**	**–**	**18 389**
Financial liabilities	**(5 500 000)**	**(9 017 220)**	**–**	**–**	**–**	**–**
Margin and collateral deposits	**(5 500 000)**	**(9 017 220)**	**–**	**–**	**–**	**–**
Net exposure	**393 276**	**471 579**	**375 000**	**438 278**	**18 276**	**18 389**
2008						
Financial assets	6 117 885	9 676 454	275 000	744 964	20 885	30 666
Investments	20 885	–	–	–	20 885	–
Margin and collateral deposits	5 822 000	9 005 113	–	165 542	–	–
Cash and cash equivalents	275 000	671 341	275 000	579 422	–	30 666
Financial liabilities	(5 822 000)	(8 839 571)	–	–	–	–
Margin and collateral deposits	(5 822 000)	(8 839 571)	–	–	–	–
Net exposure	295 885	836 883	275 000	744 964	20 885	30 666

Floating rate assets yield interest at call rates.

30. Financial risk management continued

30.3 Cash flow and fair value interest rate risk continued

Sensitivity analysis

A change of 100 (2008:100) basis points on the fixed rate bonds and 200 (2008: 200) basis points in the floating rate instruments at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2008.

	Group		Exchange		Investor Protection Funds	
	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000
2009						
Fixed rate bond: +100 bps	–	(864)	–	–	–	(864)
Fixed rate bond: -100 bps	–	901	–	–	–	901
Floating rate instruments: +200 bps	9 446	–	8 780	–	368	–
Floating rate instruments: -200 bps	(9 446)	–	(8 780)	–	(368)	–
2008						
Fixed rate bond: +100 bps	–	(1 109)	–	–	–	(1 109)
Fixed rate bond: -100 bps	–	1 196	–	–	–	1 196
Floating rate instruments: +100 bps	16 865	–	15 027	–	613	–
Floating rate instruments: –100 bps	(16 865)	–	(15 027)	–	(613)	–

30.4 Other market price risk

The Group is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets because of changes in market prices (other than changes in interest rates and currencies). To manage its other market price risk arising from the available-for-sale financial assets, the investments are managed by a reputable asset manager according to approved guidelines.

Sensitivity analysis – other market price risk

The available-for-sale financial assets considered in the sensitivity analysis below exclude the listed bonds and the cash component of the foreign unit trusts which are included in the interest rate sensitivity analysis in note 30.3.

The equity investments are listed on JSE Limited with the majority of the investments included in the JSE All Share Index. A 15% (2008: 15%) increase in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased equity by R27.3 million (2008: R19.3 million) and profit or loss by R0.2 million (2008: R0.8 million) (in respect of the options on the JSE shares); an equal change in the opposite direction would have decreased equity by R27.3 million (2008: R19.3 million) and profit or loss by R0.2 million (2008: R0.8 million) (in respect of the options of the JSE shares). This analysis is performed on the same basis as 2008.

The unit trusts are predominantly benchmarked against the MSCI World Index. A 15% (2008: 15%) increase in the MSCI World Index at the reporting date, with all other variables held constant, would have increased equity by R5.8 million (2008: R3.6 million); an equal change in the opposite direction would have decreased equity by R5.8 million (2008: R3.6 million). The analysis is performed on the same basis as 2008.

30. Financial risk management continued

30.5 Liquidity risk

Liquidity risk is the risk that the JSE will be unable to meet its short-term funding requirements. This risk is managed by the JSE by maintaining the members' funds and the JSE's own funds in current and call accounts. The following table analyses the terms of receipt of financial assets and repayment of financial liabilities existing at year-end.

	Group			Exchange			Investor Protection Funds		
	Up to 3 months R'000	3 to 12 months R'000	1 to 5 years R'000	Up to 3 months R'000	3 to 12 months R'000	1 to 5 years R'000	Up to 3 months R'000	3 to 12 months R'000	1 to 5 years R'000
2009									
Financial assets	15 893 488	1 044	3	916 905	1 044	3	356 356	–	–
Other investments	239 535	–	3	–	–	3	239 535	–	–
Trade and other receivables (excluding payments in advance)	116 833	1 044	–	101 357	1 044	–	–	–	–
Interest receivable	75 302	–	–	2 270	–	–	711	–	–
Margin and collateral deposits	14 541 021	–	–	23 801	–	–	–	–	–
Cash and cash equivalents	920 797	–	–	789 477	–	–	116 110	–	–
Financial liabilities	(14 700 260)	–	–	(89 243)	–	–	(3 061)	–	–
Trade payables	(68 774)	–	–	(65 039)	–	–	(3 061)	–	–
Interest payable	(90 465)	–	–	(403)	–	–	–	–	–
Margin and collateral deposits	(14 541 021)	–	–	(23 801)	–	–	–	–	–
Net exposure	1 193 228	1 044	3	827 662	1 044	3	353 295	–	–
2008									
Financial assets	16 156 519	2 295	4	1 107 908	2 295	4	224 961	–	–
Other investments	194 021	–	4	–	–	4	194 021	–	–
Trade and other receivables (excluding payments in advance)	85 251	2 295	–	85 104	2 295	–	–	–	–
Interest receivable	103 793	–	–	2 840	–	–	274	–	–
Margin and collateral deposits	14 827 113	–	–	165 542	–	–	–	–	–
Cash and cash equivalents	946 341	–	–	854 422	–	–	30 666	–	–
Financial liabilities	(15 080 851)	–	–	(268 163)	–	–	(633)	–	–
Trade payables	(99 677)	–	–	(97 613)	–	–	(633)	–	–
Interest payable	(154 061)	–	–	(5 008)	–	–	–	–	–
Margin and collateral deposits	(14 827 113)	–	–	(165 542)	–	–	–	–	–
Net exposure	1 075 668	2 295	4	839 745	2 295	4	224 328	–	–

