2012 INTEGRATED ANNUAL REPORT

JSE

JOHANNESBURG STOCK EXCHANGE

ABOUT THIS REPORT

www.jse.co.za

Contents

We've created an online reporting suite, which works for your specific needs

Board responsibility for integrated annual report

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

Disclaimer

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

Scope and boundaries

The information presented describes the Exchange, its five financial markets and the investor protection trusts associated with certain markets, but excludes associate Strate Limited, in which the JSE holds 44.5%. The JSE equity accounts for Strate, which is managed by an independent management team and board. There are no material changes in scope from the integrated annual report of 2011.

This integrated annual report presents the activities and annual financial statements of the JSE and its consolidated entities for the year ended 31 December 2012, while also describing the strategic path that we have taken over the past year and the way this fits into the Group's five-year strategy to 2017.

The JSE integrated annual report for 2012 discusses the broader environment, industry pressures and opportunities as well as the strategic vision for the Group. Within these broad areas, this report discusses the focus areas of products and services; people; transformation; technology and stakeholder engagement.

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

Feedback

The JSE would welcome your feedback on its second integrated annual report.

Please email: ir@jse.co.za

FINANCIAL HIGHLIGHTS

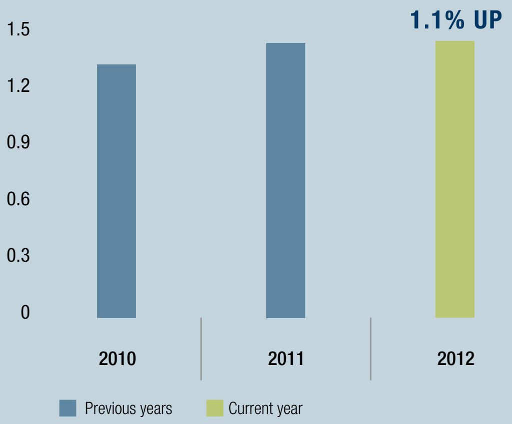
Group performance indicators and highlights

DIVERSIFIED REVENUE (%)

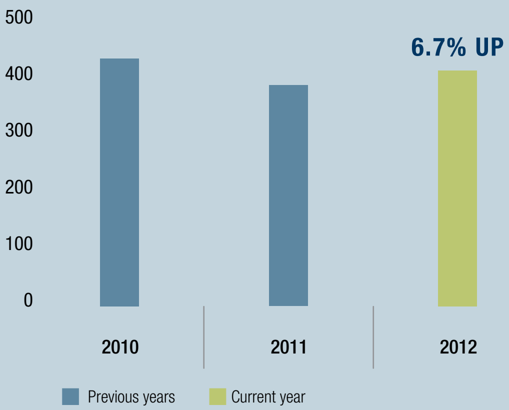
Equity market	24.9%	Post-trade services	16.5%
Back-office services	16.0%	Issuer regulation	7.5%
Bonds and financial derivatives	13.7%	Commodity derivatives	4.4%
Market data	11.5%	Other	5.5%

Excluding Strate ad Valorem fees

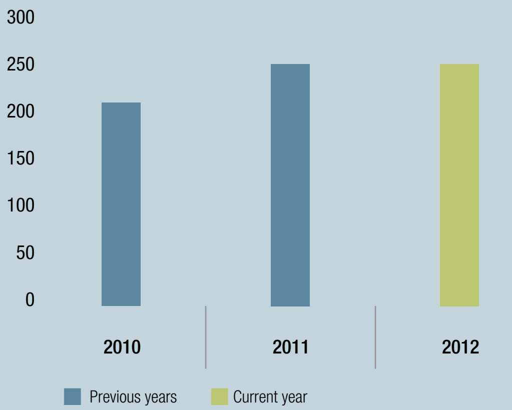
GROUP REVENUE (R'BN)



EBIT (R'M)



ORDINARY DIVIDENDS PER SHARE (CENTS)



Note: declared

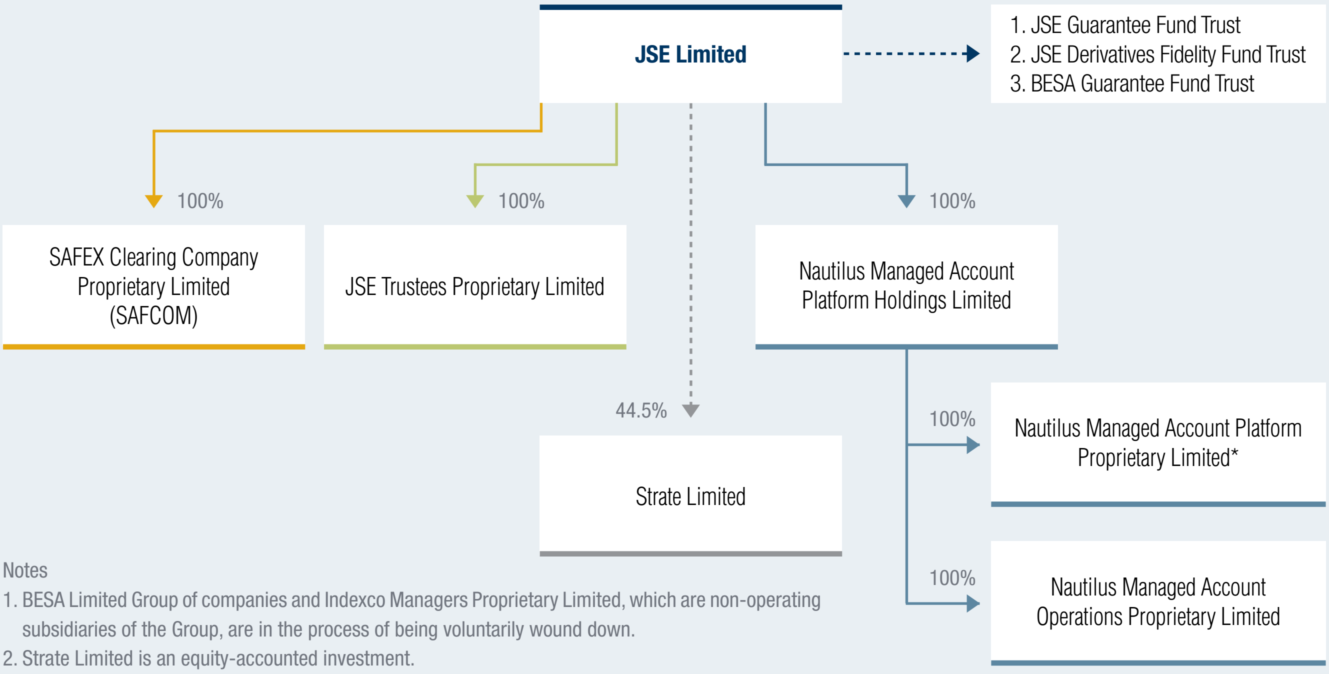
Profile of the JSE

The JSE is a key part of South Africa's economic landscape. As South Africa's only full service securities exchange, it connects buyers and sellers in a variety of financial markets: equities, financial derivatives, commodity derivatives, currency derivatives and interest rate instruments.

The JSE is licensed as an exchange under the Securities Services Act, 2004, and is the largest African exchange by market capitalisation and value traded.

It has operated as a marketplace for the trading of financial products for over 125 years and now provides a primary market, secondary market and post-trade services, technology services and market data sales, while also regulating its primary and secondary markets. The JSE is supervised in the execution of its regulatory responsibilities by the Financial Services Board (FSB).

Group structure

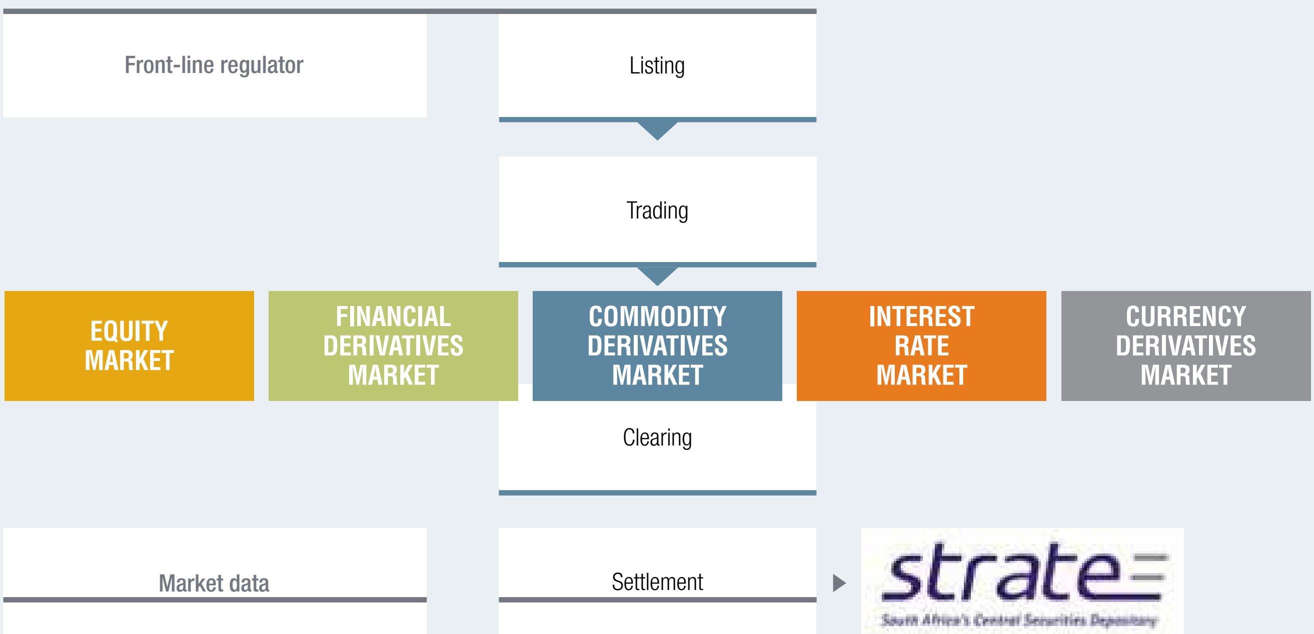


Notes

1. BESA Limited Group of companies and Indexco Managers Proprietary Limited, which are non-operating subsidiaries of the Group, are in the process of being voluntarily wound down.
2. Strate Limited is an equity-accounted investment.

**This entity is not consolidated by the JSE.*

The exchange's value chain



STRATEGIC AND FINANCIAL KPIs FOR 2012

Financial

Group revenue up 1.1% to R1.38 billion (2011: R1.37 billion).

Operating expenditure flat (2012: R1.03 billion, 2011: R1.04 billion).

Return on equity 16.6% (2011: 19.2%).

EBIT up 6.7% to R405.6 million (2011: R380.1 million).

Group remains strongly cash generative, with free cash flow of R98.5 million (2011: R3.6 million).

Strategic priorities achieved

Achieved CPSS-IOSCO compliance for our derivatives clearing house, Safcom, so that our clients will obtain maximum Basel III relief.

Integrated our Post-Trade Services business, which enables clearing and settlement across the JSE's markets.

In conjunction with the National Treasury and market participants, found a way forward on securities transaction tax with which participants are comfortable and which should enable increased activity on our market.

Technology delivery

Implemented the new MillenniumIT trading system and the SENS replacement solution for the equity market successfully, on time and within budget.

Upgraded the commodities and derivatives market technology to handle increased volumes.

Product and service innovation

Launched the following products and services:

- *Listed the first Namibian Government bond on the JSE.*
- *Enhanced the physical delivery process for commodities to allow trading of Safex silo receipts.*
- *Expanded the foreign-referenced commodities range with the introduction of the Quanto to enable investors to gain exposure to price fluctuations in the foreign commodity while shielding them from movements in the ZAR:USD exchange rate.*
- *Introduced a new billing model for the Interest Rate and Currency Derivatives Markets aimed at reducing fees and boosting liquidity.*
- *Cross-listed Benchmark Equity Index Derivatives on the BRICS Exchanges.*
- *Introduced Wheat Futures under licence from the Kansas City Board of Trade.*

Stakeholder focus

Improved our relationships with our stakeholders, emphasising the need to partner with and listen to our clients to grow our business.

Sustainability and responsible investment

Significant sustainability initiatives in which the JSE has been involved during 2012 include the following:

- *Became a founding signatory (with Nasdaq OMX, BM&FBovespa, and the Istanbul and Egyptian Stock Exchanges) of the Sustainable Stock Exchanges Initiative committing to actively promoting sustainability disclosure.*
- *Continued participation in the Integrated Reporting Committee of South Africa and its working group.*

Our transformation journey

The JSE is committed to transformation and has a black economic empowerment (BEE) Level 5 contributor status.

1 REPORTS AND REVIEWS

The past year saw major achievements and steady financial results as the Exchange started working towards reaching its five-year strategic goals.

Fast-changing global industry conditions coupled with slow economic growth provided a challenging backdrop last year, against which the JSE embarked on a five-year strategic journey to build a resilient business. This journey aims to ensure the JSE is sufficiently agile and innovative to find the opportunities in industry conditions and defend itself against the obstacles that these conditions present. The past year saw major achievements and steady financial results as the Exchange started working towards reaching its five-year strategic goals.

A challenging environment

The year 2012 remained as challenging as the years that immediately followed the global financial crisis of 2008/2009. Domestic economic growth slowed to 2.5% year-on-year from 3.5% in 2011, impacting negatively on employment and social security. Although inflationary pressures remained elevated, the weak economic environment spurred an unexpected interest rate cut by the Reserve Bank in an effort to provide stimulus to the economy. In addition to these pressures, the general business environment was constrained by some political uncertainty, which culminated in a downgrade of South Africa's credit rating by the major credit rating agencies, as well as deterioration in labour relations in some sectors.

Global regulatory change continues apace

The global regulatory environment prompts much of the industry change we are currently experiencing. In particular, the scope of the market reregulation is extensive, covering almost all aspects of financial market activity. The regulatory context had a major influence on the exchange industry internationally in 2012, with its focus on transparency and appropriate risk management in the aftermath of the financial crisis. The result is a premium placed on well regulated exchange-type services, which will continue.

Although the Exchange could stand to benefit from aspects of the regulation, the net impact on liquidity is unclear. The JSE's response has been to interact closely with regulators and policy-makers to better understand the threats and opportunities presented by the shifting environment. Any necessary transformations will continue to be characterised by extensive collaboration with our stakeholders.

Four particular examples of collaboration between the JSE, its clients, policy-makers and regulators warrant mention:

- First, the certification of Safcom, the JSE's clearing house for exchange traded derivative instruments, as CPSS-IOSCO compliant during December 2012. I am delighted to report that this ensured that South Africa had one of the first CPSS-IOSCO compliant clearing houses globally.
- Second, the review of the securities transactions tax levied on purchases of securities.
- Third, the conclusion of the Financial Markets Act following detailed discussions before law makers in the National Assembly.
- Finally, the approval from the SA Reserve Bank for the JSE to list, trade and settle in USD a derivative contract on Zambian grain.

There is no doubt that collaboration with all stakeholders will remain a critical feature of the development of our market as we recognise the interdependency of all roleplayers in our financial ecosystem. Please review the details in the stakeholder report at www.financialresults.co.za/2013/jsear2012/stakeh.php

The operating environment in 2012

For the third consecutive year, in 2012, the regulation of South Africa's securities exchanges was rated number one in the World Economic Forum (WEF) Global Competitiveness Survey. South Africa was also ranked first with regard to auditing and reporting standards and the effectiveness of corporate boards. The country was ranked second in the categories for the protection of minority shareholders' interests and the soundness of banks. It is important that we continue to maintain these high standards as we compete as a country.

Policy uncertainty in many regions worldwide continued throughout 2012, as political leadership was contested both locally and internationally.

However, 2012 also offered growth opportunities, which the JSE has incorporated into its five-year strategic outlook. Nicky discusses these in the CEO's review on page 7 or at www.financialresults.co.za/2013/jsear2012/ceo.php

Growing income disparities, both locally and globally, continue to present challenges for business, which needs to ensure that it becomes relevant to a broader range of stakeholders.

Finally, the year demonstrated the continued importance of technology in facilitating and enhancing the way in which our clients across the value chain seek to interact with us.

The operating environment of 2013

At the start of 2013, many of the macro-economic and socio-political considerations of the past year remain.

The global economic slowdown translated in 2012 into a lower volume environment for exchanges worldwide, although volumes in 2013 are showing signs of improvement. In this regard, the JSE compares favourably with other exchanges.

The South African political and economic landscape continues to be challenging for business. Policy uncertainty and labour issues could impact on domestic business decisions and foreign investment. The role of capitalism globally and locally remains politicised, confusing the focus on how best to galvanise the economy. I am convinced that South African business wishes to work with government for the good of the country. It is important for all South Africans to contribute constructively to the debate and I certainly expect the JSE to continue to do so in 2013.

We are also focused on ensuring our technology investments leverage as far as possible existing technology or enable future technology consolidation, thereby reducing the total cost of technology for us.

The increasing prominence and impact of business in society should prompt broader stakeholder awareness, creating an imperative to deal with challenges like growing income disparities to avoid negative attention from the economically disenchanted. This had an impact on remuneration in business and it is appropriate that increased attention to incentive structures has been demonstrated widely in 2012. The JSE's own remuneration structure has been further revised to enhance alignment with our business objectives and therefore stakeholder interests. This is discussed at www.financialresults.co.za/2013/jsear2012/rem.php

Increasing revenue and cost pressures have caused the JSE and market participants to focus on cost efficiencies and to challenge the value of the services we provide to our clients. The JSE is conscious that our clients and their clients are under cost pressure, so we regularly relook the pricing of all our products and change the mix of that pricing to encourage greater use of our markets. We have, wherever possible, maintained fees.