30. Financial risk management continued

30.6 Credit risk

Credit risk arises from cash and cash equivalents, margin and collateral deposits, trade and other receivables, interest receivable, other investments and amounts due from group entities. Credit risk on cash and cash equivalents, margin and collateral deposits, and interest receivable is minimised through ensuring funds are only placed with P-2.za (A1) and P-1.za (A1+) rated banking institutions, with no concentration of funds in one specific banking institution. Segregation of duties, multiple signatories, third party confirmation of investments and monitoring of compliance with investment mandates are applied on a daily basis to monitor and control exposure to credit risk associated with other investments. Trade and other receivables are monitored by the JSE's finance department on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The JSE is exposed to credit losses in the event of default by a clearing member. The Exchange anticipates, however, that clearing members will be able to fully satisfy their obligations. The Group has collateral in the form of initial margins and guarantees to mitigate this credit risk and monitors the credit standing of clearing members. The investor has ultimate recourse to the JSE Derivatives Fidelity Fund Trust in the event of clearing member and member default. Due to the volatility of the JSE's exposure to credit losses in the event of default by a clearing member, the maximum exposure to credit losses at any one point in time is not necessarily representative of the risk exposure during the year. The JSE Guarantee Fund Trust protects JSE members' clients from loss in certain circumstances should a participant default.

30.7 Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The JSE board monitors the level of capital, which the Group defines as total share capital and reserves (refer note 21). In order to maintain or adjust the level of capital, the Group may issue new shares, adjust the amount of dividends paid to shareholders or return capital to shareholders.

The Group further considers its capital risk on a regular basis and believes this risk resides in three main areas:

- Settlement guarantee;
- Operating costs; and
- Capital or opportunity needs.

Settlement guarantee is the money that would be required to settle a failed trade by replacing the defaulting party. This would either entail a settlement in cash or the acquisition of equities required to settle a trade. If it is the latter, the risk is one of the price of the equities moving against the JSE since, although the cash would be forthcoming, it may be less than the original transaction.

Operating costs: Globally, the prudential requirements for operating reserves are between two and six months of operating costs. The JSE Board considers four months to be appropriate.

Capital or opportunity needs: In light of the ongoing need to maintain a world-class technology environment, a high level of cash is maintained. This level of cash is also maintained to allow flexibility in negotiating potential corporate actions. This cash is managed by the JSE's treasury department and is invested with only P-2.za (A1) and P-1.za (A1+) rated institutions, with a view to maximise interest received without exposing the JSE to risks higher than the JSE Trustees' funds.

Refer note 21 (footnote 4) for a discussion on our broad-based black economic empowerment initiative (BBBEE).

There were no changes to the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

31. Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009.

	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
Assets					
Other investments					
– Equity securities	16.1	182 114	39 145	–	221 259
– Debt investments	16.1	18 276	–	–	18 276
– Other	16.2	3	–	–	3
Derivative instruments	17	–	1 451	–	1 451
Total assets		200 393	40 596	–	240 989

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as available-for-sale securities.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

	Group 2009 R'000	Group 2008 R'000	Exchange 2009 R'000	Exchange 2008 R'000
32. Minimum lease payments expected from sub-leases				
Total future minimum lease receipts	5 889	6 098	5 889	6 098
Not later than one year	11 592	16 406	11 592	16 406
Between one and five years	17 481	22 504	17 481	22 504

The Group sub-leases areas of the building in which it operates.
Refer to note 8.2.

33. Investor protection funds

This amount represents unexpended levies received from investors in terms of the investor protection levy together with interest thereon. These levies are raised to finance the market regulatory activities of the Financial Services Board and are committed to this purpose. These funds are included in the cash and cash equivalents balances.

Funds under management

JSE Trustees (Proprietary) Limited

JSE Trustees (Proprietary) Limited (JSE Trustees) acts as an agent for all funds placed by members of the JSE on behalf of their clients and other counterparties. JSE Trustees invests and administers the funds on behalf of the members for the account of its clients. JSE Trustees charges an administration fee for this service.

	Year ended 31 December 2009 R'000	Year ended 31 December 2008 R'000
Assets under administration		
Interest receivable	**96 322**	197 149
Fixed deposits	**14 774 800**	16 756 800
Current and call accounts	**7 813 313**	7 570 748
Total assets under administration	**22 684 435**	24 524 697

In terms of rule 2.100.7 of the JSE rules, JSE Trustees acts as an agent on behalf of members, who in turn, act as agents on behalf of their clients. JSE Trustees' principal activities, while acting as agent, are acceptance of monies on deposit for account of clients of members of the Exchange and the later repayment of such monies. These monies are invested in various interest-earning bank accounts. JSE Trustees earns an administration fee for the services rendered. Funds so deposited or invested neither form part of the assets of JSE Trustees nor of any member acting on behalf of a client.

Credit risk on assets under administration is minimised through ensuring funds are only placed with P-2.za (A1) and P-1.za (A1+) rated banking institutions.

To monitor liquidity risk, duration limits have been set and authorised for JSE Trustees. The authorised duration limits have been tailored to the liquidity requirements of JSE Trustees and the weighted average duration of funds invested may not exceed 40 (2008: 40) days.

JSE Limited

(Registration number 2005/022939/06)
(Incorporated in the Republic of South Africa)
Share code: JSE
ISIN: ZAE000079711
("JSE" or the "Company" or "the Group")

Notice is hereby given that the fifth annual general meeting of shareholders of the JSE will be held at 17:30 on Thursday, 22 April 2010 at One Exchange Square, 2 Gwen Lane, Sandown, for the purpose of:

Ordinary business

Considering and, if deemed fit, passing, with or without modification, the resolutions set out below.

1. That the group annual financial statements for the year ended 31 December 2009, and the report of the directors and the auditors thereon, be adopted.

2. To re-elect Bobby Johnston, who retires by rotation, but being eligible, offers himself for re-election:
   Age – 61
   Years as JSE board member – 10
   Non-executive director of the JSE
   Member of the Risk Management Committee
   Member of the Audit Committee
   Nationality – South African
   Appointed to the Board in 2000

   Business address
   Eljay Financial Services, 11 Diagonal Street, Johannesburg

   Experience
   Bobby Johnston was managing director of Lurie, Johnston & Co Inc and specialised in options strategies, trading as well as dealing for non-resident principals and clients. He was also involved in portfolio management of both local and non-resident trusts, companies and individuals.