Business activities underpinned by governance

The JSE subscribes to sound values of good corporate governance, supporting the King Code of Governance for South Africa (King III) while simultaneously facilitating, through the Exchange's Listings Requirements, companies providing narrative statements of how they have applied the principles as set out in King III.

A narrative statement of how the JSE has applied the principles as set out in the latest King Code, with explanations, where practical and appropriate, that enable our stakeholders to evaluate how the principles have been applied, as well as statements of the extent of compliance and non-compliance, can be found on the JSE website at www.financialresults.co.za/2013/jsear2012/king.php

The credibility that comes with good governance and regulation has become integral to the survival of entities in the financial services sector. Corporate governance is fundamental to the achievement of the Group's strategy, its financial objectives and the fulfilment of its corporate responsibilities. The JSE is accordingly committed to applying the core governance principles of fairness, accountability, responsibility and transparency in its dealings with its stakeholders.

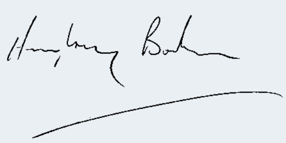
Most importantly, the JSE separates its role as regulator from its existence as a commercial enterprise. To ensure transparency in this regard and avoid any consequent conflicts of interest, an observer from the JSE's regulator, the FSB, is invited to attend all Board and Board subcommittee meetings and the JSE's execution of its regulatory mandate is regularly reviewed by the Self-Regulatory Organisation (SRO) Oversight subcommittee, whose report can be found on page 24.

Sustainability becoming a core focus area

The collaborative efforts and responses to global shifts which are described above form part of a broader strategic focus that will aim to position the JSE for long-term sustainability. This focus will be achieved through implementation of a range of action steps aimed at positioning the JSE for resilience in a changing world, enabling it to deliver value through sustainable growth, efficiency, integration and innovation, while fostering constructive stakeholder relationships and making a positive contribution to the environment and the society within which it operates.

Appreciation

Finally I would like to thank our CEO, Nicky Newton-King, for her leadership during her first year in the role. I would also like to express my appreciation to the Board, the JSE executive and the staff as a whole. This has been a year of hard work and new direction in a challenging external environment. As a team, the JSE has used 2012 to form a sound foundation for the exciting period that lies ahead.



Humphrey Borkum
JSE Chairman

We celebrate a number of important successes as we progress into the second year of our 2017 strategic journey.

Introduction

The JSE has delivered a steady financial performance. The Exchange also made significant progress in achieving its long-term strategic objectives and providing a solid foundation for the year ahead.

We celebrate a number of important successes as we progress into the second year of our 2017 strategic journey. In particular, we:

- Achieved CPSS-IOSCO compliance for our derivatives clearing house, Safcom, so that our clients now enjoy maximum Basel III relief;
- Implemented the new MillenniumIT trading system and the SENS replacement solution for the equity market successfully, on time and within budget;
- Successfully integrated our Post-Trade Services business, which enables clearing and settlement across the JSE's markets without any business interruption;
- Successfully upgraded the commodities and derivatives market technology to handle increased volumes; and
- In conjunction with the National Treasury and market participants, found a way forward on securities transaction tax with which participants are comfortable.

Financial review

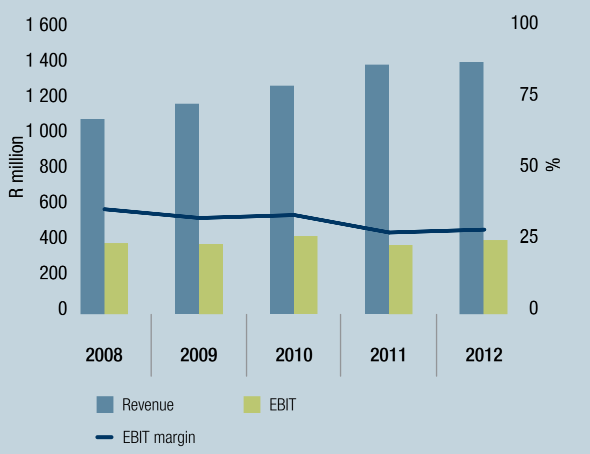
Steady operating performance despite headwinds

Despite the headwinds referred to in the Chairman's Letter, our Group revenue remained steady, increasing by 1.1% to R1.38 billion. In common with most other cash equity exchanges around the world, our equity market trade-execution revenues declined by some 9.4%. However, this decline was offset by growth in other revenue lines, with notable improvements in both interest rate products and market data.

Total operating expenses flat year-on-year (2012: R1.03 billion; 2011: R1.04 billion). As with other service businesses, personnel and technology expenses constitute the principal components of our cost base, with personnel expenses accounting for about 34% of total costs.

Personnel expenses as reported rose 18.3% year-on-year to R353.9 million (2011: 12% decline to R299.2 million) primarily as a consequence of a larger proportion of remuneration being expensed rather than capitalised to projects. When analysed on a cash basis, however, total remuneration paid to staff and fixed-term contractors rose just 1% to R360.3 million from R355.8 million in 2011 (excluding the IFRS treatment of long-term incentives).

GROUP FINANCIAL PERFORMANCE 2008 – 2012



Other expenses as reported declined by 9% to R672.3 million (2011: R737.5 million). But once the impact of impairments is accounted for, other expenses increased by 16.2% year-on-year. Keeping the (largely) fixed cost base under control demands on-going attention, and over the past four years other expenses have increased by only 5.9% annually, a positive reflection of these efforts.

Management remains committed to keeping the business at an optimum size from an operational perspective, and also so as to take advantage of opportunities for new business growth.

Improvement in operating earnings

Earnings have improved by 6.7% year-on-year to R405.6 million with EBIT margin ticking up 1% point to 29% (2011: 28%). Although net profit after tax has declined 11.6% to R302.1 million (2011: R341.8 million) this is largely the result of unwinding a deferred tax asset associated with the termination of the SRP project – there has been no material change to the Group's effective tax rate.

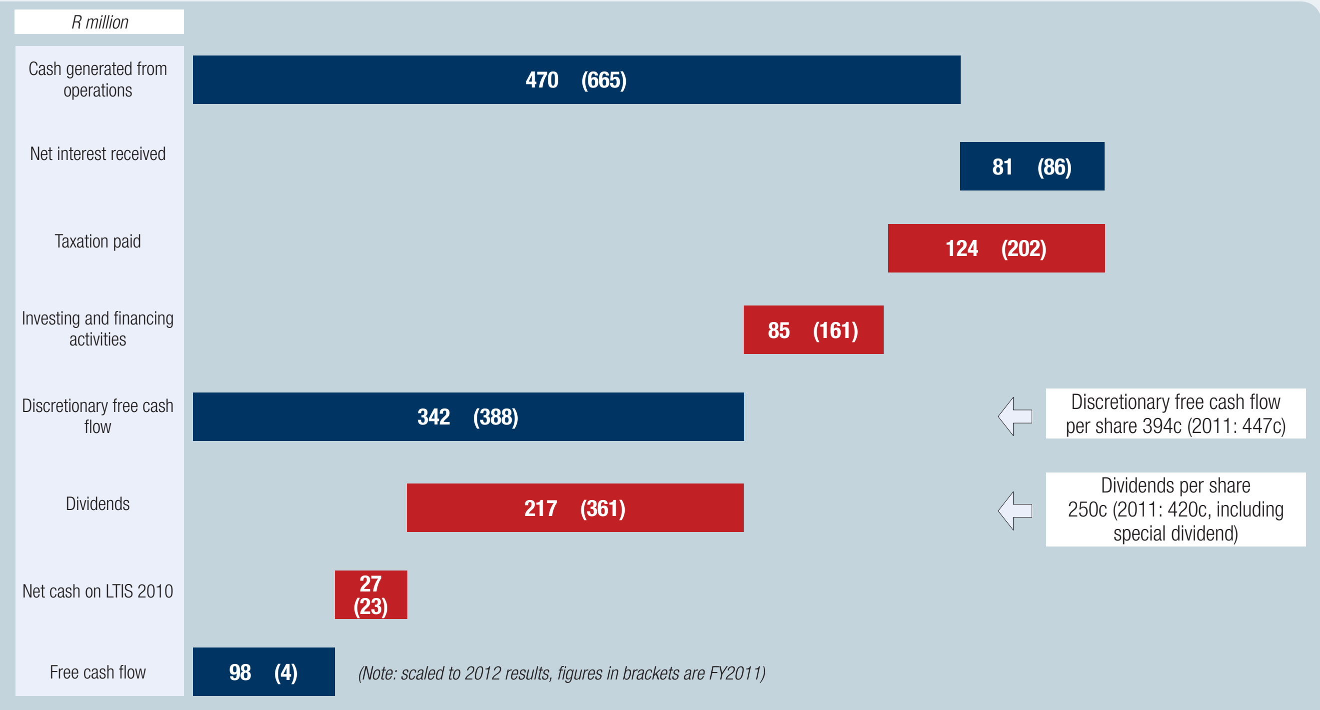
EBIT up 6.7% year-on-year to R405.6 million
Basic earnings per share down 12.2% to 351.8 cents
Headline earnings per share down 15.9% to 473.2 cents
Return on equity 16.6%

Strong financial strength and cash-generating ability

Our business continues to be strongly cash generative with cash generated from operations totalling R470.4 million (2011: R664.6 million). The net cash invested in the business of R85.3 million (2011: 161 million) included the purchase of computer hardware for our new MillenniumIT equity trading engine and computer software. Discretionary cash flow remained healthy at 394 cents per share (2011: 447 cents per share) leaving the company with free cash flow of R98.5 million (2011: R3.6 million) after payment of dividends to shareholders.

At year-end our cash and cash equivalents stood at R1.1 billion (2011: R1 billion). We remain ungeared apart from a loan (balance of R23.7 million) utilised to fund the acquisition in 2011 of the Managed Account Platform (2011: R26.8 million).

Business remains a strong cash generator



Ongoing investment in the business remains crucial – looking forward into 2013, our capital expenditure programme for business as usual activities amounts to about R45 million. A series of other strategic and technology investments remain under consideration by executive management and the Board, and we highlight some of these later in this review. Such investments must, of course, contribute to the future profitability of the Group. The capex spend for all these other potential 2013 investments is projected at about R200 million.

Post year-end the Group committed R100 million to a new R500 million default fund, ring-fenced from the JSE's operations, and established as part of our CPSS-IOSCO compliance process for on-exchange derivatives. This new fund serves to back-stop losses incurred where a clearing member is unable to settle their clearing obligations in any of our derivative markets. In the event of a drawdown (a plausible although low probability scenario), the Group has an obligation to replenish its contribution to a maximum aggregate amount of R100 million in any 12-month period following a clearing member default. The JSE earns interest on its cash committed to the fund.

Dividend maintained at 250 cents per share

The Board and management remain confident as to the underlying strength of the JSE's operations and its continued strong cash flows. All planned investments and capital requirements for 2013 can be funded from own resources notwithstanding this year's reduction in after-tax profits. Accordingly, the Board has decided to maintain the dividend for the year ended December 2012 at 250 cents per ordinary share.

Holding the dividend at 250 cents per share translates to an improvement in the payout ratio to 64% (2011: 46%). Although we have improved our dividend cover to 1.56x (2011: 2.19x) this is still within the 2.5x – 1.5x range stipulated in our existing dividend policy.

Launch pad for 2013

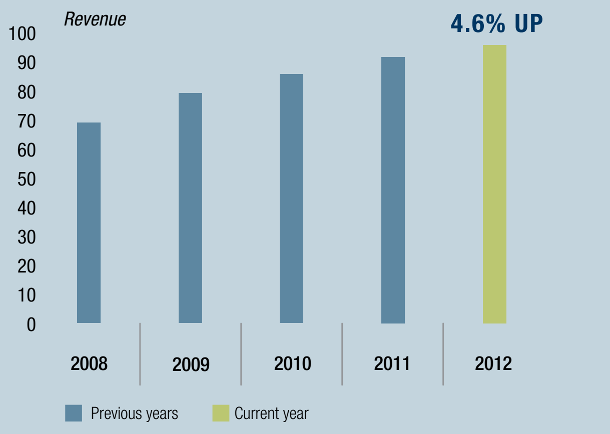
These results demonstrate the resilience of the JSE's business and attest to the underlying strength of our strategy to continuing diversifying the revenue base. The leadership team is confident that the progress made in 2012, the internal efficiencies and "can do" culture that is now taking root, together with the Group's enviable financial strength, provide a solid launch pad for delivering on our 2013 strategic objectives.

Appointment of Chief Financial Officer

I am pleased to welcome Aarti Takoordeen, who joined the JSE on 1 February 2013, as our new Chief Financial Officer. Aarti has been appointed to the JSE Board effective 12 March 2013.

Operations

ISSUER REGULATION (R'M)



The JSE's Issuer Regulation division is responsible for regulating issuers who list products on the equity and interest rate markets. The JSE applies its Listings Requirements in the regulation of companies and securities, whether these are applying to list or already listed. The division charges fees for new issuances, annual listings fees for all existing issuers, as well as documentation fees for dealing with specific issuer documents produced during a year.

2012 in review

Revenue rose 4.6% to

R95.8 MILLION (2011: R91.6 million).

Percentage of total revenue (excl. Strate ad valorem fees): 7.5%.

Number of new company listings on the JSE declined to 12 (2011: 16).

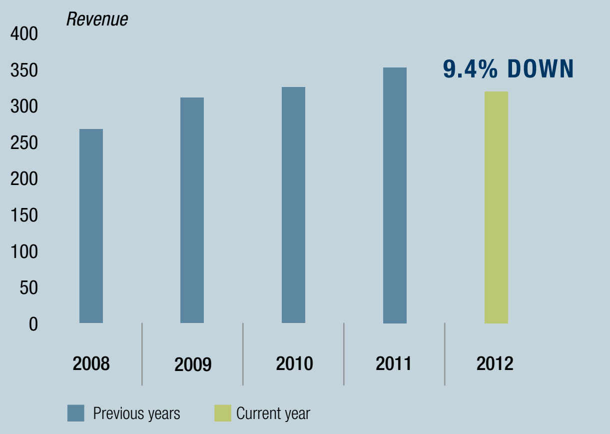
Listings activity in other JSE-listed equity instruments – 16 new ETFs, ETNs and 170 new warrants (2011: 14 ETFs, ETNs; 2011: 334 warrants).

The total nominal listed bond value by year-end December 2012 was R1.6 trillion (2011: R1.3 trillion), with 1 452 listings in total by year-end December 2012 (2011: 1 171).

Numerous changes were made to the Listings Requirements to ensure they remain appropriately pitched and enabling for both listed companies and investors.

The JSE's business development team actively seeks new equity, debt and related listings. The Exchange has a listings pipeline across its five markets, but does not predict future listing numbers. Listings in 2012 were slow, mainly owing to the economic environment, and there were 18 delistings, mainly owing to corporate actions. In line with the strategic focus on innovative product development, there will be continued development of the Listings Requirements, which will enable new product development in 2013 and beyond.

EQUITY MARKET (R'M)



The Equity Market provides trading in equities, warrants and exchange traded products (ETFs and ETNs). The Equity Market generates revenue from equity transactions, with billing based on a combination of the number and value of each transaction leg.

2012 in review

Revenue declined by 9.4% to

R319.1 MILLION (2011: R352.2 million).

Percentage of total revenue (excl. Strate ad valorem fees): 25%.

The number of transactions year on year was flat at 26.9 million (2011: 26.5 million).

Average numbers of shares per trade continued to fall (2012: 2 296; 2011: 2 696).

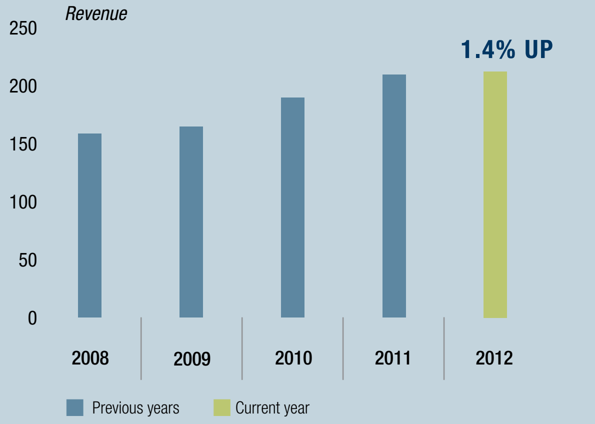
Total value traded increased by approximately 4% (2012: R3.4 trillion; 2011: R3.3 trillion).

The new MillenniumIT trading system was implemented successfully, on time and within budget.

The JSE's trade volume performance, although disappointing, is respectable in global terms. Equity Market volumes across exchanges worldwide have been falling.

In 2013, finalising the way forward in the Equity Market Business Model and revisiting the cost of conducting business in the Equity Market will be core focus areas.

POST-TRADE SERVICES (R'M)



The Post-Trade Services division is responsible for indices, JSE statistics, corporate actions, risk management, clearing and guaranteeing the settlement of central order book equity transactions and managing the Group's derivatives clearing business.

At the moment, Post-Trade Services' revenue reflects only the Equity Market risk management fees, which involve the Exchange charging a transaction fee per trade leg for this service, with a value-based element. Though the division's revenues are linked to the number of equity transactions that take place on the cash Equity Market, the increase in clearing and settlement revenues did not track equity trading exactly, because of the different billing structure for equity trading and for risk management.

Although the division risk manages the clearing of derivative transactions, the JSE does not bill separately for this risk management. Derivative transactions are billed in a per contract fee, which is accounted for in the Bond and Financial Derivatives division.

2012 in review

Revenue rose by 1.4% to

R211.9 MILLION (2011: R209.0 million).

Percentage of total revenue (excl. Strate ad valorem fees): 17%.