   Bobby was a member of the JSE Committee before the entity's restructure. He was joint deputy chairman of the JSE Committee before becoming chairman of the JSE Committee from 1995 to 1997. Bobby was chief executive officer of First National Equities (Proprietary) Limited and Chairman of Strate Limited from inception to end 1999. Bobby is an honorary life member of the South African Institute of Stockbrokers and is involved in education and lecturing on financial market subjects. Bobby has served and is serving as a director on numerous boards. Current directorships include Mr Price Group Limited and Strate Limited.

3. To re-elect David Lawrence, who retires by rotation, but being eligible, offers himself for re-election:
   Age – 58
   Years as JSE board member – 2
   Non-executive director of the JSE
   Member of the Risk Management Committee
   Member of the Human Resources Committee
   Nationality – South African
   Appointed to the board in 2008

   Business address
   Investec Bank Limited, 100 Grayston Drive, Sandton

   Experience
   David Lawrence's early career was spent as an economist at the Chamber of Mines. He subsequently worked for the office of the economic advisor to the prime minister. He joined Citibank in 1977, eventually becoming chairman and managing director. In 1987, Citibank's business was acquired by First National Bank and it became FirstCorp Merchant Bank, where David held the position of managing director. David joined Investec in 1996 as managing director, corporate and investment banking and is currently deputy chairman of Investec Bank Limited. He holds a number of directorships and is a member of the group executive management team, and holds groupwide responsibility for banking and institutions. Current directorships include Cadiz Holdings Limited, Afrox Limited and Investec Bank Limited.

4. To re-elect Sam Nematswerani, who retires by rotation, but being eligible, offers himself for re-election:
   Age – 48
   Years as JSE board member – 5
   Non-executive director of the JSE
   Chairman of the Audit Committee
   Member of the Risk Management Committee
   Nationality – South African
   Appointed to the board in 2005

   Business address
   AKA Capital (Proprietary) Limited, 28 Sloane Street, Bryanston

   Experience
   Sam Nematswerani is a chartered accountant with over 16 years' experience in accounting, auditing and investment banking. Sam specialised in corporate finance in merchant banking for over six years, including at Absa Corporate and Merchant Bank, now Absa Capital. He is currently chairman of the Audit Committee of the JSE and a trustee of the JSE Derivatives Fidelity Fund Trust. Sam is chief executive officer of Aka Capital, a private equity and investment holding company, and has served and is serving as a director on numerous boards. Current directorships include Aka Capital (Proprietary) Limited, Ceramic Industries Limited, Corobrik (Proprietary) Limited and Protea Hospitality Holdings (Proprietary) Limited.

5. To re-elect K K Combi, who retires by rotation, but being eligible, offers himself for re-election:
   Age – 58
   Years as JSE board member – 1
   Non-executive director of the JSE
   Nationality – South African
   Appointed to the board in 2009

   Business address
   Thembeka Capital Limited, 6 Dorp Street, Stellenbosch

   Experience
   K K Combi worked at Old Mutual for one year, where he was awarded Salesman of the Year. K K then opened a self-service café in Gugulethu, which was forced to close in 1985 owing to unrest in the township, which denied delivery trucks access to the café. In 1989 K K developed the first service station in Gugulethu. In 1994 he developed the R45 million Ultra City Engen One Stop in King William's Town. In 1995 he started Master Currency, where he was executive chairman until he concluded a transaction with Thembeka Capital (Proprietary) Limited ("Thembeka") in 2006, and became non-executive chairman. In 2006 K K became executive chairman of Thembeka, swapping his stake in Master Currency for a stake in Thembeka. K K has achieved much and received several awards. He has served and is serving as a director on numerous boards. Current directorships include Thembeka Capital Limited, Massmart Holdings Limited and PSG Group Limited.

6. To elect Nonkululeko Nyembezi-Heita, who was appointed to the board during the year as a consequence of the acquisition of the Bond Exchange of South Africa Limited.
   Age – 50
   Years as JSE board member – 10 months
   Non-executive director of the JSE
   Nationality – South African
   Appointed to the board in July 2009

   Business address
   ArcelorMittal South Africa, Delfos Boulevard, Vanderbijlpark, 1900.

   Experience
   Nonkululeko Nyembezi-Heita is the chief executive officer of ArcelorMittal SA, a primary steel producer, and has been since 1 March 2008. She was chief corporate strategy officer of the Vodacom Group until 2005, chief executive officer of Alliance Capital until 1998, a regional manager for IBM South Africa, Windhoek, from 1993 to 1998, an accounts sales representative for IBM South Africa, Johannesburg, from 1986 to 1993, and an engineer for IBM Raleigh, United States of America, from 1984 to 1986. Nonkululeko has and is serving as a non-executive member of numerous boards. Current directorships include Macsteel International Holding B.V and ArcelorMittal South Africa Limited.

NOTICE OF ANNUAL GENERAL MEETING
continued

7. To re-elect KPMG Inc as auditors and to appoint Vanessa Yuill as the designated auditor to hold office for the ensuing year.

8. To note the final dividend of 192 cents per ordinary share as proposed by the directors.

Special business

To consider and, if deemed fit, to pass with or without modification, resolutions 9 to 15 as set out below.

Approval of a new long term incentive scheme

The proposed new long-term incentive scheme is not a schedule 14 scheme as contemplated by the JSE Listings Requirements, and is accordingly not subject to regulation under the JSE Listings Requirements. However, in the interests of full disclosure and good governance the directors are tabling the proposed new scheme for shareholder approval. An explanatory note on the proposed new scheme is appended to this notice of meeting, marked as Annexure "A".

9. That –
   - 9.1 the JSE long-term incentive scheme 2010 ("LTIS 2010"), a copy of which has been initialled by the chairman of the annual general meeting for purposes of identification and tabled at this meeting, and the salient features of which are set out in the explanatory notes accompanying this notice, be and is hereby approved, and
   - 9.2 the directors of the Company be and are hereby authorised to do all such things and sign all documents and take all such actions as may be necessary for the establishment and bringing into effect of LTIS 2010, including but not limited to the founding of a trust ("JSE LTIS 2010 Trust") to operate LTIS 2010.

Special resolution 1

10. That, subject to the passing of ordinary resolution 9, the JSE LTIS 2010 Trust be and is hereby authorised by way of a specific authority in terms of sections 85 to 89 of the Companies Act No. 61 of 1973, as amended, ("Companies Act"), the Listings Requirements of the JSE and article 12 of the Company's Articles of Association, to acquire from time to time in the open market at the then ruling price, no more than 2 100 000 (two million one hundred thousand) ordinary shares in the Company in aggregate during the period commencing 1 May 2010 and ending 31 December 2013, for the purposes of giving effect to LTIS 2010, and further, for the duration of LTIS 2010, to acquire for no consideration the ordinary shares in the Company forfeited by LTIS 2010 participants in terms of the Rules of LTIS 2010 from time to time, provided that –
    - the JSE LTIS 2010 Trust may not acquire securities in the Company in the open market during a prohibited period as defined in the JSE Listings Requirements, unless full details of the acquisition (including the dates and quantities of the securities to be traded) are announced prior to the commencement of the prohibited period; and
    - upon entering the market to proceed with such an acquisition, the sponsor of the JSE Group will confirm in writing to the Financial Services Board, as required, the adequacy of the JSE Group's working capital for the purposes of undertaking the acquisition of shares in line with the statement by the directors of the Company below.

Reasons for and effect of Special Resolution 1

The reason for special resolution 1 is to grant the JSE LTIS 2010 Trust the specific authority to –

- acquire in aggregate 2 100 000 (two million, one hundred thousand) ordinary shares in the issued share capital of the Company so that the Company via the JSE LTIS 2010 Trust can allocate these shares as share awards to selected senior staff of the JSE under the terms of LTIS 2010; and
- acquire for no consideration, all shares forfeited by scheme participants from time to time in accordance with the Rules of LTIS 2010.

The acquisition of shares in the open market by the JSE LTIS 2010 Trust, for the purpose of granting share awards, will be undertaken in terms of the Companies Act and the Listings Requirements of the JSE and will be executed over the period 1 May 2010 to 31 December 2013.

Such acquisition of shares, for the purpose of granting share awards, will be undertaken by a third party not related to the JSE, in the open market at the ruling price from time to time, and through the anonymous order book trading system operated by the JSE.

The effect of special resolution 1 is to –

- reduce the number of ordinary shares available as free float in the open market by 2 100 000 (two million, one hundred thousand) shares over the period 1 May 2010 to 31 December 2013; and
- ensure that forfeited shares are retained within LTIS 2010 for reallocation as new share awards from time to time.

At a JSE share price of R60 per share, the estimated cash cost of acquiring the full aggregate number of shares in the open market amounts to R126 000 000. Existing working capital of the JSE will be utilised to fund the acquisition of shares.

The working capital statement by the directors and the additional information required to be disclosed in respect of special resolution 1 is set out after the text of special resolution 2 below.

General authority to repurchase shares

In the ordinary course of business the directors may determine that a repurchase of the Company's issued shares is in the best interests of the Company. Accordingly, the directors propose for approval a special resolution granting the Company a general authority to repurchase shares. This proposed general authority is over and above and unrelated to the specific authority proposed in terms of Special Resolution 1.

Special Resolution 2

11. That, as a general approval contemplated in sections 85 to 89 of the Companies Act, the directors be authorised to facilitate the acquisition by the Company, or a subsidiary of the Company, from time to time, of the issued shares of the Company upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the provisions of the Act and the JSE Listings Requirements.

    This general approval shall endure until the following annual general meeting of the Company (whereupon this approval shall lapse unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months from the date of passing registration of this Special Resolution 2), it being recorded that the JSE Listings Requirements currently require, *inter alia*, that the Company may make a general repurchase of securities subject to the following limitations, namely that –

    11.1 the general repurchase of securities is being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);

    11.2 the Company is authorised thereto by its Articles of Association;

    11.3 the general repurchase of securities shall not, in the aggregate, in any one financial year exceed 10% of the Company's issued ordinary share capital of that class from the date of grant of this general authority;

    11.4 at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the company's behalf;

    11.5 the Company or its subsidiary may not repurchase securities during a prohibited period as defined in the

JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

11.6 repurchases are not made at a price more than 10% above the weighted average of the market value for the securities for the 5 (five) business days immediately preceding the date on which the transaction is effected. The Financial Services Board ("FSB") should be consulted for a ruling if the securities have not traded in such five business day period;

11.7 a paid press announcement containing full details of such repurchase(s) is published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue as at the date of the annual general meeting; and

11.8 the number of shares purchased and held by a subsidiary or subsidiaries of the Company shall not exceed 10% in aggregate of the number of issued shares in the Company at the relevant times.

Reasons for and effect of Special Resolution 2

The reason for and effect of Special Resolution 2 is to authorise the Company and/or a subsidiary of the Company by way of a general authority to acquire its own issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company, subject to the limitations set out above.

The directors of the Company have no specific intention to effect the provisions of Special Resolution 2 but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of Special Resolution 2.

Statement by directors of the Company

The directors of the JSE Group undertake that, after considering the effect of the specific repurchase under Special Resolution 1 and the effect of the general repurchase under Special Resolution 2, they will not effect any such repurchases unless –

- the Company and the Group will be able, in the ordinary course of business, to pay their debts for a period of 12 (twelve) months after the date of effecting any such repurchases under the authority granted by Special Resolutions 1 or 2;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 (twelve) months after the date of effecting any such repurchase under the authority granted by Special Resolutions 1 or 2. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of effecting any such repurchase under the authority granted by Special Resolutions 1 or 2; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of effecting any such repurchase under the authority granted by Special Resolutions 1 or 2.

Additional information in respect of Special Resolutions 1 and 2

In compliance with section 11.23 of the JSE Listings Requirements the following information, some of which may appear elsewhere in the annual report, is provided for purposes of the specific and general authorities set out in special resolutions 1 and 2, respectively –

- Directors' and management details: refer page 97 of this report;
- Major shareholders: refer page 57 of this report;
- Directors' interests in securities: refer page 156 of this report; and
- Share capital of the Company: refer page 142 of this report.