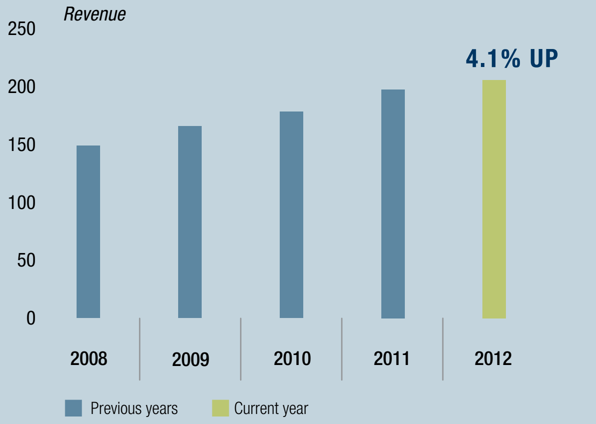
Post-Trade Services revenue was flat in 2012, owing to the flat volume of equities trades.

CPSS-IOSCO compliance status was achieved by Safcom in December 2012, making it one of the world's first clearing houses to be compliant.

The division underwent enormous changes during 2012, prompted by the strategy to combine all Post-Trade Services into one area.

The Post-Trade Services division is investigating what services the JSE is able to provide in the over-the-counter clearing space. It is also focusing on various initiatives to strengthen the on-exchange clearing business. The division is also working to clarify the timing of a move to T+3.

BACK-OFFICE SERVICES (BDA) (R'M)



The Back-Office Service (called Broker Deal Accounting system or BDA) gives the exchange world-class surveillance capabilities, allowing the JSE to see certain transactions to client level in real-time. Equity members are mandated to use the system. The system keeps the securities records and books of individual broking firms and of their clients. It also enables the exchange to guarantee central order book equity transactions. Revenues for Back-Office Services are somewhat linked to the number of equity transactions that take place on the cash Equity Market.

2012 in review

Revenue rose by 4.1% to

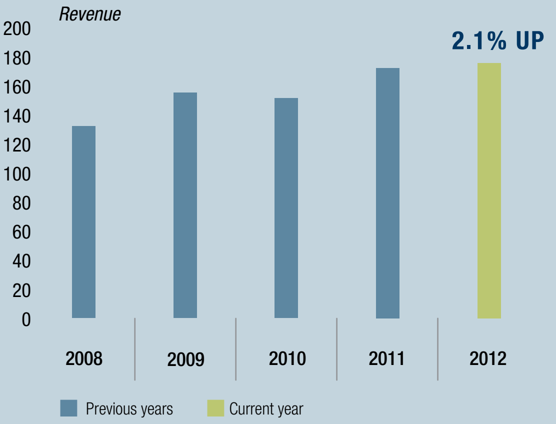
R204.9 MILLION (2011: R196.8 million).

Percentage of total revenue (excl. Strate ad valorem fees): 16%.

The Exchange will continue to use BDA until at least December 2015, adding enhancements for regulatory and client requirements as well as to enable T+3 settlement for the Equity Market.

Operations CONTINUED

BOND AND FINANCIAL DERIVATIVES (R'M)



The Financial Derivatives Market provides a platform for trading equity and equity-related futures and options. Revenue is earned by charging a fee per contract traded. The scale depends on the type of contract and whether it is traded on the central order book or reported to the JSE.

The Currency Derivatives Market provides a platform for trading currency futures and options. Revenue is earned by charging a fee per contract traded, on a scale that depends on the type of contract and whether it is traded on the central order book or reported to the JSE.

The Interest Rate Market provides investors with the opportunity to trade products in both the cash and the derivative markets. Clients can trade on-exchange (central order book) or report the trades to the JSE.

2012 in review

Total divisional revenue rose 2.1% to

R175.7 MILLION (2011: R172.1 million).

Percentage of total revenue (excl. Strate ad valorem fees): 13.7%.

Financial derivatives market

Financial Derivatives revenue declined 3.6% to

R112.6 MILLION (2011: R116.8 million).

Value traded is flat at R4.3 trillion (2011: R4.3 trillion).

The number of contracts declined by 7.9% to 137.1 million (2011: 148.8 million).

Open interest as at 31 December 2012 increased by 3.2% to 12.2 million (2011: 11.8 million).

Currency derivatives market

Currency derivatives revenue rose 5.5% to

R17.5 MILLION (2011: R16.6 million).

The number of contracts traded increased by 28.8% year-on-year to 18.9 million (2011: 14.7 million).

Open interest as at 31 December 2012 also increased by 10% to 1.1 million (2011: 1.0 million).

The currency derivatives market grew in 2012, largely owing to its new pricing strategy and volatility in the currency.

Interest rate market

Interest rate market revenue rose 17.7% to

R45.7 MILLION (2011: R38.8 million)

Bond market volumes rose by 10% to a nominal value of R23.0 trillion in 2012 (2011: R20.9 trillion).

The number of bond derivatives contracts traded rose 92.3% from 1.3 million in 2011 to 2.5 million in 2012.

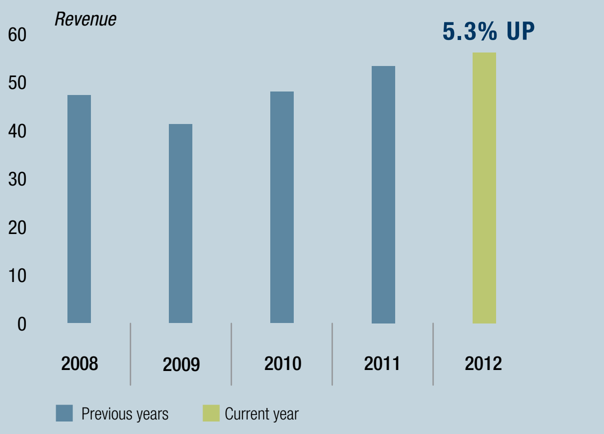
Open interest as at 31 December 2012 in bond derivatives rose 40.5% from 251 448 in 2011 to 351 311 in 2012.

The Financial Derivatives Market relooked at the pricing mix in the interest rate and currency markets and in many cases revised pricing to encourage increased market participation. The team successfully upgraded the derivatives market technology to handle the increased volumes. The team will continue to look at developing new products in this market.

In order to accommodate a far greater rate of growth in volumes, the equity derivatives trading engine needs to be replaced, so this will be a focus area for the team for 2013. The implementation of a new engine is planned for 2014/2015.

In the bond space, we are excited by the fact that the National Treasury has now published requirements for an exchange traded platform for government bonds and we will be looking at how the JSE can deliver that for the National Treasury. The interest rate team continues to work with the National Treasury and its stakeholders to progress the preferred strategy to grow the spot bond market.

COMMODITY DERIVATIVES (R'M)



The commodity derivatives market offers trade in agricultural grain products and cash-settled rand denominated derivatives on various international benchmark commodities, including softs, energy and various metals, under license from the CME Group. In the most liquid of the physically settled grain derivatives contracts, the underlying crop is traded 13 times over. Revenue is earned by charging a fee per contract traded, based on the underlying instrument.

2012 in review

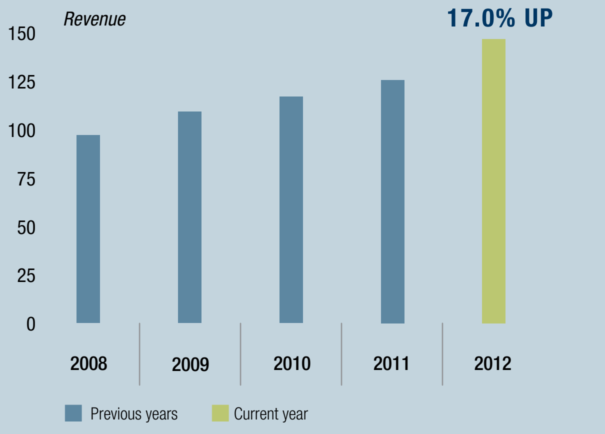
Revenue rose by 5.3% to

R55.9 MILLION (2011: R53.1 million) following an increase in the number of physical deliveries processed and improved activity in the cash-settled commodities.

- Percentage of total revenue (excl. Strate ad valorem fees): 4%.
- A record daily number of future and option contracts was traded in 2012 (2012: 3 million; 2011: 2.6 million).
- The market expanded its licensing agreements with other exchanges.
- Options traded in platinum for the first time in January 2012.
- Trade of rand-settled foreign-referenced instruments under licence from the CME Group continues to increase.
- Expanded product range by introducing silver, gold, platinum, copper and Brent crude oil quanto futures.
- Enhanced the physical delivery process for grain products by introducing a platform to the market to trade basis premiums for grain stored in any of the 200 registered delivery points.
- In December 2012 received approval from the regulators to introduce Zambian grain contracts to be traded in USD. This milestone allows the commodities market to extend its price risk management instruments into Zambia.

The division continues to explore a range of new commodity products that can be physically settled to provide the premier platform for price discovery and price risk management. By improving access to the market, the JSE performs a pivotal role in aiding the sustainability of this sector. Additional mini-grain contracts will be added, based on market demand.

MARKET DATA (R'M)



The JSE's Market Data division sells live, statistical, historical and end-of-day data from all JSE markets.

2012 in review

Revenue rose by 17.0% to

R146.8 MILLION (2011: R125.5 million) owing to international growth in professional indices users as well as algo players and hedge funds subscribing to JSE data.

- Percentage of total revenue (excl. Strate ad valorem fees): 11.5%.
- The overall number of terminals displaying JSE data increased by 6.7% as a result of a continued focus on diversifying the client base outside South Africa (2012: 53 003; 2011: 49 673).
- The successful implementation of a UK point-of-presence in 2012 enables international market data clients to access live JSE equities and indices data in London.
- The sales focus continues on foreign clients across all continents.
- New data products that were launched will be promoted in 2013.
- The JSE was nominated for the "Service Level and Communications 2012 Outstanding Data Provider Award" by FISD.

The implementation of the new MillenniumIT trading system for the Equity Market resulted in all live equities clients having access to a low-latency market data feed from 2 July 2012. Market data clients subscribing to Live FTSE/JSE Africa indices series also benefited from additional added value, receiving live streaming indices as well as real-time total return indices for both the FTSE/JSE Top 40 and the FTSE/JSE Swix40.

During 2013, the division will focus on completing the automation of our client interaction. To grow revenue, the team will also continue to focus on previously untapped markets, particularly in a global environment, where investors continue to seek yields from new and specifically emerging markets.

Information technology

Technology is a critical value driver in the pursuit of excellence, competitiveness and sustainability in the exchange industry. The pace of change is rapid. Having best-of-breed systems gives an exchange a ticket to play in a globalised and competitive industry. In the trading environment, a state-of-the-art system can attract activity, which prompts trade volume growth. In the post-trade environment, technology enables efficient risk management, clearing and settlement – an area which the JSE sees as holding considerable opportunity as clients in South Africa and offshore adjust to the demands of Basel III and regulatory changes.

The JSE's drive to upgrade and replace its trading systems and back-office technology over the past decade has been accompanied by trade volume growth and is a factor in the Exchange's global recognition as a strong market operator and regulator. The Exchange continues this drive in a bid to serve clients and maintain growth. With this in view, the JSE upgraded the commodities and derivatives market technology to handle the increased volumes and is planning to replace the Equity Derivatives trading engine in 2014/2015.

The new MillenniumIT trading system was implemented successfully for the equity market, on time and within budget. The system offers world-class trading technology, which along with its relocation to the JSE, significantly reduces latency and transaction execution times. This also reduces reliance on international links, which enhances the system's operational stability.

The JSE is evolving the Equity Market Business Model and any change to the Model will require extensive consultation with a wide and large number of stakeholders. The market will also need time to develop any new systems or processes to accommodate any new model. It logically follows that BDA will need to be retained until at least the end of 2015.

The JSE is intending to offer co-location services in the JSE's existing primary data centre, but will do so only if sufficient client demand exists to cover the cost of providing such services.

Technology is vital and we will continue to focus on it as we facilitate interaction with our clients across the value chain and enhance their access to us.

Sustainability review

In the pursuit of building a resilient organisation that is positioned for the future, the JSE has acknowledged its need to have a clear picture of its sustainability context and what that means for the organisation's ability to create value in the longer term.

The JSE has long been regarded as a champion in terms of influencing corporate and investor behaviour in a positive manner. However, a consideration of sustainability is multifaceted for the JSE in that it requires the Company to consider how it runs its own business so as to ensure sustainable value creation and address its own direct sustainability concerns, as well as how it considers its own circle of control and ability to influence the broader debate with regard to the entities connected to it.

We have started to implement actions at corporate, business unit and functional levels to integrate sustainability thinking and achieve improved performance in relation to the impacts of the JSE on the broader environment and society. We will continue throughout 2013. These are described at a high level at www.financialresults.co.za/2013/jsear2012/carbonfootprint.php.

2013 initiatives

The JSE is committed to building a business that we believe will survive the test of time.

We have to build the base by making the right investments in people and technology in order to drive value by achieving efficiencies, revenue diversification and cost savings and positioning the organisation for growth and innovation. Our priorities for 2013 include:

- significantly progressing the replacement of our derivatives trading engine in 2014, an important step towards us increasing the liquidity in that market;
- building on the CPSS-IOSCO compliance status in the Post-Trade Services space that was achieved by the JSE-appointed clearing house, Safcom. This will include considering services that the JSE is able to provide in the over-the-counter clearing space;
- making a decision on the implementation timeline for T+3;
- finalising the comprehensive technology roadmap for the JSE based on strategic business initiatives;
- automating our client interaction in our Market Data space so as to improve our interaction with our clients;
- revising the cost of conducting business in the equity market;
- finalising the way forward in the Equity Market business model; and
- measurably improving the JSE client service levels to primary and secondary market customers.

Prospects

Stakeholders of the JSE will appreciate that revenue projections for the Group are not feasible, given the dependence on trading volumes in all the markets. Although we retain tight control of what is essentially a fixed cost base, expenses are expected to increase from 2013 as a result of depreciation charges starting once the Group's major systems have been implemented. There are also a number of possible initiatives in the pipeline that may require capex spend during 2013 such as co-location, T+3 and OTC clearing. As we chart this new strategic path, we will enhance our agility, cost effectiveness, capital efficiency and innovativeness. The JSE's team is extremely excited about this journey.

Appreciation

I have thoroughly enjoyed my first year as CEO, leading a very special organisation with an incredibly passionate and resilient team and a very supportive Board and Chairman. 2012 presented the whole JSE team with new demands and 2013 will be no different. I would like to thank all our stakeholders for their frank engagement with me and the team. We have worked hard to build a more collaborative relationship and I look forward to continuing our work in this regard in 2013.

Nicky Newton-King
Chief Executive Officer

The JSE is committed to transformation. It has a black economic empowerment (BEE) Level 5 contributor status and is working towards Level 4 status. The Exchange made some progress during 2012, most notably in the restructure of the Board and executive management as well as the implementation of learnerships in 2012.

Black management representation at the JSE as at 31 December

	2012	2011
Executive management		
Total	**12**	16
Black	**1***	1
Black females	**1***	1
Senior management		
Total	**41**	41
Black	**9**	6
Black females	**4**	2
Middle management		
Total	**211**	203
Black	**88**	81
Black females	**36**	31
Junior management		
Total	**206**	214
Black	**163**	162
Black females	**95**	93

**Aarti Takoordeen was appointed as the Chief Financial Officer, effective 1 February 2013, increasing the number of Black executives to two.*

The Level 5 status achieved for the 2011 year was verified by a SANAS accredited agent.

Procurement	**2012**	2011
BEE procurement spend %	**70%**	79.31%

Top five BEE suppliers	Category	Actual spend Rm	BEE spend Rm
Business Connexion Proprietary Limited	Mainframe services	45.7	45.7
EOH Mthombo Group Limited	Application support	38.9	41.0
SQS Group Limited	IT consultancy	15.9	15.9
Securities & Trading Technology Proprietary Limited	Software and support services	15.5	15.5
EMC Computer Systems SA Proprietary Limited	IT infrastructure and services	10.3	8.2

Ethical leadership and responsibilities

Directors 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, in terms of the King III principles, the 2008 Companies Act and other codes of good practice. The Board assumes overall responsibility for the JSE's compliance with the applicable legislation and governance provisions. The Board retains full and effective control over all the companies in the Group. It also monitors executive management in implementing Board plans and strategies.

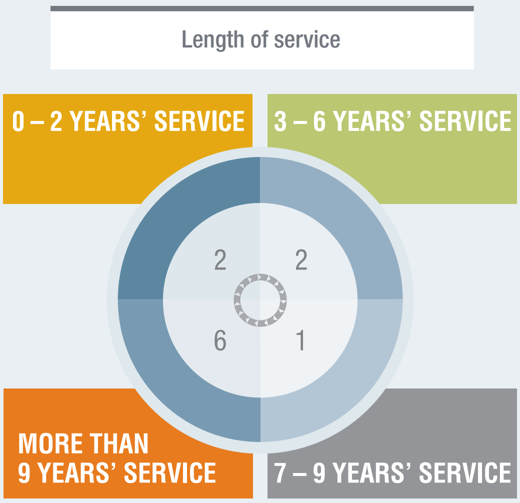
The JSE Board is mindful that JSE management and employees' work ethic and performance must adhere to the highest standards. They are also aware that the JSE's reputation is built on management and employee interactions with all stakeholders and that, when management and employees display the expected behaviour and values, not only is the JSE's reputation strengthened, but a healthy workplace is promoted where original and innovative thinking occurs, thus embedding a robust and unquestionable culture of ethics and integrity at the JSE. For more information on the JSE's ethical culture, refer to http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights.

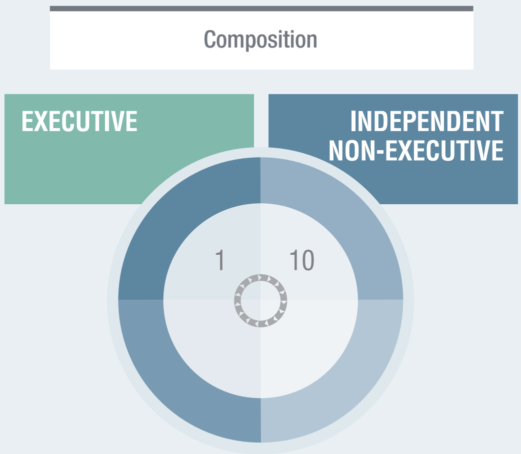
Board of Directors

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. Refer to the JSE website at http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights for the main duties and responsibilities of the Board covered by the charter. Only decisions of the Board acting as a unitary body are binding on the CEO. Decisions or instructions of individual members of the Board, officers or committees are not binding, except in those instances where specific authority is delegated by the Board. The 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. The day-to-day management of the JSE Group has been assigned to the CEO by the Board. The Executive Committee was formed to assist the CEO in discharging her duties and is made up of all heads of divisions and the Group Company Secretary. Refer to the JSE website at http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights for the roles and responsibilities of the Chairman and CEO.

Composition of the Board of directors

The JSE currently has a unitary Board made up of a majority of independent non-executive directors. The Board is headed by a Chairman, who is elected from the non-executive directors. As at December 2012, there was one executive director: the Chief Executive Officer (CEO) and 10 independent non-executive directors.





After a rigorous assessment of the independence of the directors who have served longer than nine years, the Board is satisfied that there are no relationships or circumstances likely to affect, or appear to affect, the directors' judgements and that their independence is not impaired by their length of service. One of the outcomes of the Board's 2012 director evaluation of the independence of its directors was that the complexity and specialist nature of the JSE's business created the need for long-serving directors, while acknowledging that there should be a healthy balance between long-serving and new directors.

Appointment of directors

The process for the nomination of Board members is prescribed and transparent. The nomination of Board members is delegated to the Nominations Committee, which makes recommendations to the Board for consideration, subject to shareholder approval. The committee recommends directors for election to the Board on the basis of their skills, knowledge and experience, appropriate to the strategic direction of the JSE. Knowledge of JSE business, gained over time, ensures continuity and enhances the direction that the Board provides to the JSE executive. Refer to the Nominations Committee chairman's report on page 20 for more information.

Retirement of directors

In terms of article 24 of the JSE's current memorandum of incorporation (MOI) (existing 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 that document, 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. In the proposed new MOI, this has been changed to reflect that all directors (executive and non-executive directors) will be subject to retirement by rotation. Refer to article 12.6 in the enclosed new MOI for more information.

Evaluation of the performance of the JSE Board and the CEO

The annual evaluation of the Board and its committees was performed in October and November by the Chairman. All directors completed a questionnaire compiled by the Company Secretary in conjunction with the Chairman and a non-executive director, Nigel Payne. 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	An assessment of the performance of the Board committees and an evaluation of their terms of reference and their continued relevance

Directors are provided with the results of their performance assessments and, if required, steps are taken to address any needs or concerns raised.

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. No material issues were raised during the course of the assessment conducted in 2012.

An assessment of the Chairman was also conducted by the lead non-executive director, Anton Botha. 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.

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 2012, the CEO had, in all respects, exceeded the standards of performance expected of her.

Independence of directors

The JSE's non-executive directors fulfil the following definition from King III: "An independent director should be independent in character and judgement and there should be no relationships or circumstances which are likely to affect, or could appear to affect, this independence. Independence is the absence of undue influence and bias, which can be affected by the intensity of the relationship between the director and the Company rather than any particular fact such as length of service or age."

A number of the non-executive directors have certain interests in the JSE.

Indirect, remote interests in the JSE:

H J Borkum
- Chairman of Merrill Lynch SA Proprietary Limited (resigned with effect from 31 March 2013)
- Merrill Lynch is a sponsor and an authorised user of the JSE
- Merrill Lynch holds 8 027 JSE Limited shares – 0.01%

D M Lawrence
- Deputy chairman of Investec Bank Limited
- Investec Bank Limited is a listed company, a sponsor and an authorised user of the JSE
- Investec Securities, a subsidiary of the Investec Group, holds 900 JSE Limited shares – 0.001%

Direct interests in the JSE:

A D Botha	H J Borkum	A M Mazwai
2012: 25 000	2012: 15 000	2012: 5 000
2011: 25 000	2011: 15 000	2011: 5 000

The Board is mindful of these interests and the potential conflict of interest 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 independence.

The Board considers all of its non-executive directors to be independent, including the Chairman of the Board.

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.

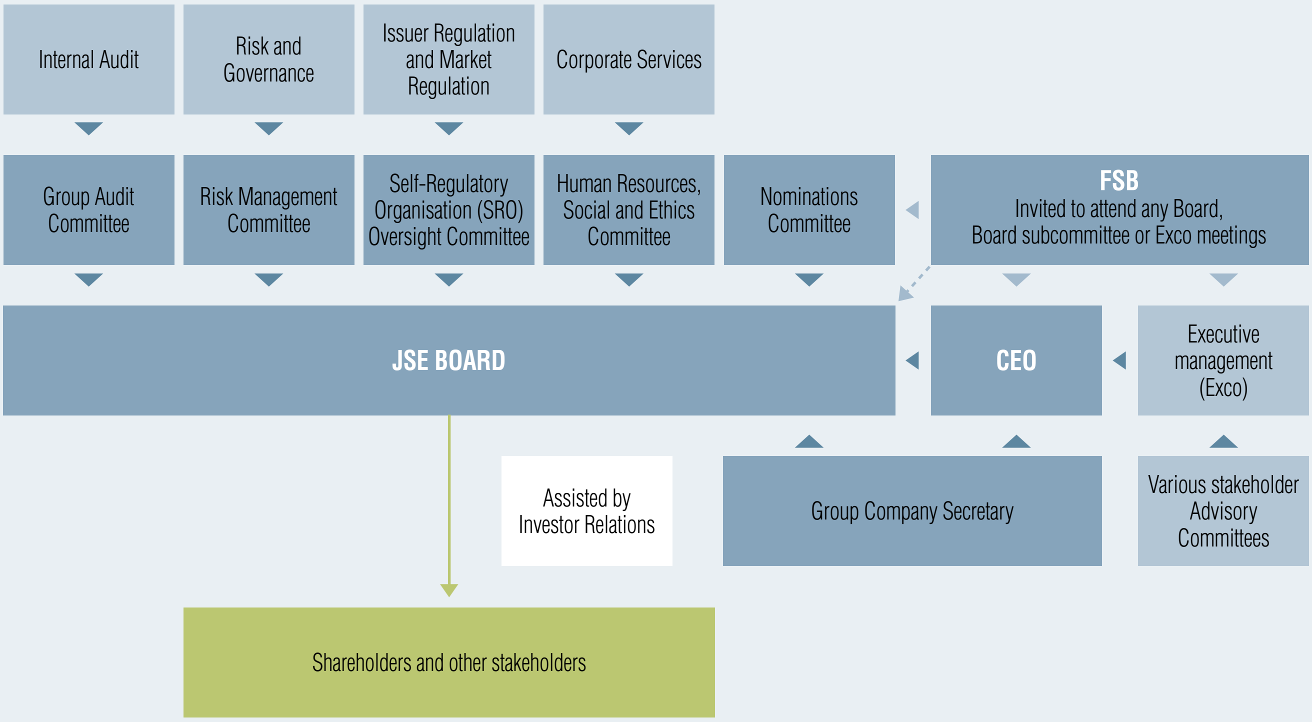
Directors are encouraged to keep pace with JSE business. Guidelines on director duties and responsibilities are made available to directors. Newly appointed Board members undergo an induction programme run by the Company Secretary, aimed mainly at facilitating their understanding of the JSE, its complex business environment and the various markets it operates, together with its competitive stance, strategic plans and objectives and general corporate governance requirements. The Board is aware that these duties are further entrenched in the 2008 Companies Act.

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, management, staff and comparison with international benchmarks).
Clear understanding	– of the director's own expectations from the Chairman and the Board as a whole.
Formal induction and ongoing education and awareness	– in terms of directors' fiduciary duties and responsibilities.
	– regarding relevant legislation and compliance relevant to the JSE business.
	– providing access to subject matter of relevant interest to JSE business.

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

Governance structure



Board and Board committee meetings

The Board is required to meet a minimum of four times a year and more frequently should circumstances require, excluding an annual strategy meeting. The Board has established a number of committees to facilitate efficient decision-making and to assist the Board in the execution of its duties, powers and authority. Directors are required to declare any interests in contracts and, where appropriate, recuse themselves from the affected discussions and decisions as well as to declare any other appointments at every Board meeting. Meetings are conducted according to a formal agenda.

A summary of directors' attendance at Board and Board subcommittee meetings during 2012 is shown below.

		Board subcommittees				
Director	**Board**	**Audit**	**Risk**	**HRSE**	**SRO**	**Nom#**
H J Borkum (Chairman of Board; Nom)*	4		4/4	5/5		5/5
N F Newton-King (CEO)	4					
A D Botha (Chairman of HRSE)*	4	3/3		5/5		5/5
F M Evans (CFO) – resigned 30 Sep	3/3		3/3			
N S Nematswerani (Chairman of Audit)*	4	3/3	4/4		2/2	
N G Payne (Chairman of Risk)*	4	2/3	4/4		2/2	
A M Mazwai (Chairman of SRO)*	2/4				2/2	
M R Johnston*	4	3/3	4/4			4/5
D M Lawrence*	4		3/4	5/5		
N M C Nyembezi-Heita*	4			5/5		1/5
Z L Combi – stepped down at 28 April AGM	1/1					
M A Matooane – appointed 31 Aug*	1/1		1/1			
N P Mnxasana – appointed 1 Dec*						
L V Parsons (alternate)	3/4		3/4			
J H Burke (alternate)	3/4					

**Independent non-executive director   # 4 of 5 meetings were ad hoc*

Nominations Committee

Report prepared by its Chairman, H J Borkum

During the year under review, five Nominations Committee meetings were held, four of which were ad hoc meetings to interview possible independent non-executive director candidates and to finalise a recommendation in this regard to the Board.

The Nominations Committee is composed of its chairman and three independent non-executive directors, including the chairman of the HRSE committee. 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 committee does not have the authority to appoint directors, but makes recommendations for consideration by the Board and shareholders. During the year under review, the committee reconsidered the composition of the Board. Furthermore, in the context of its optimum size, composition, required skills as well as transformation initiatives, the committee nominated for appointment two non-executive independent directors, Dr Mantsika Amelia Matooane and Ms Nomavuso Patience Mnxasana. Mantsika was appointed for her specific IT and risk knowledge and experience and Nomavuso for her specific audit knowledge and experience.

The above appointments were approved by the Board and will be subject to shareholder approval at the 2013 AGM.

During the year, the committee complied with its terms of reference. Refer to the JSE website at http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights for more information.

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

H J Borkum
Chairman: Nominations Committee

Human Resources, Social and Ethics Committee (HRSE)

Report prepared by its Chairman, A D Botha

During the year under review, five HRSE Committee meetings were held.

The HRSE Committee is composed of its Chairman, who is an independent non-executive director, and three other independent non-executive directors, including the chairman of the Board. The HRSE Committee must comprise at least three members. No members of the HRSE Committee have any day-to-day involvement in the management of the JSE.

Remuneration oversight role

The HRSE Committee is responsible for all strategic human resource issues facing the JSE. Details of the Committee's activities during 2012 regarding JSE remuneration governance, policies and practices are set out in the separate remuneration report (see pages 21 – 23) and in the supplementary (on-line) remuneration report available at www.financialresults.co.za/2013/jsear2012/rem.php

The remuneration report and supplementary (on-line) report together constitute the Committee's formal remuneration report-back to shareholders. The remuneration policies of the JSE as set out in these reports are subject to a non-binding advisory vote by shareholders at the Annual General Meeting on 25 April 2012. The HRSE Committee recommends that you review these reports, and that you vote in favour of the JSE's remuneration policies at the Annual General Meeting.

Social and ethics statutory oversight role

As from January 2012 the HRSE Committee assumed responsibility for the social and ethics mandate prescribed by the Companies Act, 2008 (rather than the JSE establishing a separate Board Committee to deal with these statutory responsibilities). The Board is of the view that the prescribed social and ethics issues are to a large degree congruent with the HRSE Committee's existing terms of reference.

Details of the Committee's compliance with its statutory duties as prescribed by the Act can be found in the social and ethics supplementary report, available on-line at www.financialresults.co.za/2013/jsear2012/socialethics.php

During the year, the Committee complied with its terms of reference which can be found online at http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights

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

A D Botha
Chairman: Human Resources, Social and Ethics Committee

Remuneration Report – Letter to Shareholders

(Also see our Supplementary Remuneration Report available at www.financialresults.co.za/2013/jsear2012/rem.php)

Dear Shareholder

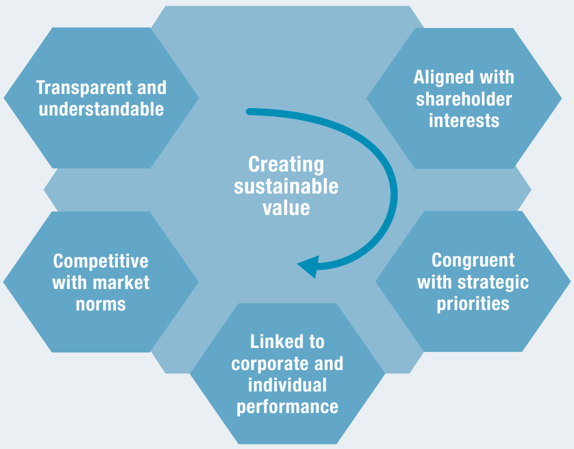
Executive remuneration, particularly in the financial services sector, continues to attract the attention of regulators, shareholders and society at large. Despite efforts to regulate pay levels – witness the recent debates in the EU – or to codify best practices in remuneration design, solving the remuneration, risk and performance equation remains, ultimately, an issue of business judgement for the Board and shareholders of individual companies.

In this remuneration report, we set out the JSE approach to this issue.

JSE approach to remuneration

At its core, our remuneration philosophy aims to promote a culture that supports innovation, enterprise and the execution of Company strategy and which aligns the interests of staff with attaining profitable (and sustainable) long-term growth for the benefit of all stakeholders.

JSE remuneration philosophy



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

The remuneration philosophy also takes into account the reality of the JSE's size and role within 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. These rewards must be balanced with rewards paid to the suppliers of capital (in the form of dividends) and to wider society (through taxation and corporate social responsibility).

Remuneration is structured in a fair and reasonable manner, recognising individual contributions and collective results. There is a clear differentiation between executives and staff based on line-of-sight responsibility, accountability, competencies, work performance and scarcity of skills.

Two elements of our philosophy are of particular importance: the congruency between our corporate strategies and our pay models, and the linkage between performance delivered and remuneration awarded. Although there have been no formal changes to the JSE's remuneration philosophy during the year under review, the HRSE Committee has devoted attention to how to better align the JSE remuneration model with corporate objectives as well as how to enhance the linkage between pay and performance.

Details of these improvements to our remuneration practices are outlined briefly below and in our supplementary remuneration report available online at www.financialresults.co.za/2013/jsear2012/rem.php

HRSE Committee activities in 2012

In addition to discharging its usual responsibilities during 2012, the HRSE Committee exercised particular oversight in respect of the following matters:

Performance management/short-term incentives

Early in 2012 the JSE's new CEO presented to the HRSE Committee a fresh approach to performance management. This new approach creates an explicit linkage to corporate and individual performance scorecards with a clear emphasis on delivery in order to earn variable pay awards. Individual performance ratings now apply to both the contractual and the discretionary bonus schemes. In addition, discretionary bonus awards are directly linked to corporate targets set out in the JSE's annual corporate scorecard. Management report a positive staff reaction to this more open, more accountable performance assessment process, notwithstanding the fact that the performance bar has been raised significantly. In 2012, only 40% of staff were awarded discretionary bonuses (2011: 87%). The application of this rigorous performance management approach, together with the tighter financial operating environment facing the JSE, has translated into a significant reduction in the size of the discretionary bonus pool for 2012 (R19.8 million versus R40.4 million in 2011).

Strategy and remuneration alignment

In conjunction with the new CEO, the HRSE Committee has sought to create explicit linkages between corporate strategy and reward, and as a consequence, ensure that a pay-for-performance culture becomes entrenched in the JSE's DNA. Each of the JSE's strategic focus areas is linked to an appropriate reward mechanism. Annual objectives, at corporate and CEO level, are cascaded to all senior staff and serve as the drivers and measures for our annual incentive schemes (contractual and discretionary bonuses). Longer-term strategic initiatives together with specific Group ROE and earnings growth targets are the metrics for our long-term incentive scheme.

LTIS 2010

This restricted share scheme constitutes the JSE's preferred long-term reward mechanism as it encompasses both a corporate performance component (thereby creating alignment with shareholder interests) and a personal performance component, both of which performance elements are assessed over the vesting period. The scheme is designed to build a shareholder base within the senior staff ranks over time. During the year under review, the HRSE Committee effected two important amendments to LTIS 2010: firstly, the target for the ROE performance metric was increased from 21% to 24% for Allocation 3, which Allocation was granted to qualifying staff in June 2012. This increase in ROE stretch was a consequence of important input from our shareholders. Secondly, the HRSE Committee amended the retention component of the scheme for all allocations granted as from 2012 to ensure that these are now subject to a participant's personal performance over the vesting period.