Litigation statement

In terms of section 11.23 of the Listings Requirements of the JSE, the directors, whose names are given on page 97 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names are given on page 97 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to these resolutions and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these special resolutions 1 and 2 contain all information required by law and the JSE Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the annual report, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Non-binding advisory vote on the remuneration policy of the JSE

The King III Code of Governance recommends that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting.

12. That the remuneration policy of the JSE as set out on pages 37 to 40 of the annual report under the heading "Remuneration Policy" be and is hereby adopted.

Non-executive remuneration

The services of a remuneration advisory consultancy have been retained by the JSE to advise on the remuneration structure and level of fees paid by the JSE to its non-executive directors. This advice has been provided on an independent and arm's length basis. The comparator group used by the remuneration advisory consultancy for the purposes of benchmarking the fees paid by the JSE to its non-executive directors included banks, short- and long-term insurers and niche financial services organisations listed on the JSE.

JSE policy is to fix the remuneration for its non-executive directors at or around the median paid by the comparator group.

Having due regard for the independent advice received, the following increases to non-executive director remuneration for the period May 2010 to April 2011 are proposed for consideration by shareholders –

- An increase of 9% in both the annual retainer and meeting fee for all non-executive directors. This proposed increase will result in the retainer and meeting fee remaining between the 25th and 50th percentile in comparison to the comparator group. These proposed increases follow the below market increase of 10% awarded to non-executive directors in the prior period (for this prior period of May 2009 to April 2010, the increases paid by the comparator group were between 13% and 15%);
- An increase of 20% in both the annual retainer and meeting

NOTICE OF ANNUAL GENERAL MEETING
continued

fee for members of the JSE Audit Committee. This proposed increase will bring the fees paid to members of the Audit Committee more in line with the median fees paid by the comparator group. These increases are justified given the extensive additional role and responsibilities of the Audit Committee under the provisions of the King III Code of Governance.

13. That with effect from 1 May 2010 the annual retainer to be paid to non-executive directors of the JSE be increased by 9%.

14. That with effect from 1 May 2010 the meeting fee to be paid to non-executive directors of the JSE be increased by 9%.

15. That with effect from 1 May 2010 –
    15.1. the meeting fee for members of the Audit Committee be increased by 20%; and
    15.2. the annual retainer for the chairman of the Audit Committee be increased by 20%.

Other business

To transact such other business as may be transacted at an annual general meeting.

Voting and proxies

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder.

Proxy forms must be forwarded to reach the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg or posted to PO Box 61051, Marshalltown 2107, by no later than 17:30 on Tuesday, 20 April 2010. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their central securities depository participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary letter of representation to do so.

Equity securities held by a share trust or scheme will not have their votes at general/annual general meetings taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

Please note that unlisted securities (if applicable) and shares held as treasury shares also may not vote.

By order of the board

Gary Clarke
Group Company Secretary

ANNEXURE A: EXPLANATORY NOTES TO SHAREHOLDER RESOLUTIONS – ORDINARY RESOLUTIONS 9.1 AND 9.2 AND SPECIAL RESOLUTION 1

1. Introduction and purpose

1.1 The design of share-based incentives both locally and internationally continues to evolve rapidly, and together with recent developments in tax, accounting and regulation have prompted the JSE Limited (JSE) to re-evaluate the purpose, structure and mechanics of the current long term incentives offered to its senior staff.

1.2 The proposed JSE long term incentive scheme 2010 (LTIS 2010 or Scheme) will align the JSE with current best practice in this field.

1.3 The main objective of LTIS 2010 is to incentivise and retain selected senior employees of the JSE over the long term (the "Participants" or "Scheme Participants"). In particular, the design of LTIS 2010 provides for the inclusion of a number of performance conditions intended to align the interests of Participants with the interests of JSE shareholders.

1.4 LTIS 2010 is intended to replace any new tranches which might otherwise be issued under the JSE's existing Long Term Incentive Scheme ("LTIS 2006") which was instituted as part of the JSE's listing in May 2006.

1.5 LTIS 2010 has been developed by JSE management who has sought appropriate, external professional advice in finalising the design of the Scheme.

1.6 The directors of the JSE are therefore proposing the adoption of LTIS 2010 by shareholders.

2. JSE remuneration philosophy

2.1 The JSE's remuneration philosophy provides a framework for the effective governance of compensation within the Company. The primary aim is to offer an equitable remuneration mix that attracts, retains and motivates the appropriate calibre executives and staff. Remuneration is structured in a fair and reasonable manner, recognising individual contributions and collective results.

2.2 This compensation framework takes into account the reality of the JSE's size and role within the South African financial sector. The nature of the JSE's business, its risk profile and the issue of financial affordability all serve to constrain the overall level of rewards that can be paid to executives and staff.

2.3 Sound compensation practices recommend a mix of guaranteed and variable pay with short- and long-term pay-out horizons. In line with this, the JSE remuneration mix for permanent staff comprises –

- Annual base pay: measured on a cost-to-company basis, guaranteed and benchmarked each year around median against independent market data. In exceptional cases, a base salary above median is paid to retain scarce skills or outstanding performers. In some cases salaries are benchmarked below median to account for skills gaps or new hires.

- Annual incentives: deferred compensation and special bonus – neither are guaranteed – with deferred compensation linked to individual performance for the year in question and the special bonus linked to Company and individual performance for the year. The size of both awards differs depending on seniority and line of sight to annual corporate objectives.

- Long-term incentive: previously a share appreciation rights scheme ("LTIS 2006"), the proposal set out in these explanatory notes is to implement a new equity-based scheme during 2010. The primary

ANNEXURE A: EXPLANATORY NOTES TO SHAREHOLDER RESOLUTIONS – ORDINARY RESOLUTIONS 9.1 AND 9.2 AND SPECIAL RESOLUTION 1

continued

objectives of LTIS 2010 are to retain (and incentivise) selected key employees (CEO to middle-management – approximately 70 individuals) and separately to incentivise executive management (CEO, executive directors, executive committee members – approximately 18 individuals) with both components of the proposed Scheme linked to three and four-year pay-out timeframes. In addition, the performance component is crucially designed to align the interests of executives with those of shareholders, in particular, to drive long-term growth in shareholder value.