Total personnel costs

As a knowledge-centric business the JSE relies heavily on its "human capital" for sustained success. With a staff complement of some 500 people and a vertically-integrated business model, total personnel costs (including guaranteed pay, annual incentives and long-term awards) average between 22% and 26% of total revenue. By contrast, many other global exchanges outsource their technology and are responsible for neither issuer regulation (listings) nor market regulation (surveillance) – critical functions that are at the heart of the JSE's business. These different business models make it difficult to draw comparisons between exchanges. The HRSE Committee remains comfortable that total personnel costs at the JSE continue to represent value for money and a reasonable percentage of total revenue.

Non-executive director fees

During 2012 the HRSE Committee proposed a change to the JSE's retainer and meeting fee model with the introduction of a single-fee model together with inflation increments applicable for a two-year period. Shareholders approved this new model at the Annual General Meeting in April 2012.

JSE remuneration in context

Personnel expenses of R353.9 million (as reported in Note 9.1 to the annual financial statements) reflect a nominal year-on-year increase of 18.3% over the 2011 expense of R299.2 million. These personnel expenses (as reported) comprise the following items charged to profit and loss –

- Base pay (including contributions to the JSE's defined contribution pension scheme)
- Annual incentives (contractual and discretionary bonuses linked to individual and corporate performance in 2012)
- Long-term incentives (where the impact to profit and loss is calculated in accordance with IFRS requirements)
- Fixed-term contractor pay
- Non-executive director emoluments

In addition to personnel expenses charged to profit and loss as described above, the JSE capitalises certain personnel costs where these relate to an identifiable technology project which is anticipated to generate value for the JSE over time. These capitalised costs include base pay, annual incentives and fixed-term contractor remuneration. With the decommissioning of the SRP project, a lesser proportion of personnel expenses has been capitalised during the year under review (2012: R31.1 million versus 2011: R75.7 million).

Total (gross) remuneration actually paid in any year therefore comprises the personnel expenses charged to profit and loss and the capitalised costs.

The increase in total (gross) remuneration paid to management, staff and fixed-term contractors has been limited to 1% year-on-year (2012: R360.3 million vs 2011: R355.8 million), reflecting management's firm commitment to exercising tight control over expenditure.

	Remuneration paid R million	Capitalised R million	Expensed R million
2012			
Staff/FTCs remuneration	**360.3**	31.1	329.2
LTIS movement to reserve			19.3
Non-executive director emoluments			5.4
Personnel expenses as reported			353.9
2011			
Staff/FTCs remuneration	**355.8**	75.7	280.1
LTIS movement to reserve			13.8
Non-executive director emoluments			5.3
Personnel expenses as reported			299.2

Our supplementary (on-line) remuneration report expands on this analysis with additional details on base pay, annual incentives and long-term share awards granted to management and staff.

Group remuneration metrics

Permanent staff and fixed-term contractors	**2012**	2011
Personnel expenses (as reported) as % of Group revenue	**25.6%**	21.8%
Variable pay awarded as % of NPAT	**17.9%**	24.5%
Long-term incentives awarded as % of prior year NPAT	**8.4%**	8.5%
Pay ratios		
CEO to junior staff median (base pay)	**24.0x**	26.1x
CEO to staff median (base pay and annual incentives)	**15.6x**	18.2x
CEO to staff median (total realised earnings)[1]	**21.8x**	34.5x

[1] *Excludes contractual restraint payouts.*

JSE remuneration report

The HRSE Committee's principal focus is to ensure that the JSE's remuneration policy and practices directly support the achievement of the Company's business goals, to the ultimate benefit of shareholders and the wider universe of stakeholders. In discharging this mandate, the Committee is guided by the statutory provisions of the Companies Act 2008, the King III Code of Governance and various guidelines on compensation matters issued by international agencies such as the G20 and Financial Stability Board.

This remuneration report is supported with additional data and analysis available on-line at www.financialresults.co.za/2013/jsear2012/rem.php. Amongst other matters, this supplementary on-line report describes the JSE's remuneration governance framework, the key features of our compensation model, and provides specific data on the remuneration earned by directors and executive management for the financial year ended December 2012. I trust that you will find this report and the supplementary information clear and understandable, and containing the salient information needed to inform your view of the JSE's remuneration policies.

Furthermore, the HRSE Committee is satisfied that in all material respects this remuneration report, read together with the supplementary on-line report, complies with the recommendations on remuneration contained in the King III Code of Governance.

The JSE's remuneration policies are subject to a non-binding advisory vote by shareholders at the Annual General Meeting on 25 April 2013. Although this shareholder resolution is non-binding, the Board takes careful cognisance of shareholder views. I would urge you to peruse this remuneration report and supplementary on-line information, and to offer your support by voting in favour of JSE's remuneration policies at the upcoming Annual General Meeting. As Chairman of the HRSE Committee, I will be available at the meeting to respond to any questions raised by shareholders in connection with these reports.

In closing, I wish to thank my fellow HRSE Committee members for their support and wise counsel during a challenging year.

A D Botha
Chairman: Human Resources, Social and Ethics Committee

Self-Regulatory Organisation (SRO) Oversight Committee

Report prepared by its Chairman, A M Mazwai

For the year under review, three SRO Oversight Committee meetings were held.

The committee consists of three independent non-executive Board members, Andile Mazwai (Chairman), Nigel Payne and Sam Nematswerani. Members of the JSE's Market Regulation and Issuer Regulation Divisions attended meetings as invitees, as well as representatives from the Financial Services Board.

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

The Financial Markets Act will come into effect during the course of 2013 once the relevant regulations and board Notices have been finalised. This new legislation will place further scrutiny on the management of conflicts of interest. In particular, the Financial Services Board will determine certain requirements to be adhered to in relation to the types of arrangements needed to be put in place to ensure that conflicts of interest are handled appropriately.

National Treasury has commenced an investigation into the Self-Regulatory Organisation models employed in South Africa. The scope of this work is likely to be far broader than the JSE, and consider the self-regulatory model at a policy level. National Treasury has indicated that while it is in favour of self-regulation, it is examining ways to strengthen the model. The JSE, on its own initiative, has begun a review of its self-regulatory model to ensure its appropriateness and compliance with the new legislation. In due course, under the new Act, the JSE will have to formally document its conflict of interest arrangements and make them publically available. This Committee welcomes this development as it believes that review and deliberation are part of a process that builds strong institutions.

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

The committee examined and reviewed the JSE's regulatory function to the extent required to fulfil its statutory obligation as a Self-Regulatory Organisation. It found them to be satisfactory in all material forms. Please refer to the JSE's website at http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights for more information.

A M Mazwai
Chairman

Risk Management Committee

Report prepared by its Chairman, N G Payne

During the year under review, four Risk Management Committee meetings were held.

The Risk Management Committee is composed of its Chairman, who is an independent non-executive director, the CEO, the director of the Equity Market, the Chief Financial Officer, the head of Internal Audit, the Chairman of the Audit Committee and three 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 Board is ultimately responsible and accountable for the governance of risk, focusing on establishing, maintaining and monitoring the effectiveness of the processes, policies and plans of risk management and systems of internal control. See page 25 – 27 for more information on the governance of risk.

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

Independent assurance is obtained on all key risk areas and related systems of internal control through the internal audit process, on a combined assurance basis. 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 risk where it is cost-effective to do so.

The collaboration of the committee, the head of Internal Audit, the Executive Committee and the Board has ensured a thorough understanding of the risks accepted by the JSE in pursuance of its objectives.

During the year under review, the committee complied with its terms of reference. Please refer to the JSE website at http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights for more information.

The Chairman of the Risk Management Committee attends annual general meetings to respond to any queries related to issues considered by this committee.

N G Payne
Chairman

Risk and Governance

(i) Governance of Information Technology (IT)

The Board is responsible for information technology (IT) governance. The 2013 IT strategic objectives have been aligned with the Company's strategic objectives. The responsibility for developing an appropriate and holistic framework to manage the JSE's significant IT risks has been delegated to management, in particular to the Chief Information Officer.

The Board appointed an independent non-executive director during August 2012, who specialises in IT and brings a wealth of experience to the Board to assist it in discharging its duties more effectively with regard to IT governance.

IT service and project reporting is done not only to the business units but also at Exco, Risk Committee and Board level. IT risks are managed through the JSE enterprise risk management framework.

Disaster recovery

The JSE has an established remote recovery capability enabling the JSE to continue operations regardless of any event that makes the JSE's primary computer site unavailable. The disaster recovery arrangements ensure all required systems supporting the JSE main operations are able to fail over. This includes network infrastructure.

The declaration of a disaster encompasses the activation of the crisis management plan, business continuity plan and/or disaster recovery plan after a disaster or emergency has occurred. The JSE has appointed a crisis management team that will manage the resolution of the crisis and attempt to limit the adverse effects of any crisis.

Major business continuity testing will be performed at such intervals as are determined by the Executive Committee, in consultation with the Risk Management Committee, and involves major third-party providers and business partners as well as a representative grouping of clients. Major technical recovery testing will be performed twice a year.

The JSE conducted a technical test on 6 October 2012. This test was in preparation for disaster recovery testing involving clients and external parties, which connectivity testing took place on 10 November 2012. A full technical test was also conducted on 12 February 2012, in which almost all key JSE hosted applications were successfully tested, including business verification without external connectivity.

It is important to note that the 10 November 2012 disaster recovery test was the first time a JSE disaster recovery test had involved the shutting down of production to enable the JSE to move all external network connectivity to the disaster recovery site. This method of application fail over was also different in that it involved an "isolated" test environment at the disaster recovery site. The last major addition to the testing process was the inclusion of our now locally hosted equities system (MillenniumIT) as part of the test. A derivatives market fund test has been scheduled for March 2013.

Information security

The management structure for information security includes a security governance oversight function independent of IT, a dedicated operations security expert as well as an application security representative. Other IT areas also have security responsibilities assigned to them.

The JSE security posture has further improved in 2012 under the oversight of the Information Security Steering Committee that reports into the IT Management Committee. Independent reporting and escalation is also possible through the security governance oversight function.

Various information security initiatives have been budgeted for in 2013 and the JSE is planning to formally establish an information security office under the CIO.

(ii) Governance of information assets

An information governance framework has been established. The approach of the framework is to ensure that JSE information is "fit for purpose" and creates value for the JSE and its stakeholders.

The anticipated business value associated with implementing Information Governance will be realised over time. The overall JSE Data/Information strategy will be implemented on an iterative basis, by looking to each prioritised project, whether it is large or small, to make some contribution to the implementation of this strategy.

An Information Governance Committee has been formed to drive out the information governance framework as well as set strategy and direction to drive information quality and integrity across the JSE enterprise.

Philosophy

Managing risk is an integral part of generating sustainable shareholder and stakeholder value. The JSE recognises its role in the ecosystem within which it operates and has applied the principles of King III to guide the Group to ensure that an integrated risk-based approach is established and implemented. The JSE has implemented an enterprise risk management framework that drives its risk management and reporting practices. This framework covers three major risk areas – operational risk, financial risk and strategic risk – and forms the basis for how the exchange manages risk.

Approach

This risk assessment is conducted using the guidelines in the COSO framework and is in line with principles defined in ISO 31000. The assessment is broad in scope and evaluates risks affecting the risk categories defined in the JSE's risk management framework. The assessment also identifies controls to address the risks and the consequent action plans.

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

In addition to existing compliance responsibilities across the JSE, a JSE compliance universe has been compiled highlighting the most critical compliance areas. These areas were assessed using a risk-based approach to ensure controls are rated and corrected where required, using the JSE's integrated risk tool. This ensures focus on the key compliance areas and the integration of methodologies, aids and corrective actions and reduces duplications.

Assessment structure

The assessment structure of the JSE remains in place and is depicted below. It uses a combination of reporting elements. It is important to note that, in 2013, the focus will be on defining how existing audit and incident reporting can be better integrated into the JSE risk view.

Risk focus areas

The last official reporting for 2012 highlighted five areas/categories of risk.

These risks are:

Strategic risks

These risks involved potential policy and regulatory status changes combined with the risk of increased competition as well as ensuring that the JSE functions within an appropriate risk appetite. Plans are already under way in these areas to attempt to manage these aspects where the policy and regulatory changes are least within the JSE's control.

Reputational risk

Although most risks could result in reputational damage, these risks specifically relate to managing the JSE's reputation and image. The main areas highlighted included a failure to meet its ongoing licence obligations, inappropriate dissemination of JSE data or a lack of JSE data dissemination, misrepresentation of JSE affiliation to products or companies and the JSE failing to attract listings owing to its image.

Human capital risk

The majority of human capital risks spanned across multiple divisions with key staff dependency and loss of key staff as a major concern. In addition to this, a lack of transformation at senior levels and slow progress on skill development were risks identified. This was highlighted in the context of the specialised nature of JSE skills and the experience required. Preliminary plans and a retention strategy, among other things, have been put in place to address these risks.

Technology and systems risk

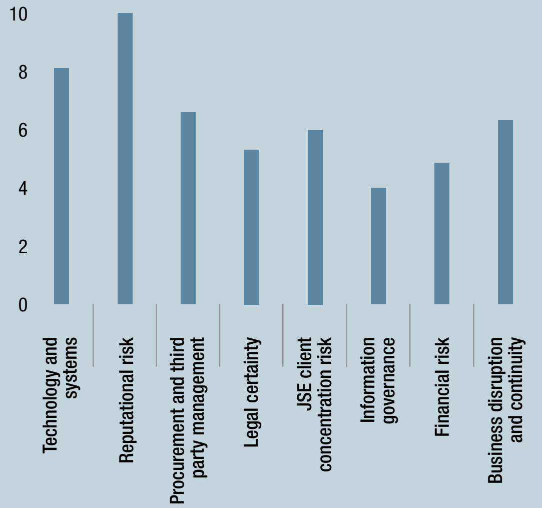
This area in the risk framework involved extensive analysis across IT operations. The focus areas include disaster recovery, information security, cost management, strategic project delivery, staff resource pressures, quality of solutions, outages, capacity management and information governance.

JSE site management risk

The JSE site management risks included staff safety, emergency services and external function arrangements.

In January 2013, three risk workshops were held, which involved extensive analysis of the various specific risks identified across the enterprise. This process will result in the 2013 reporting being well aligned to the enterprise focus areas; with action plans being overseen by the JSE Risk and Compliance team.

AVERAGE RESIDUAL RISK RATINGS PER CATEGORY



Residual risk rating is calculated by multiplying the likelihood and impact ratings using a 5 point scale. The scores provided average the rating of identified risks under that risk category.

Compliance statement

All JSE business units are responsible for compliance with the applicable laws, rules, codes and standards. The Risk and Compliance team assist the various business units with reviewing, monitoring and recording the necessary and required compliance, using the existing risk tool while employing a risk-based approach. Both areas report to the Head of Corporate Services, who is also the Group Company Secretary, who reports to the CEO.

During 2012, all business units were separately consulted on a self-assessment basis to achieve a single view of how compliant the JSE was in terms of the agreed regulatory universe applicable to the enterprise.

During the year under review, there were no contraventions or fines.

Company Secretary

G C Clarke is the Group Company Secretary. He is suitably qualified and has access to the Group's secretarial resources. The Group Company Secretary is responsible for the duties set out in section 88 of the 2008 Companies Act (as amended) and for ensuring compliance with the Listings Requirements of the JSE Limited. All directors have unlimited access to the Group Company Secretary.

The Group Company Secretary is not a director of the Company and accordingly maintains an arm's length relationship with the Board and its directors. The Group Company Secretary reports to the JSE Chief Executive Officer and has a direct channel of communication to the Chairman. He meets with the Chairman before each Board and general meeting to prepare for and discuss important issues, agree on the agenda and assist the Chairman or the Board and committee chairmen in the drafting of yearly workplans. All meetings of shareholders, directors and Board committees are properly recorded as per the requirements of the Act. The removal of the Group Company Secretary would be a matter for the Board as a whole.

While the Board of directors has not conducted a formal annual evaluation of the Company Secretary, the Board is nevertheless, satisfied with his competence, qualifications and experience based on its ongoing interaction and engagement with him during the year under review.

The JSE's Group Company Secretary plays a pivotal role in the continuing effectiveness of the Board, ensuring that all directors have full and timely access to the information that helps them to perform their duties and obligations properly, and enables the Board to function effectively. The Group Company Secretary's key duties with regard to the directors include, but are not limited to the following:

- Collating and distributing relevant information such as Board meeting agenda items, corporate announcements, investor communications and any other developments affecting the JSE or its operations;
- Providing counsel and guidance to the Board, Board committees and the Executive Committee on their individual and collective powers and duties, as well as in matters relating to governance, sustainability, legal compliance, transformation and ethics;
- Inducting new directors together with the Company's sponsor. This includes a briefing on their fiduciary and statutory duties and responsibilities (including those arising from the JSE Listings Requirements), as well as induction sessions held at the JSE's offices;
- Providing ongoing support and resources enabling directors to extend and refresh their skills, knowledge and understanding of the JSE Group;
- Providing regular updates on effective and proposed changes to laws and regulations affecting the Group and/or its businesses; and
- Facilitating professional and skills training where required.

BOARD OF DIRECTORS

From left:
Humphrey Borkum, Nicky Newton-King, Nonkululeko Nyembezi-Heita, Anton Botha, Bobby Johnston, David Lawrence, Andile Mazwai

Humphrey Borkum (68)
Chairman
Number of years in service: 13
Executive chairman of Merrill Lynch SA, a subsidiary of Bank of America Corporation
Appointed to the Board in 2000

Nicky Newton-King (46)
CEO (appointed 1 January 2012)
Number of years in service: 16
Chief Executive Officer; World Economic Forum Young Global Leader; Yale World Fellow 2006; Director of JSE-related companies.
Appointed to the Board in 2000

Nonkululeko Nyembezi-Heita (53)
Non-executive director
Number of years in service: 4
Non-executive director of Old Mutual (South Africa), Macsteel International. Executive Director of ArcelorMittal South Africa.
Appointed to the Board in 2009

Anton Botha (59)
Non-executive director
Number of years in service: 13
Director and co-founder of Imalivest; non-executive director on boards of University of Pretoria, Sanlam Limited and certain Sanlam subsidiaries, African Rainbow Minerals Limited and Vukile Property Fund Limited.
Appointed to the Board in 2000

Bobby Johnston (64)
Non-executive director
Number of years in service: 13
Previous Chairman of the JSE; Chairman of Strate Limited; previous Chief Executive Officer of First National Equities Limited.
Appointed to the Board in 2000

David Lawrence (61)
Non-executive director
Number of years in service: 5
Deputy Chairman of Investec Bank Limited; previous Chairman and Managing director of Citibank SA; director of various companies.
Appointed to the Board in 2008

Andile Mazwai (41)
Non-executive director
Number of years in service: 9
CEO, National Stokvel Association of South Africa. Former Group Chief Executive Officer of Barnard Jacobs Mellet; founder of Mazwai Securities.
Appointed to the Board in 2004

Freda Evans (54)
Chief Financial Officer
Resigned September 2012
Number of years in service: 12
Appointed to the Board in 2008

From left:
Sam Nematswerani, Nigel Payne, Dr Mantsika Matooane, Nomavuso Mnxasana, Leanne Parsons, John Burke, Gary Clarke

Sam Nematswerani (51)
Non-executive director
Number of years in service: 8
CEO Aka Capital Proprietary Limited; Director of companies.
Appointed to the Board in 2005

Nigel Payne (53)
Non-executive director
Number of years in service: 8
Director of companies. Non-executive director of Strate Limited; member of the King Committee on Corporate Governance
Appointed to the Board in 2005

Dr Mantsika Matooane (37)
Non-executive director
CIO of Hollard Insurance. Industry experience at organisations such as Goldman Sachs, JP Morgan, Standard Bank Limited and FNB Limited.
Appointed to the Board in August 2012

Nomavuso Mnxasana (56)
Non-executive director
Non-executive director of Nedbank Group Limited, Pareto, Winhold Limited Group, Landbank, Telkom Limited, Optimum Coal and AIH and other investee companies.
Appointed to Board in December 2012

Alternate directors

Leanne Parsons (47)
Director: Equity Market
Number of years in service: 27
Alternate director of the JSE, director of JSE-related companies; Chairman of the Equity Trading Advisory Committee; member of the Risk Committee.
Appointed to the Board in 2000

John Burke (47)
Director: Issuer Regulation
Number of years in service: 23
Alternate director of the JSE. Chairman of the Issuer Services Advisory Committee; member of the King Committee on Corporate Governance; deputy chairman of the Institute of Directors; member of Takeover Regulation Panel.
Appointed to the Board in 2001

Group Company Secretary

Gary Clarke (46)
Director: Corporate Services and Group Company Secretary
Number of years in service: 15
Director of JSE-related companies.
Appointed Group Company Secretary in 2001

MEMBERS OF EXECUTIVE COMMITTEE

From left:
Nicky Newton-King, Aarti Takoordeen, Leanne Parsons, Gary Clarke, Shaun Davies, John Burke, Ana Forssman

Nicky Newton-King (46)
CEO (appointed 1 January 2012)
Number of years in service: 16
BA LLB – University of Stellenbosch, LLM – University of Cambridge
Executive director of the JSE. Chief Executive Officer; World Economic Forum Young Global Leader; Yale World Fellow 2006; Director of JSE-related companies.
Appointed to the Board in 2000

Aarti Takoordeen (32)
CFO (appointed February 2013)
(CA)SA; BCompt (Hons) CTA – Unisa
Appointed by the Board on 12 March 2013, to be executive director of the JSE

Freda Evans (54)
Chief Financial Officer
Number of years in service: 12
Resigned in September 2012
(CA)SA

Leanne Parsons (47)
Director: Equity Market
Number of years in service: 27
BCom – Unisa
Alternate director of the JSE, director of JSE-related companies; Chairman of the Equity Trading Advisory Committee; member of the Risk Committee
Appointed to the Board in 2000.

Gary Clarke (46)
Director: Corporate Services and Group Company Secretary
Number of years in service: 15
BA LLB – Wits
Director of JSE-related companies. Group Company Secretary to the JSE
Appointed Company Secretary in 2001
Appointed Director: Corporate Services and Group Company Secretary in 2012

Shaun Davies (46)
Director: Market Regulation
Number of years in service: 17
CA(SA)
Member of the FSB's Directorate of Market Abuse and the IRBA's Committee for Auditor Ethics.

John Burke (47)
Director: Issuer Regulation
Number of years in service: 23
BCom (Hons) Investment Management, HDip Corporate Law – UJ
Alternate director of JSE, Chairman of the Issuer Services Advisory Committee; member of the King Committee on Corporate Governance; Deputy Chairman of the Institute of Directors; member of Takeover Regulation Panel.
Appointed to the Board in 2001

Ana Forssman (48)
Director: Market Data
Number of years in service: 24
Diploma in Personnel Management, Graduate Diploma in Marketing Management – Wits
Executive Development Programme. Member of Institute of Directors and International Financial Information Data Association.

From left:
Geoff Rothschild, Chris Sturgess, Riaan van Wamelen, Graham Smale, Leila Fourie, Siobhan Cleary, Zeona Jacobs

Geoff Rothschild (66)
Director: Government and International Affairs
Number of years in service: 9
Retired in 2012 but remains as a consultant to the JSE
CA(SA)
Chartered Marketer (SA). Director of JSE Trustees Proprietary Limited, Immediate past Chairman of the JSE, member of the JSE Board, Deputy President of the African Stock Exchange Association (ASEA), JSE representative on the Committee of SADC Stock Exchanges (CoSSE), council member of the National Advisory Council for Innovation (NACI), honorary fellow of the Da Vinci Institute of Technology.

Chris Sturgess (39)
Director: Commodity Derivatives
Number of years in service: 15
B Agric Mgt (Economics) University of Natal.
Started his service with the South African Futures Exchange. Currently a Board member for the Association of Futures Markets (AFM).

Riaan van Wamelen (43)
Chief Information Officer
Number of years in service: 5
BCom (Hons) (Informatics) – UP, MBA – Stellenbosch

Graham Smale (54)
Director: Bonds and Financial Derivatives
Number of years in service: 3
BSc (Chem Eng) – University of Natal
MBA – GSB UCT
CFA – CFA Institute
Institute of Financial Markets (South Africa) – Junior, Ordinary and Compliance; Director of JSE-related companies; Chairman of the Bonds and Interest Rate Derivatives Advisory Committee; Chairman of the Currency Derivatives Advisory Committee; Chairman of the Financial Derivatives Committee.

Leila Fourie (44)
Director: Post-Trade Services
Number of years in service: 1
MCom (Economics) – University of Johannesburg
Director of JSE-related companies. Chairman of Clearing Advisory Committee. Previously Managing Director of Card Division, Standard Bank. Chairman of Diners Club SA board. Member of Diners International. Global Advisory Board. Accenture consulting to the JSE for four years.

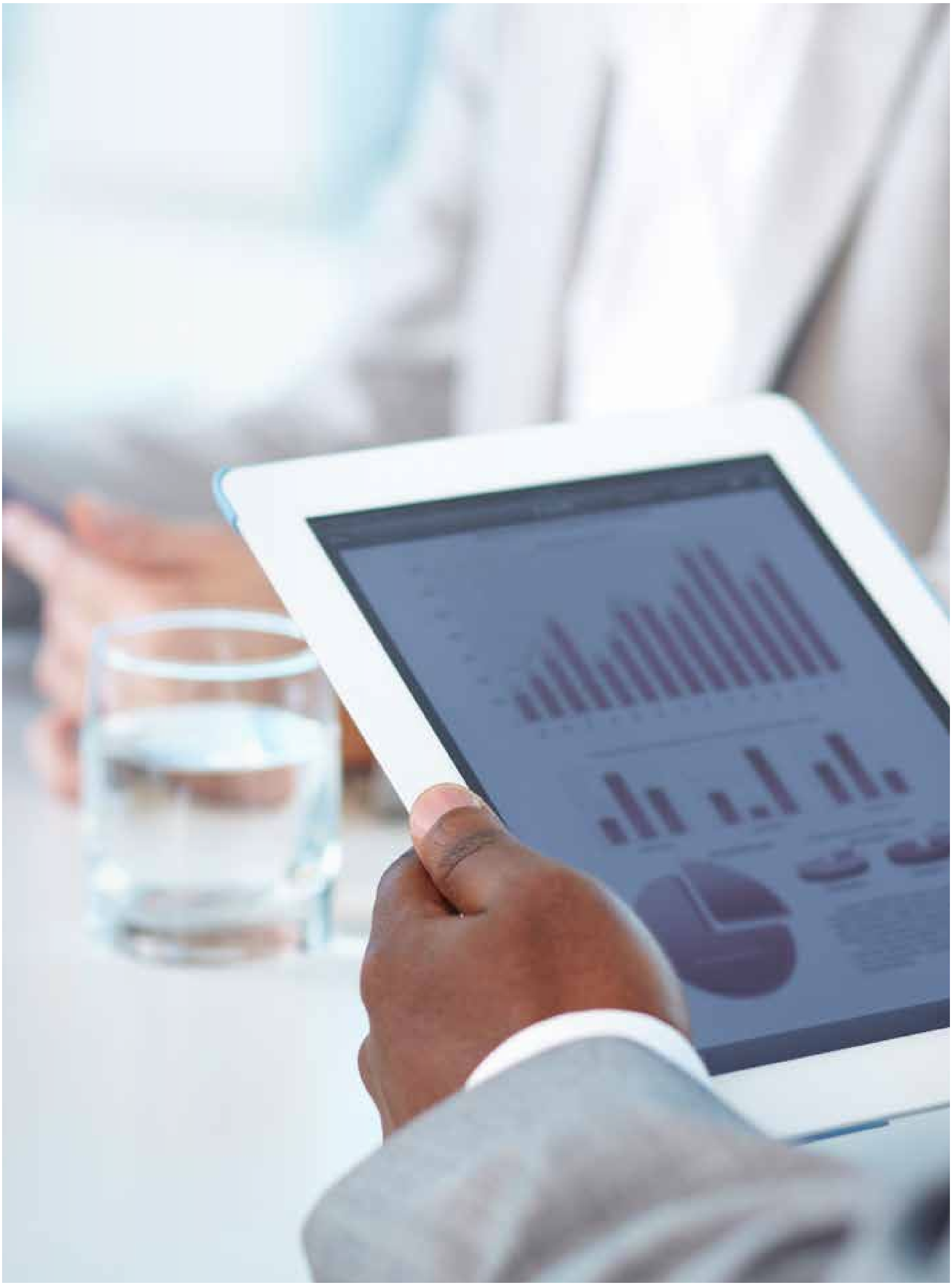
Siobhan Cleary (39)
Director: Strategy and Public Policy
Number of years in service: 6
Bachelor (Law) UCT, Masters (International Relations and Economics) School of Advanced International Studies, John Hopkins University
Represents the JSE on the Working Committee of the World Federation of Exchanges. Previously manager for the global consulting firm, Accenture, business law lecturer at the University of Cape Town. Yale World Fellow of 2011.

Zeona Jacobs (49)
Director: Issuer and Investor Relations
Appointed August 2012
Diploma: Business Management, Damelin; Management Advancement Programme – Wits Business School
Chairman of the Johannesburg Social Housing Company. Zeona has 25 years' experience in corporate, governmental and communications agency organisations including the Truth and Reconciliation Commission, Lobedu Leo Burnett, Cell C, Telkom and Altech, where she has held positions varying from communications to corporate finance. Zeona has also spent 18 months in Nigeria working as a consultant to the CEO of a telecommunications company. Previous board positions include Nestlé (South Africa) Proprietary Limited, BankservAfrica and the Joburg Theatre.

2

2012 FINANCIALS

These annual financial statements have been prepared under the supervision of the Chief Financial Officer, Ms Aarti Takoordeen CA(SA), and have been audited in compliance with section 30 of the Companies Act, 2008.



DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and the annual financial statements of JSE Limited, comprising the statements of financial position at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for 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 ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

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

Approval of annual financial statements

The Group annual financial statements and the annual financial statements of JSE Limited, as identified in the first paragraph, were approved by the Board of directors on 12 March 2013 and signed on its behalf by:

H J Borkum
Chairman

N F Newton-King
Chief Executive Officer

DECLARATION BY COMPANY SECRETARY

FOR THE YEAR ENDED 31 DECEMBER 2012

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 88 of the Companies Act, as amended, I hereby confirm that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

G C Clarke
Group Company Secretary

RESPONSIBILITY FOR FINANCIAL STATEMENTS PREPARATION

FOR THE YEAR ENDED 31 DECEMBER 2012

The CFO, Ms Aarti Takoordeen CA(SA), is responsible for the financial statements and has supervised the preparation thereof, in compliance with section 30 of the Companies Act, 2008.

REPORT OF THE GROUP AUDIT COMMITTEE

Prepared by its chairman, N S Nematswerani

During the year under review, three Audit Committee meetings were held.

The Audit Committee is composed of its chairman, who is an independent non-executive director, and four other non-executive directors, including the Chairman of the Risk Committee.

The Chairman of the Board, CEO, CFO, Company Secretary, representatives of the external auditors and the head of Internal Audit attend meetings by invitation.

The committee has an independent role with accountability to both the Board and shareholders. The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The committee is suitably skilled to perform the role required, as reflected in the table below. The collective skills of the committee include an understanding of financial and sustainability reporting, internal financial controls, the 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.

Name	Qualification/s	Appointed to committee	Experience
N S Nematswerani	CA(SA)	Feb 2003	Refer to Board of directors on pages 28 – 29
M R Johnston	CA(SA)	Dec 2000	
N G Payne	CA(SA)	Aug 2005	
A D Botha	BCom; BProc; BCom(Hons)	Dec 2000	
N P Mnxasana*	CA(SA)	Dec 2012	

**Independent non-executive director appointed to the committee during 2012*

The committee acts in accordance with its statutory duties and the delegated authority of the Board as recorded in its terms of reference http://phx.corporate-lr.net/phoenix.zhtml?c=198120&p=irol-govHighlights. It has power to investigate any activity within the scope of its terms of reference. The committee, in fulfilment of its duties, may call upon the chairmen of other Board committees, any of the executive directors, officers or the Company Secretary to provide it with information. The committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

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

In addition, the Companies Act requires that the Audit Committee to prepare a report describing how it carried out its functions as specified in section 94(7). Below is a summary of the main functions with the remaining functions and other duties listed in the table that follows:

Audit Committee responsibilities in terms of King III and the Companies Act	Apply or explain
In respect of the external auditor and the external audit:	
Nominate for appointment as auditor of the Company, a registered auditor who, in the opinion of the committee, is independent of the Board and determine their terms of engagement and fee	Applied at the committee's November meeting and a resolution to vote in this regard will be put forward to shareholders at the AGM in April 2013
Ensure the appointment of the auditor complies with applicable legislation	Applied in terms of the AGM notice and process
Evaluate the independence, effectiveness and performance of the external auditors	The committee satisfied itself at its meeting held in November 2012 that the auditors are independent.
External auditors have unlimited access to the chairman of the committee.	Applied
Determine the nature and extent of non-audit services that the auditor may provide and preapprove any agreement for the provision of these services by the auditor to the Company, or a related company. Approve the internal and external audit plan of the said services on the basis that the provision of the services does not affect the auditor's independence	Applied Non-audit services policy in place

Audit Committee responsibilities in terms of King III and the Companies Act	Apply or explain
In respect of the financial statements:	
Confirm the going-concern basis of preparation of the interim and annual financial statements	Confirmed with the Board at its meeting in March of each year upon consultation with management
Review the accounting policies and procedures adopted by the Group and the JSE and ensure that financial statements are prepared on the basis of appropriate accounting policies and International Financial Reporting Standards	Applied CFO prepares financial statements in accordance with all applicable legislation and submits to this committee for review and recommendation to Board for approval
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	Applied At the first meeting of the year the committee reviews the full integrated annual report and recommends to Board for approval
In respect of internal control:	
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 The head of Internal Audit 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
Report on the effectiveness of the internal financial controls and risk management	This role was performed in part by this committee and in part by the Risk Management Committee
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
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
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 covers all significant areas of financial reporting	Applied in consultation with the Internal Audit function each year
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	Applied at the meeting of the Audit Committee held on 6 November 2012
The appointment and dismissal of the Chief Financial Officer	CFO resigned effective 30 September 2012.
To receive and deal with complaints and concerns from within and outside the Company relating to accounting practices and internal audit; content or auditing of the financial statements; internal financial controls; or any other related matter	Not applicable in the year under review
Make submissions to the Board on any matter concerning the accounting policies, financial controls, records and reporting	Applied

The JSE continues to prepare Group accounts that comply with International Financial Reporting Standards and these responsibilities are completed within an acceptable timeframe. In 2011, the first integrated annual report was reviewed and recommended to the Board for approval. The 2012 integrated annual report is built upon the foundation laid in 2011.

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

N S Nematswerani
Chairman: Group Audit Committee

DIRECTORS' REPORT

The directors are pleased to present the annual financial statements of the JSE Group for the year ended 31 December 2012.

Business activities

The JSE carries on business at One Exchange Square, 2 Gwen Lane, Sandown. The postal address is Private Bag X991174, Sandton, 2146.

Further information on the business activities of the JSE is also set out in the profile of the JSE on page 1.

JSE subsidiaries

The JSE Group structure can be found on page 2.

Nautilus Managed Account Platform (MAP)

Nautilus MAP provides a methodology for monitoring the compliance with mandates of hedge fund managers. The Group's only long-term borrowing is the R23.7 (2011: R27.5) million paid for Managed Account Platform Proprietary Limited, funded by means of a loan from FirstRand Alternative Investment Management Proprietary Limited to be settled from the revenue generated by the administration fees received from the platform.