2.4 The JSE operates South Africa's only stock exchange and employs a much higher proportion of senior financial and technology professionals than firms of similar size in the local financial markets. The JSE also competes for talent within a competitive labour market where aggressive remuneration structuring is often the norm. Careful consideration has therefore been given to the nature, mechanics and overall size of LTIS 2010 to ensure that it can serve as a realistic incentive and retention tool.

2.5 LTIS 2010 seeks to reflect best practice, good governance and reasonability in the level of potential rewards that can be earned under the Scheme. The Scheme does not contain gearing, is subject to standard taxation provisions and represents a reasonable proportion of the after-tax earnings of the Company (even under a maximum out-performance scenario). Accordingly, the directors are of the opinion that LTIS 2010 constitutes an equitable, viable and important addition to the JSE's remuneration mix.

2.6 Further information on the JSE's remuneration philosophy and practices is contained in the report of the Human Resources Committee set out on pages 37 to 40.

3. LTIS 2010 key features

The key features of LTIS 2010 are briefly described below and are set out more fully in the LTIS 2010 rules available on request from the Group company secretary.

3.1 Retention and performance components in one scheme

LTIS 2010 is intended to incentivise and retain selected senior staff of the JSE over rolling three- and four-year time horizons. Although housed within one legal framework, the Scheme comprises two distinctly separate components – a retention component and a performance component. The objectives, qualifying criteria and potential rewards applicable to each component of the Scheme are clearly distinguished.

3.2 A share scheme

LTIS 2010 is a full-value, restricted share scheme which provides selected JSE employees with exposure to JSE shares rather than the share appreciation rights issued under LTIS 2006. The intention is to create a "share ownership class" within the staff corps, and this is achieved by awarding shares in the JSE to each Scheme Participant on an annual basis (the "Share Awards"), these shares having been acquired in the open market by a trust established by the JSE (in other words, there is no fresh issue of shares under this Scheme).

A Scheme Participant gets immediate beneficial ownership of the JSE shares from the date of the award; although this beneficial ownership is subject to the restriction that the shares may not be sold/encumbered before the end of the restriction periods and subject also to possible forfeiture where a Participant leaves the employ of the JSE prior to an award having vested. In addition, awards granted under the performance component are subject to automatic forfeiture in the event that the relevant JSE corporate performance metrics are not achieved.

3.3 Participation and salary multiples

For the ***retention component***, Scheme Participants will be full-time employees of the JSE (or a JSE subsidiary) who are valuable to the Group from a strategic, technical or operational perspective. Permanent staff members from middle-management up to and including the CEO are eligible to be invited to participate in the retention component, although the Human Resources Committee of the Board ("HR Committee") will have discretion to include other specific employees below middle-management grade where merited. At the outset of the Scheme, this translates into approximately 70 individuals or 15% of the JSE's current staff complement. There is no automatic right to participate and not all employees in the respective grades will necessarily be Participants. At the commencement of the Scheme, the maximum award under the retention component is limited to 1x annual base salary over the vesting period.

For the ***performance component***, Scheme Participants are restricted to the CEO, executive directors and executive committee members (with HR Committee discretion to invite other senior employees where merited), currently a group of 18 individuals with direct line of sight and accountability for the strategic, financial and operational performance of the Company. The salary multiples applicable to the performance component vary with seniority and at the outset of the Scheme are limited to 2x salary for the CEO, 1.5 x salary for executive directors and 1x salary for executive committee members over the vesting period.

The directors are of the opinion that the balance between the retention and performance components is most likely to achieve the incentive and retention objectives of the Company. A retention component for all eligible Participants is considered crucial, especially in difficult economic times where annual bonuses and performance awards are less likely to be awarded, particularly at senior levels. This mix between retention and performance is also a common feature of similar schemes within the South African financial sector.

3.4 Financial affordability

Financial affordability in the context of the JSE's annual financial performance will be considered by the HR Committee in determining the aggregate value of Share Awards to be granted in any year. In addition, an individual's seniority, personal work performance and strategic retention importance to the JSE will determine whether the individual is invited to become a Participant for that year as well as the number of shares awarded to the individual.

3.5 Performance metrics applicable to the performance component

Good governance guidelines, including the King III Code of Governance, recommend that performance criteria for share awards be "stretching, verifiable and relevant". In particular, the vesting of performance awards should be linked to enhanced shareholder value on a sustainable basis over time. And the level of corporate performance

ANNEXURE A: EXPLANATORY NOTES TO SHAREHOLDER RESOLUTIONS – ORDINARY RESOLUTIONS 9.1 AND 9.2 AND SPECIAL RESOLUTION 1

continued

should be measured against an appropriately defined peer group or other relevant benchmark.

Furthermore, the vesting of awards should be on a sliding scale to avoid an "all or nothing" vesting profile. Vesting should start at a level that is not significant in comparison to base pay. Awards with high potential value should be linked to commensurately higher levels of corporate performance and full vesting should require significant value creation.

For the performance component, specific corporate performance metrics will be set by the Board in respect of each Share Award at the time of making the award. Failure by the JSE to achieve some or all of these corporate-level metrics over the restriction period will mean that some or all of the allocated shares will be forfeited by participants.

The directors are strongly in favour of metrics which recognise the JSE's long term institutional role and which incentivise management to develop successful longer-term strategies that will contribute to sustainable growth in shareholder value. As a consequence, the directors are of the opinion that a strategic metric should be included as one of the performance criteria and should be given an appropriate weighting of not less than 40% (forty percent).

In respect of the first Share Award to be granted under LTIS 2010 the directors propose that the following performance metrics, weightings and vesting profile be applied –

	Level 1	Level 2	Level 3	Weighting
Return on equity	20% vests	30% vests	50% vests	30%
EBIT growth	20% vests	30% vests	50% vests	30%
Strategic metric	20% vests	30% vests	50% vests	40%

In terms of this structure, for example, 30% of a Participant's performance award will be linked to the ROE metric. Achieving a level 1 performance in respect of ROE will result in 20% of the performance shares (that are linked to the ROE metric) vesting. Levels 2 and 3 will require ever-increasing levels of performance in order for performance awards to vest.