Safcom

IOSCO Compliance

Safcom (the licensed clearing house for the JSE's derivatives and cash bond markets) was certified on 10 December 2012 as a "qualifying" central counterparty (CCP) by the Financial Services Board (FSB), as a result of its compliance with the principles issued by the Bank for International Settlements (BIS) and International Organisation of Securities Commissions (IOSCO). The achievement of CPSS-IOSCO compliance is a major step forward for Safcom and the market as a whole, and enhances the credibility of the South African financial markets as a foreign investment destination.

The establishment of a qualifying CCP in South Africa is a key enabler for the derivatives market in the interest of the implementation of Basel III. The ability to clear trades through a CPSS-IOSCO compliant Safcom will have a material impact on both clearing member and trading member capital, translating into lower capital adequacy requirements and improved liquidity in the marketplace.

Strategically important investments

Strate Limited (Strate)

The JSE owns 44.55% (2011: 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 relating to lost, stolen or forged documents. The electronic records of shareholding are subject to extensive controls.

Strate uses 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. The contribution from the business of Strate is set out in note 14.1.

Authorised users

As at 31 December 2012, there were 380 authorised users (2011: 412), which can be broken down as follows:

	2012	2011
Equities members	**61**	63
Equity derivatives members	**120**	128
Commodities derivatives members	**100**	100
Interest rate members	**99**	121
Total	**380**	412

Corporate governance

The full governance report is set out on pages 17 – 27.

Financial results

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

It should be noted that the JSE maintains the JSE Guarantee Fund Trust, the BESA Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust for investor protection purposes, as required under the 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.

Capital structure and expenditure

The capital structure and expenditure can be found on pages 2 and 9 respectively.

Ordinary dividend

The directors declared a final gross dividend of 250 cents per share on 12 March 2013.

	2013	2012
Dividend per share (cents)	**250**	250
Rand value (million)	**217**	217
Declaration date	**12 March 2013**	13 March 2012
Last date to trade cum dividend	**17 May 2013**	18 May 2012
Shares commence trading ex dividend	**20 May 2013**	21 May 2012
Record date	**24 May 2013**	25 May 2012
Payment date	**27 May 2013**	28 May 2012

Additional information regarding the ordinary dividend declaration announcement	
The distribution is by way of a dividend as defined in the Income Tax Act	
Local dividend tax rate represented as a percentage	15%
Gross dividend amount represented as cents per share	250
STC credits utilised	There are no STC credits
Net local dividend amount represented as cents per share	212.50
Issued share capital as at declaration date	86 877 600
Company registration number	2005/022939/06
Company tax number	9313008840
The distribution is to be made from	Retained earnings

The new dividend tax became effective from 1 April 2012 and will apply to the receipt of dividend in the hands of JSE shareholders, unless exempt.

Regulatory and supervisory structure

The Financial Services Board (FSB) is responsible for supervising the JSE's listing and regulates its ongoing compliance with the JSE Listings Requirements. During the year under review, the JSE complied with all its rules, Listings Requirements and procedures in a manner that warrants its continued listing and there were no conflicts of interest that were required to be referred to the FSB. To further mitigate the possibility of such conflict of interest, an SRO Oversight Board subcommittee was set up in the last quarter of 2011. For more information on its mandate and function, refer to the SRO Oversight Committee report.

Share capital

Full details of the authorised, issued and unissued capital of the JSE are contained in note 22 to the annual financial statements. 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.

Special resolutions

The following special resolutions were passed in 2012 and, with the exception of special resolution 4, which is an annual renewable resolution, the other resolutions were for a period of two years from 28 April 2012, hence these will not be put forward to shareholders at the 2013 AGM for approval.

Special Resolution number 1:

Authorising general financial assistance for the acquisition of securities of the Company or related or inter-related companies –

"Resolved that the directors of the Company be and are hereby authorised, in terms of section 44 of the Companies Act, for a **period of two years** from the passing of this resolution, to authorise the Company to provide direct and/or indirect financial assistance, by way of loans, guarantees, the provision of security or otherwise, to any person, for the purpose of or in connection with the acquisition of any option or any securities issued or to be issued by the Company or any related or inter-related company, subject to the provisions of the Companies Act."

Special Resolution number 2:

Authorising the provision of financial assistance generally to directors and prescribed officers, persons related or inter-related to the Company and others –

"Resolved that the directors of the Company be and are hereby authorised, in terms of section 45 of the Companies Act, for a **period of two years** from the passing of this resolution, to authorise the Company to provide direct and/or indirect financial assistance to (i) a director or prescribed officer of the Company or of a related or inter-related company or (ii) to a company, corporation, trust or other person that is related or inter-related to the Company, or (iii) to a member of a company, or corporation that is related or inter-related to the Company, or (iv) to a person related to any such director, prescribed officer, company, trust, corporation, member or other person, subject to the provisions of the Companies Act."

Special Resolution number 3:

Specific financial assistance in respect of the JSE Long-Term Incentive Scheme 2010 (LTIS 2010) –

"Resolved that the Company and its subsidiaries be and are hereby authorised, in terms of sections 44 and 45 of the Companies Act, for a **period of two years** from the passing of this resolution, to provide direct and/or indirect financial assistance to the JSE LTIS 2010 Trust, and to the directors and prescribed officers of the Company or any of its subsidiaries participating in LTIS 2010, for the purpose of and/or in connection with the acquisition of ordinary shares of the Company from time to time or otherwise, as part of the operation."

Special Resolution number 4:

General authority to repurchase shares –

"Resolved that the Board of directors of the Company is hereby authorised, by way of a renewable general authority which shall be valid until the earlier of the next annual general meeting of the Company or the day 15 months from the date of passing of this resolution, for purposes of section 48 of the Companies Act, including as contemplated in section 48(8)(a), to approve the purchase of its own ordinary shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, including acquiring such shares from directors or prescribed officers of the Company, or persons related to such directors or prescribed officers, but subject to the provisions of the Companies Act and the JSE Listings Requirements."

Special Resolution number 5:

Non-executive directors' remuneration –

Resolved that the Company be and is hereby authorised, in terms of section 66(9) of the Companies Act, to pay remuneration to its non-executive directors for their services as directors:

5.1 in respect of the period from 1 January 2012 to the date of the annual general meeting of the Company to be held during 2013 (2012 period), as set out in the "2012" column in the table as stated in the 2012 AGM notice; and

5.2 in respect of the period from 1 January 2013 to the date of the annual general meeting of the Company to be held during 2014 (2013 period), as set out in the "2013" column in the table as stated in the 2012 AGM notice, provided that the remuneration approved in terms of this Special Resolution 5.2 will override the remuneration approved in terms of Special Resolution 5.1 to the extent of any overlap between the 2012 period and 2013 period.

* Changes to the directors

During the year under review the following changes occurred:

- Resignation
  - 30 September 2012 – F M Evans resigned as executive director and CFO;
- Appointments
  - 1 January 2012 – N F Newton-King, was appointed as executive director and CEO
  - 30 August 2012 – Dr M A Matooane was appointed as independent non-executive director
  - 1 December 2012 – Ms N P Mnxasana was appointed as independent non-executive director
- Retirement of by rotation at AGM held 28 April 2012
  - Non-executive directors, N G Payne and N M C Nyembezi-Heita, who retired by rotation in accordance with article 24, were re-elected
  - Non-executive director, Z L Zitulele Combi, did not make himself available for re-election

Directors and company secretary

Directors

Independent non-executive directors	Executive directors
H J Borkum (Chairman)	N F Newton-King
A D Botha (Lead independent director)	*F M Evans (CFO)
M R Johnston	
A M Mazwai	**Alternate directors**
N S Nematswerani	L V Parsons
N G Payne	J H Burke
D M Lawrence	
N M C Nyembezi-Heita	**Group Company Secretary**
*M A Matooane	G C Clarke
*N P Mnxasana	

Future appointments and retirement by rotation of directors

- In terms of the JSE's memorandum of incorporation, non-executive directors, A D Botha, M R Johnston, D M Lawrence and N S Nematswerani retire by rotation at the 2013 annual general meeting to be held on Thursday, 25 April 2013. All 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.
- Aarti Takoordeen who joined the JSE on 1 February 2013 as the Chief Financial Officer, has been appointed to the JSE Board effective 12 March 2013.

Historical five-year summary of Board members retiring by rotation:

2013	2012	2011	2010	2009
A D Botha	N G Payne	A D Botha	Z L Combi	A D Botha
M R Johnston	N M C Nyembezi-Heita	W Y N Luhabe	M R Johnston	A M Mazwai
D M Lawrence	Z L Combi	A M Mazwai	D M Lawrence	G T Serobe
N S Nematswerani		G T Serobe	N S Nematswerani	N G Payne
				W Y N Luhabe

Directors' and Company Secretary interests and shareholding

as at 31 December 2012

Directors and Company Secretary	Direct beneficial	Indirect beneficial	Held by associates	Total	%
N F Newton-King (CEO)*	3 400	–	–	3 400	0.0039
F M Evans**	1 000	–	–	1 000	0.0012
L V Parsons*	2 000	–	–	2 000	0.0023
J H Burke*	3 200	–	–	3 200	0.0037
H J Borkum (Chairman)	15 000	–	–	15 000	0.0173
A D Botha	25 000	–	–	25 000	0.0288
A M Mazwai	5 000	–	–	5 000	0.0058
Other directors hold no interests in the JSE	–	–	–	–	0.0000
G C Clarke (Company Secretary)	1 000	–	–	1 000	0.0012
Total	**55 600**	**–**	**–**	**55 600**	**0.064**

Directors' and Company Secretary interests and shareholding CONTINUED

as at 31 December 2011

Directors and Company Secretary	Direct beneficial	Indirect beneficial	Held by associates	Total	%
R M Loubser (CEO)**	1 000	–	–	1 000	0.0012
N F Newton-King (deputy CEO)*	3 400	–	–	3 400	0.0039
F M Evans (CFO)**	1 000	–	–	1 000	0.0012
L V Parsons*	2 000	–	–	2 000	0.0023
J H Burke*	3 200	–	–	3 200	0.0037
H J Borkum (Chairman)	15 000	–	–	15 000	0.0173
A D Botha	25 000	–	–	25 000	0.0288
A M Mazwai	5 000	–	–	5 000	0.0058
Other directors hold no interests in the JSE	–	–	–	–	0.0000
G C Clarke (Company Secretary)	1 000	–	–	1 000	0.0012
Total	56 600	–	–	56 600	0.0651

* *These directors participate in the LTIS 2010 scheme and are recipients of shares that will vest from 2013 onwards. For further details refer to notes 24 and 29.*
** *These directors resigned in the past 18 months.*

The JSE is in a closed period for approximately six months of the year:

Event	Reason for closed period	Closed period duration
2011/12	Annual financial statements being prepared	1 December 2011 to 12 March 2012
2012	Interim financials being prepared	1 June 2012 to 15 August 2012
2012/13	Annual financial statements being prepared	1 December 2012 to 12 March 2013
2013	Interim financials being prepared	1 June 2013 to 13 August 2013
2013/14	Annual financial statements being prepared	1 December 2013 to mid March 2014

No directors or executive members dealt in JSE shares during 2012.

Service contracts with directors

The Chief Executive Officer, all executive directors and the executive management of the JSE, including the Group Company Secretary, 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. All the other clauses of the service contracts are standard clauses for contracts of this nature.

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 20 November 2012. The reappointment of the auditors will be a matter for consideration by the shareholders at the Annual General Meeting to be held on 25 April 2013.

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.

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. Should the shares in the company that owns the building be available for purchase, the JSE has a right of first refusal to buy the shares at a price to be determined at that time. The operating lease payments escalate at 11% per annum.

The JSE is party to a contract with MillenniumIT, a wholly owned subsidiary of the London Stock Exchange Group, for the use of its equity market trading and surveillance 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.

State of affairs at Company – material matters

During the year under review an impairment loss of R75.0 million (2011: R223.3 million) was incurred. Refer to note 13.8 for further information.

For further information on our technology initiatives, please see the section on information technology on page 14.

Post-reporting date events

There have been no changes to the directors' interests in the ordinary share capital of the Company between 31 December 2012 and the date of this report.

Post year-end the Group committed R100 million to a new default fund to support an improved risk management process within its derivatives markets. The introduction of this fund is a CPSS-IOSCO requirement. The new fund, totalling R500 million, serves to back-stop losses incurred where a clearing member is unable to settle their clearing obligations in any of our derivative markets. The balance of the fund has been contributed by clearing members. A drawdown on the fund is a plausible but low-probability event. In such circumstances, the Group has an obligation to replenish its contribution to a maximum aggregate amount of R100 million in any 12-month period following a clearing member default. The fund is ring-fenced and is not accessible either to JSE Limited shareholders and general creditors or to the shareholders and general creditors of clearing members. Interest earned on the cash committed to the fund is channelled back to each contributor.

To the Shareholders of JSE Limited

We have audited the consolidated and separate annual financial statements of JSE Limited, which comprise the statements of financial position at 31 December 2012, 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, as set out on pages 42 to 98.

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 the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether owing to fraud or error.

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 about 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 risks of material misstatement of the financial statements, whether owing 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of JSE Limited at 31 December 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2012, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.
Registered Auditor

Per T Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
12 March 2013

85 Empire Road
Parktown
2193

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

		Group		Exchange		Investor Protection Funds[1]	
	Note	2012 R'000	2011 R'000	2012 R'000	2011 R'000	2012 R'000	2011 R'000
Revenue	8.1	**1 384 867**	1 369 810	**1 400 618**	1 392 304	**–**	–
Other income	8.2	**46 923**	46 980	**65 332**	175 408	**15 355**	26 866
Personnel expenses	9.1	**(353 896)**	(299 184)	**(353 896)**	(299 184)	**–**	–
Other expenses	9.2	**(672 319)**	(737 530)	**(651 827)**	(860 943)	**(5 474)**	(7 780)
Profit from operating activities		**405 575**	380 076	**460 227**	407 585	**9 881**	19 086
Finance income	9.3	**861 474**	911 776	**54 514**	57 528	**7 086**	7 423
Finance costs	9.4	**(781 092)**	(825 646)	**(9 018)**	(9 013)	**–**	–
Net finance income		**80 382**	86 130	**45 496**	48 515	**7 086**	7 423
Share of profit of equity-accounted investees (net of income tax)	14.2	**35 056**	31 905	**–**	–	**–**	–
Profit before income tax		**521 013**	498 111	**505 723**	456 100	**16 967**	26 509
Income tax expense	10.1	**(218 902)**	(156 316)	**(219 133)**	(155 850)	**–**	–
Profit for the year		**302 111**	341 795	**286 590**	300 250	**16 967**	26 509
Other comprehensive income							
Net change in fair value of available-for-sale financial assets		**41 323**	1 057	**–**	–	**41 323**	1 057
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**(11 834)**	(22 931)	**–**	–	**(11 834)**	(22 931)
Income tax on other comprehensive income	10.4	**–**	–	**–**	–	**–**	–
Other comprehensive income/(loss) for the year, net of income tax		**29 489**	(21 874)	**–**	–	**29 489**	(21 874)
Total comprehensive income for the year		**331 600**	319 921	**286 590**	300 250	**46 456**	4 635
Earnings per share							
Basic earnings per share (cents)	11.1/5	**351.8**	400.8	**333.7**	352.1	**19.8**	31.1
Diluted earnings per share (cents)	11.2/5	**349.5**	396.1	**331.6**	348.0	**19.6**	30.7

[1] *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 ("IFRSs"). 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 IFRSs, the results form part of the Group financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

		Group		Exchange		Investor Protection Funds	
		2012	2011	**2012**	2011	**2012**	2011
	Note	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Assets							
Non-current assets		**900 862**	954 338	**663 580**	780 815	**215 057**	169 883
Property and equipment	12.3	**164 164**	189 318	**164 164**	189 318	**–**	–
Intangible assets	13.3/6	**314 790**	352 952	**286 702**	324 343	**–**	–
Investments in equity-accounted investees	14.1	**119 904**	100 798	**21 416**	21 416	**–**	–
Investments in subsidiaries	15.1	**–**	–	**104 351**	104 351	**–**	–
Other investments	16	**215 059**	169 885	**2**	2	**215 057**	169 883
Derivative financial instruments	17	**–**	625	**–**	625	**–**	–
Loan to the JSE Empowerment Fund Trust	18	**14 003**	13 228	**14 003**	13 228	**–**	–
Deferred taxation	25.1/3	**72 942**	127 532	**72 942**	127 532	**–**	–
Current assets		**16 177 565**	16 374 566	**1 233 980**	1 080 403	**112 212**	113 505
Trade and other receivables	19	**194 248**	191 794	**140 375**	129 780	**3 246**	3 329
Income tax receivable		**16 574**	56 907	**15 817**	56 507	**–**	–
Due from Group entities	15.2	**–**	–	**11 946**	6 333	**–**	–
Margin deposits	20.1	**14 834 408**	15 080 456	**72 174**	13 548	**–**	–
Collateral deposits	20.2	**3 559**	4 320	**3 559**	4 320	**–**	–
Cash and cash equivalents	21	**1 128 776**	1 041 089	**990 109**	869 915	**108 966**	110 176
Total assets		**17 078 427**	17 328 904	**1 897 560**	1 861 218	**327 269**	283 388
Equity and liabilities							
Total equity	22.3	**1 871 021**	1 769 068	**1 464 248**	1 407 305	**326 125**	282 535
Share capital		**8 571**	8 605	**8 571**	8 605	**–**	–
Share premium		**102 858**	129 642	**102 858**	129 642	**–**	–
Capital contribution		**–**	–	**–**	–	**121 873**	121 873
Reserves		**368 902**	476 363	**32 719**	183 770	**81 056**	51 567
Retained earnings		**1 390 690**	1 154 458	**1 320 100**	1 085 288	**123 196**	109 095
Non-current liabilities		**121 596**	164 742	**174 614**	232 259	**–**	–
Finance leases	32.2.3	**–**	167	**–**	167	**–**	–
Borrowings	23	**23 715**	26 770	**–**	–	**–**	–
Employee benefits	24.1	**5 128**	28 972	**5 128**	28 972	**–**	–
Deferred taxation	25.1/3	**4 946**	4 535	**3 981**	3 310	**–**	–
Operating lease liability	32.2.1	**36 985**	52 571	**36 985**	52 571	**–**	–
Deferred Income	30	**49 632**	50 592	**127 330**	146 104	**–**	–
Due to SAFEX members	26	**1 190**	1 135	**1 190**	1 135	**–**	–
Current liabilities		**15 085 810**	15 395 094	**258 698**	221 654	**1 144**	853
Trade and other payables	27	**163 027**	219 580	**97 846**	112 648	**914**	594
Employee benefits	24.1	**67 860**	78 145	**67 860**	78 145	**–**	–
Operating lease liability	32.2.1	**16 956**	12 593	**16 956**	12 593	**–**	–
Due to Group entities	15.3	**–**	–	**303**	400	**230**	259
Margin deposits	20.1	**14 834 408**	15 080 456	**72 174**	13 548	**–**	–
Collateral deposits	20.2	**3 559**	4 320	**3 559**	4 320	**–**	–
Total equity and liabilities		**17 078 427**	17 328 904	**1 897 560**	1 861 218	**327 269**	283 388