The specific targets for each level of performance (that is, the return on equity over the cost of capital, EBIT growth over CPI, and the details of the strategic metric) will be defined by the HR Committee and announced at the time of making the first grant under the Scheme.

3.6 Forfeiture following termination of employment

All unvested Share Awards (that is, still subject to a time restriction for the retention component, and a time and performance restriction for the performance component) will be automatically forfeited if a Participant leaves the JSE's employ voluntarily during the restriction period or is dismissed for good cause.

Should a Participant leave the JSE in any other circumstance (a so-called "good leaver" – circumstances including death, disability, retirement, redundancy or similar), then the HR Committee will be entitled to apply discretion as to whether any portion of a Share Award should vest on an accelerated basis. There is no automatic entitlement to accelerated vesting under the Scheme.

Where accelerated vesting is considered appropriate in the case of a "good leaver" then such accelerated vesting will in any event be subject to a pro rata adjustment based on both time and performance parameters (taking into account the extent to which the performance conditions have been achieved to date).

3.7 Forfeiture following failure to meet performance conditions

Forfeiture of Share Awards will also apply on an on-going basis to Participants in the performance component. An assessment of corporate performance (measured against the pre-set performance conditions) will be undertaken at each vesting date. In respect of each tranche vesting at that date, some or all of the award will be automatically forfeited if the various metrics have not been achieved. No re-testing against the performance conditions at a later date is permitted under the Scheme.

3.8 Corporate events

The same "good leaver" provisions will apply in the case of a change in control – there is no automatic accelerated vesting for retention or performance awards. The HR Committee retains discretion to allow early vesting, which once again must be on a pro rata basis (against both time and performance criteria achieved to date). These provisions are in line with the specific recommendations relating to "change in control" events as contained in the King III report.

ANNEXURE A: EXPLANATORY NOTES TO SHAREHOLDER RESOLUTIONS – ORDINARY RESOLUTIONS 9.1 AND 9.2 AND SPECIAL RESOLUTION 1

continued

3.9 Value

The total number of shares awarded to all Participants in aggregate under this Scheme and that are still subject to restrictions should not exceed 2.5% of the JSE's issued share capital over any four-year period and the total value in respect of a particular Participant should not exceed a specific multiple of salary over the life of the Share Award (for various levels of seniority within the JSE) – these multiples being in line with best remuneration practice and determined from time to time by the HR Committee.

At the commencement of LTIS 2010, these multiples are 1x annual guaranteed base salary for all Participants in the retention component and 1x/1.5x/2x annual guaranteed base salary for Participants in the performance component (executive committee members, executive directors and the CEO, respectively).

3.10 Governance

LTIS 2010 has a finite "life" of eight years in line with good governance recommendations, although this can be extended by shareholder approval in general meeting. In addition, the JSE will seek renewed shareholder approval at appropriate intervals with respect to the purchase of further JSE shares in respect of new Share Awards.

Special Resolution 1 seeks specific shareholder approval for the repurchase of a maximum, aggregate number of shares – being 2 100 000 (two million, one hundred thousand) shares – over a four-year period, stretching from 1 May 2010 to 31 December 2013. The nature of the assumptions that determine the aggregate share repurchase figure (and the likelihood that these assumptions will change significantly over time) makes it difficult to accurately determine an aggregate figure over a longer period.

JSE shares will be repurchased in the open market by an independent third party acting on behalf of the JSE LTIS 2010 Trust (the "Trust"). These repurchase transactions will be undertaken in the open period immediately following the publication of the JSE's annual financial results each year, and will be accompanied by the appropriate announcement as required by the JSE Listings Requirements.

4. Financial impact of LTIS 2010

4.1 In order to estimate the possible financial impact of the Scheme a range of assumptions need to be made, including: the number of Scheme Participants, Participant salaries and likely salary increases over the period, the maximum allowed salary multiples and level of dilution, the predicted share price over the period, as well as the value of unvested allocations under any previous scheme, such as LTIS 2006 and the Cash LTIS awards of 2008 and 2009.

4.2 By attributing values to these assumptions, and assuming further that smoothed allocations will be granted to all potential Participants during the life of the Scheme, the directors estimate that the total cash cost to acquire the aggregate number of 2 100 000 (two million, one hundred thousand) shares will amount to R126 000 000 (at a JSE share price of R60 per share). However, in the opinion of the directors the estimated annual charge to the JSE's income statement of each annual Share Award is not likely to be significant, as explained in the paragraphs below.

4.3 Of this aggregate cash cost, the directors estimate that the likely maximum cost of the first LTIS 2010 award to be granted in the 2010 financial year will amount to R32.5 million of which R10.6 million will be subject to performance conditions. This translates to an acquisition by the Trust of 483 000 shares or 0.57% of the issued share capital, and an estimated R9.5 million charge to the income statement for the 2010 financial year. A similar charge to the income statement will be due in the 2011 and 2012 financial years, and a charge of R4.1 million in the 2013 financial year.

4.4 The robustness of the assumptions diminishes over time, although the directors estimate that for the 2011 Share Award, the cash cost to acquire and allocate the maximum allowed number of JSE shares will amount to R35.7 million with R11.7 million of this amount being subject to performance conditions. The Trust will need to acquire approximately 475 000 shares (0.56% of the issued share capital) in order to grant the 2011 Share Award. The income statement charge for this 2011 award is likely to be of the order of R10.4 million, resulting in a total income statement charge of R19.9 million in the 2011 financial year. Further charges of R10.4 million will be due for each of the 2012 and 2013 financial years and a charge of R4.5 million in 2014, in respect of the 2011 award.

5. Taxation considerations

5.1 Tax impact on JSE

The JSE obtains a deduction over the restriction period in respect of the payments made for its employees as it provides funds to the Trust to buy the shares (in practice the Trust will utilise the services of a broker to execute the purchase of shares on the market). The deduction will essentially be spread over the period during which the benefits of the contribution are derived, and accordingly, the deduction might not be the same as the accounting expense recognised in the income statement.

5.2 Tax impact on Trust

Contributions received by the Trust will not be included in the Trust's gross income as the Trust is not engaged in a scheme of soliciting contributions for its own benefit. There should also be no Capital Gains Tax ("CGT") implications for the Trust. Each time the Trust acquires JSE shares on the open market, Securities Transfer Tax ("STT") is payable, calculated on the consideration paid for the shares (currently set at a rate of 0.25%). In addition, STT is also payable on the market value of any forfeited shares acquired by the Trust.

ANNEXURE A: EXPLANATORY NOTES TO SHAREHOLDER RESOLUTIONS – ORDINARY RESOLUTIONS 9.1 AND 9.2 AND SPECIAL RESOLUTION 1

continued

5.3 Tax impact on participants

The shares qualify as a "restricted equity instrument" acquired by virtue of employment in terms of section 8C(7) of the Income Tax Act No 58 of 1962. By correctly structuring the LTIS 2010 rules and the Trust, a Participant will be subject to potentially three tax events as a consequence of this Scheme including, *inter alia* –

- STT on the date of acquiring beneficial ownership calculated on the market value of shares on grant date;
- Income tax on the date that restrictions fall away (at the end of the three- and four-year restriction periods) calculated on the market value of shares at that time (even if shares are not sold by the Participant at that point). The JSE is responsible for making the necessary PAYE deductions, and will recover this from the Participants, who may have to dispose of some of their (vested) shares in order to discharge their tax liability; and
- CGT on the date that vested shares are disposed of by a Participant (which can be any date after the end of the three- and four-year restriction periods) calculated on the difference between market value at the unconditional vesting date (end of restriction periods and when all restrictions lift) and proceeds received as a result of disposal.

6. Documents for inspection

Copies of the following documents are available for inspection at the registered office of the JSE during normal business hours on any weekday from 31 March 2010 until 22 April 2010 and copies may also be requested from the office of the Group company secretary whose contact information is contained at the back of the annual report –

- JSE LTIS 2010 rules; and
- JSE LTIS 2010 trust deed.

FORM OF PROXY

JSE Limited
Incorporated in the Republic of South Africa
Registration number 2005/022939/06
Share code: JSE ISIN: ZAE 000079711 (JSE or the company)

Only for use by shareholders who have not dematerialised their shares or shareholders who have dematerialised their shares with "own name" registration. All other dematerialised shareholders must contact their central securities depository participant (CSDP) or broker to make the relevant arrangements concerning voting and/or attendance at the meeting.

For the fifth annual general meeting of shareholders of the JSE Limited to be held on Thursday, 22 April 2010 at 17:30.

I/We

(Name in block letters)
of

(Address)
being the holder(s) of JSE shares, hereby appoint (see note 1 overleaf)

1. or failing him

2. the chairman of the JSE, or failing him the chairman of the annual general meeting, as my/our proxy to attend and speak for me/us on my/our behalf and to vote or abstain from voting on my/our behalf at the annual general meeting of the JSE Limited to be held at One Exchange Square, Gwen Lane, Sandown on Thursday, 22 April 2010 at 17:30.

I/We desire to vote as follows:

	For	Against	Abstain
Ordinary resolutions			
1. Adoption of financial statements and reports by the directors and auditors			
2. To re-elect Mr M R (Bobby) Johnston as a director			
3. To re-elect Mr D Lawrence as a director			
4. To re-elect Mr S Nematswerani as a director			
5. To re-elect Mr Z L (K K) Combi as a director			
6. To elect Ms N Nyembezi-Heita as a director			
7. To reappoint KPMG Inc as auditors and to elect Vanessa Yuill as the designated auditor			
8. Noting of a final dividend of 192 cents per share			
9. 9.1. The JSE Long-Term Incentive Scheme 2010 (LTIS 2010), a copy of which has been initialled by the chairman of the annual general meeting for purposes of identification and tabled at this meeting, and the salient features of which are set out in the explanatory notes accompanying this notice, be and is hereby approved; and 9.2. The directors of the company be and are hereby authorised to do all such things and sign all documents and take all such actions as may be necessary for the establishment and bringing into effect of LTIS 2010, including but not limited to the founding of a trust to operate LTIS 2010			
10. **Special resolution 1** That the directors of the company be authorised to acquire from time to time in the open market at the then ruling price, no more than 2 100 000 (two million, one hundred thousand) ordinary shares of the company in aggregate during the period so commencing 1 May 2010 and ending 31 December 2013, pursuant to giving effect to LTIS 2010 and acquire for no consideration, all shares forfeited by scheme participants from time to time in accordance with the Rules of LTIS 2010			
11. **Special resolution 2** That the directors be authorised to facilitate the acquisition by the company, or a subsidiary of the company, from time to time, of the issued shares of the company upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the provisions of the Act and the JSE Listings Requirements			
12. That, the remuneration policy of the JSE as set out on pages 37 to 40 of the annual report under the heading "Remuneration report" be and is hereby adopted			
13. That with effect from 1 May 2010 the annual retainer to be paid to non-executive directors of the JSE be increased by 9%			
14. That with effect from 1 May 2010 the meeting fee to be paid to non-executive directors of the JSE be increased by 9%			
15. 15.1. That with effect from 1 May 2010 the meeting fee for members of the Audit Committee be increased by 20%; and			
15.2. That with effect from 1 May 2010 the annual retainer for the chairman of the Audit Committee be increased by 20%			

Signed at on 2010

Signature
(Director if a member of the JSE) or (individual shareholder)

Please read the notes to the proxy overleaf

NOTES TO THE PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided overleaf, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the chairman of the annual general meeting. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting, as he/she thinks fit in respect of all the shareholders exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.

3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

4. To be valid, the completed forms of proxy must be lodged with the transfer secretaries of the company, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg or posted to PO Box 61051, Marshalltown, 2107, to reach them by no later than 48 hours before the meeting (excluding Saturdays, Sundays and public holidays).

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).

8. The chairman of the annual general meeting shall be entitled to decline or accept the authority of a person signing the proxy form:
   a) under a power of attorney; or
   b) on behalf of a company;

   unless his power of attorney is deposited at the offices of the company or that of the transfer secretaries not later than 48 hours before the meeting.

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JSE ANNUAL REPORT 2009

JSE JOHANNESBURG STOCK EXCHANGE