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

Group	Note	Share capital R'000	Share premium R'000	Non-distri-butable reserve R'000	BBBEE reserve R'000	JSE LTIS 2010 reserve R'000	Retained earnings R'000	Total exchange and subsi-diaries R'000	Investor Protection Funds R'000	Total equity R'000
Balance at 1 January 2011		8 466	130 658	10 058	159 881	6 244	1 143 950	1 459 257	331 847	1 791 104
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	315 286	315 286	26 509	341 795
Other comprehensive income										
Net change in fair value of available-for-sale financial assets		–	–	–	–	–	–	–	1 057	1 057
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		–	–	–	–	–	–	–	(22 931)	(22 931)
Total other comprehensive loss		–	–	–	–	–	–	–	(21 874)	(21 874)
Total comprehensive income for the year		–	–	–	–	–	315 286	315 286	4 635	319 921
Transactions with owners recognised directly in equity										
Contributions by and distributions to owners										
Share options lapsed reclassified to retained earnings		–	–	–	(2 433)	–	2 433	–	–	–
Share options granted		–	–	–	7 888	–	–	7 888	–	7 888
Dividends paid to owners	22.4	–	–	–	–	–	(361 158)	(361 158)	–	(361 158)
Distribution from the BESA Guarantee Fund Trust[1]		–	–	–	–	–	2 947	2 947	(2 947)	–
Distribution from the JSE Guarantee Fund Trust[2]		–	–	–	–	–	51 000	51 000	(51 000)	–
Treasury shares	24.7	(43)	(28 946)	–	–	–	–	(28 989)	–	(28 989)
Treasury shares – share issue costs		–	(79)	–	–	–	–	(79)	–	(79)
Sale of treasury shares		8	6 091	–	–	–	–	6 099	–	6 099
Ordinary shares issued		174	21 918	–	–	–	–	22 092	–	22 092
Equity-settled share-based payment		–	–	–	–	12 190	–	12 190	–	12 190
Total contributions by and distributions to owners		139	(1 016)	–	5 455	12 190	(304 778)	(288 010)	(53 947)	(341 957)
Total transactions with owners		139	(1 016)	–	5 455	12 190	(304 778)	(288 010)	(53 947)	(341 957)
Balance at 31 December 2011		**8 605**	**129 642**	**10 058**	**165 336**	**18 434**	**1 154 458**	**1 486 533**	**282 535**	**1 769 068**
Total comprehensive income for the year										
Profit for the year		**–**	**–**	**–**	**–**	**–**	**285 144**	**285 144**	**16 967**	**302 111**
Other comprehensive income										
Net change in fair value of available-for-sale financial assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**41 323**	**41 323**
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(11 834)**	**(11 834)**
Total other comprehensive profit		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**29 489**	**29 489**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**285 144**	**285 144**	**46 456**	**331 600**
Transactions with owners recognised directly in equity										
Contributions by and distributions to owners										
Transfer of BBBEE reserve to retained earnings	22.3	**–**	**–**	**–**	**(165 336)**	**–**	**165 336**	**–**	**–**	**–**
Dividends paid to owners	22.4	**–**	**–**	**–**	**–**	**–**	**(217 114)**	**(217 114)**	**–**	**(217 114)**
Distribution from the BESA Guarantee Fund Trust[1]		**–**	**–**	**–**	**–**	**–**	**2 866**	**2 866**	**(2 866)**	**–**
Treasury shares	24.7	**(37)**	**(28 808)**	**–**	**–**	**–**	**–**	**(28 845)**	**–**	**(28 845)**
Treasury shares – share issue costs		**–**	**(70)**	**–**	**–**	**–**	**–**	**(70)**	**–**	**(70)**
Sale of treasury shares		**3**	**2 094**	**–**	**–**	**–**	**–**	**2 097**	**–**	**2 097**
Equity-settled share-based payment		**–**	**–**	**–**	**–**	**14 285**		**14 285**	**–**	**14 285**
Total contributions by and distributions to owners		**(34)**	**(26 784)**	**–**	**(165 336)**	**14 285**	**(48 912)**	**(226 781)**	**(2 866)**	**(229 647)**
Total transactions with owners		**(34)**	**(26 784)**	**–**	**(165 336)**	**14 285**	**(48 912)**	**(226 781)**	**(2 866)**	**(229 647)**
Balance at 31 December 2012		**8 571**	**102 858**	**10 058**	**–**	**32 719**	**1 390 690**	**1 544 896**	**326 125**	**1 871 021**

[1] *The BESA Guarantee Fund Trust Deed makes specific provision for the utilisation of excess funds for the purpose of reducing the risk of claims being made against the Trust. To this effect R2.9 million (2011: R2.9 million), before intercompany adjustments, was transferred to the JSE Limited for the defrayment of market regulatory expenditure.*

[2] *This represents the monies distributed by the JSE Guarantee Fund Trust for the specific purpose of funding the establishment of the JSE's data centre.*

Exchange	Note	Share capital R'000	Share premium R'000	BBBEE reserve R'000	JSE LTIS 2010 reserve R'000	Retained earnings R'000	Total Exchange R'000
Balance at 1 January 2011		8 466	130 658	159 881	6 244	1 143 763	1 449 012
Total comprehensive income for the year							
Profit for the year		–	–	–	–	300 250	300 250
Total comprehensive income for the year		–	–	–	–	300 250	300 250
Transactions with owners recognised directly in equity							
Contributions by and distributions to owners							
Share options lapsed reclassified to retained earnings		–	–	(2 433)	–	2 433	–
Share options granted		–	–	7 888	–	–	7 888
Dividends paid to owners	22.4	–	–	–	–	(361 158)	(361 158)
Treasury shares	24.7	(43)	(28 946)	–	–	–	(28 989)
Treasury shares – share issue costs		–	(79)	–	–	–	(79)
Sale of treasury shares		8	6 091	–	–	–	6 099
Ordinary shares issued		174	21 918	–	–	–	22 092
Equity-settled share-based payment		–	–	–	12 190	–	12 190
Total contributions by and distributions to owners		139	(1 016)	5 455	12 190	(358 725)	(341 957)
Total transactions with owners		139	(1 016)	5 455	12 190	(358 725)	(341 957)
Balance at 31 December 2011		**8 605**	**129 642**	**165 336**	**18 434**	**1 085 288**	**1 407 305**
Total comprehensive income for the year							
Profit for the year		**–**	**–**	**–**	**–**	**286 590**	**286 590**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**286 590**	**286 590**
Transactions with owners recognised directly in equity							
Contributions by and distributions to owners							
Transfer of BBBEE reserve to retained earnings		**–**	**–**	**(165 336)**		**165 336**	**–**
Dividends paid to owners	22.4	**–**	**–**	**–**	**–**	**(217 114)**	**(217 114)**
Treasury shares	24.7	**(37)**	**(28 808)**	**–**	**–**	**–**	**(28 845)**
Treasury shares – share issue costs		**–**	**(70)**	**–**	**–**	**–**	**(70)**
Sale of treasury shares		**3**	**2 094**	**–**	**–**	**–**	**2 097**
Equity-settled share-based payment		**–**	**–**	**–**	**14 285**	**–**	**14 285**
Total contributions by and distributions to owners		**(34)**	**(26 784)**	**(165 336)**	**14 285**	**(51 778)**	**(229 647)**
Total transactions with owners		**(34)**	**(26 784)**	**(165 336)**	**14 285**	**(51 778)**	**(229 647)**
Balance at 31 December 2012		**8 571**	**102 858**	**–**	**32 719**	**1 320 100**	**1 464 248**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

		Group		Exchange		Investor Protection Funds	
	Note	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
Cash flows from operating activities							
Cash generated by/(used in) operations	28.1	**470 403**	664 575	**534 469**	671 054	**(5 068)**	(8 866)
Interest received		**868 802**	912 360	**54 651**	57 216	**7 094**	7 838
Interest paid		**(787 867)**	(826 264)	**(9 075)**	(8 997)	**–**	–
Dividends received		**3 482**	3 905	**–**	–	**3 482**	3 905
Taxation paid	28.2	**(123 567)**	(202 471)	**(123 182)**	(203 471)	**–**	–
Net cash generated by operating activities		**431 253**	552 105	**456 863**	515 802	**5 508**	2 877
Cash flows from investing activities							
Proceeds on sale of other investments		**32 309**	82 306	**–**	–	**32 309**	82 306
Acquisition of other investments		**(36 161)**	(33 100)	**–**	–	**(36 161)**	(33 100)
Dividends from equity-accounted investees		**15 950**	26 124	**15 950**	26 124	**–**	–
Proceeds from disposal of property and equipment		**788**	83	**778**	83	**–**	–
Acquisition of leasehold improvements		**(188)**	(47 406)	**(188)**	(47 406)	**–**	–
Acquisition of intangible assets		**(74 363)**	(179 126)	**(74 363)**	(150 485)	**–**	–
Acquisition of property and equipment		**(24 143)**	(62 083)	**(24 143)**	(62 083)	**–**	–
Net cash (used in)/from investing activities		**(85 808)**	(213 202)	**(81 966)**	(233 767)	**(3 852)**	49 206
Cash flows from financing activities							
Distribution from/(by) Investor Protection Funds		**–**	–	**–**	51 000	**(2 866)**	(53 947)
Proceeds from issue of new shares		**–**	22 092	**–**	22 092	**–**	–
Proceeds from sale of treasury shares		**2 097**	6 099	**2 097**	6 099	**–**	–
Loan raised		**–**	26 770	**–**	–	**–**	–
Loan repaid		**(3 055)**	–	**–**	–	**–**	–
Acquisition of treasury shares		**(28 915)**	(29 068)	**(28 915)**	(29 068)	**–**	–
Dividends paid		**(217 114)**	(361 158)	**(217 114)**	(361 158)	**–**	–
Net cash used in financing activities		**(246 987)**	(335 265)	**(243 932)**	(311 035)	**(2 866)**	(53 947)
Net increase/(decrease) in cash and cash equivalents		**98 458**	3 638	**130 965**	(29 000)	**(1 210)**	(1 864)
Cash and cash equivalents at 1 January		**1 041 089**	1 046 330	**869 915**	907 794	**110 176**	112 040
Effect of exchange rate fluctuations on cash held		**(10 771)**	(8 879)	**(10 771)**	(8 879)	**–**	–
Cash and cash equivalents at 31 December	21	**1 128 776**	1 041 089	**990 109**	869 915	**108 966**	110 176

1. Reporting entity

JSE Limited (the "JSE", the "Company" or the "Exchange") is a company domiciled in South Africa. The registration number is 2005/022939/06. The JSE is licensed as an exchange in terms of the 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 2012 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.

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

2. Basis of preparation

2.1 Statement of compliance

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

The consolidated financial statements and the separate financial statements were authorised for issue by the Board of Directors on 12 March 2013.

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 5.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

Information about significant areas of estimation uncertainty and critical judgements 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 12	– property and equipment
Note 13	– intangible assets
Note 24	– employee benefits
Note 24.5 and 24.7	– measurement of share-based payments
Note 32.1	– contingent liabilities
Note 32.2.1 and 32.2.3	– lease classifications

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.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for by using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(ii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. 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, JSE Trustees Proprietary Limited, BESA Limited, BondClear Limited, BESA Investments Proprietary Limited and the BESA Guarantee Fund Trust. As a result of the business combination effective 1 July 2011 (refer to note 7), the JSE also accounts for Nautilus MAP Holdings Proprietary Limited and Nautilus MAP Operations Proprietary Limited as subsidiary companies. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In the separate financial statements of the Exchange, investments in subsidiaries are carried at cost less accumulated impairment losses. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. Significant accounting policies CONTINUED

3.1 Basis of consolidation CONTINUED

(v) 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.

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

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost, which includes transaction costs. The Group's investment includes goodwill identified on acquisition, and is net of any accumulated impairment losses. The equity method is applied to the Group's investments in Strate Limited and Indexco Managers Proprietary Limited. In applying the equity method, account is taken of the Group's share of the income and expenses and other comprehensive income 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 the investment, including any long-term interests that form part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. In the separate financial statements of the Exchange the associate is accounted for at cost less accumulated impairment losses.

(vii) 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 South African Rand 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 year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of non-monetary available-for-sale equity instruments, which are recognised directly in other comprehensive income.

3.3 Financial instruments

(i) Non-derivative financial instruments

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

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

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

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

3. Significant accounting policies CONTINUED

3.3 Financial instruments CONTINUED

(i) Non-derivative financial instruments CONTINUED

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

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

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

Available-for-sale financial assets

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

Loans and receivables and financial liabilities measured at amortised cost

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses on financial assets. Other non-derivative financial instruments include trade and other receivables, borrowings, loan to the JSE Empowerment Fund Trust, 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) Cash and cash equivalents

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

(iv) 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.

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.

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

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

3. Significant accounting policies CONTINUED

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.

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, 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 and leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

- computer hardware 3 – 10 years
- vehicles 5 years
- furniture and equipment 3 – 15 years
- leased assets 3 years
- leasehold improvements 15 years

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

3.5 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

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

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as an expense as incurred. Development activities involve a plan or design for the production of new or substantially improved 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.

3. Significant accounting policies CONTINUED

3.5 Intangible assets CONTINUED

(iv) Subsequent expenditure

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

(v) Amortisation

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

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

- trademarks 5 – 10 years
- customer relationships 6 – 10 years
- capitalised development costs 3 – 7 years

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

(vi) Derecognition

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

3.6 Leases

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.

Operating leases

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

Lease payments

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

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

Determining whether an arrangement contains a lease

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

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate 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. Significant accounting policies CONTINUED

3.7 Impairment

(i) Financial assets

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

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

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

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

(ii) Non-financial assets

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

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

3.8 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.

3. Significant accounting policies CONTINUED

3.8 Employee benefits CONTINUED

(ii) Short-term employee benefits

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

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

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

(iii) Share-based payment transactions

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

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.

3.9 Revenue

Revenue comprises derivatives trading and clearing fees, equities trading fees, membership fees, post-trade services, settlement fees, market data, issuer regulation fees, interest rate market fees, fees for technology and related services, funds management and Strate ad valorem fees. Revenue is recognised in the year in which the service relates.

3.10 Other income

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

Distributions from special purpose entities

Investor Protection Funds approved for distribution by the Financial Services Board are recognised initially as deferred income at fair value when the funds are received and the Group will comply with the conditions associated with the distribution of the funds. These funds are then recognised in profit or loss as other income on a systematic basis over the useful life of the related assets.

3.11 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.

3.12 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. Current tax also includes secondary tax on companies.

3. Significant accounting policies CONTINUED

3.12 Income tax expense CONTINUED

(i) Income tax CONTINUED

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

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

(ii) Withholding taxes

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

3.13 Earnings per share

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

3.14 Segment reporting

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

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

4. New standards and interpretations not yet adopted

There are a number of forthcoming new standards and interpretations or amendments to standards and interpretations, which have been issued by IASB prior to the publication of these financial statements, but are only effective in future accounting periods, unless early adoption is chosen. The Group is currently assessing the impact of the new standards and interpretations. The following will be applicable to the entity:

Improvement to IAS 1 – Presentation of items of Other Comprehensive Income

The amendment will impact the presentation of items of Other Comprehensive Income that will be reclassified to profit or loss in the future and those that will never be reclassified to profit or loss. The amendment will be adopted by the Group for its financial reporting period ending 31 December 2013.

IFRS 9 – Financial Instruments

The amendments affect the classification, measurement and derecognition of financial assets and financial liabilities. The amendment will be adopted by the Group for its financial reporting period ending 31 December 2015.

IFRS 10 – Consolidated Financial Statements

This standard introduces a new model to be applied in the analysis of control which may result in more entities being consolidated or some no longer being consolidated. This standard will be adopted by the Group for its financial reporting period ending 31 December 2013.

4. New standards and interpretations not yet adopted CONTINUED

IFRS 12 – Disclosure of Interests in Other Entities

This standard requires additional disclosures for interests in subsidiaries, associates and unconsolidated structured entities. These additional disclosures will be adopted by the Group for its financial reporting period ending 31 December 2013.

IFRS 13 – Fair Value Measurement

This standard replaces the current fair value guidance that is dispersed in various IFRS standards. IFRS 13 is a single source of fair value. This standard will be adopted by the Group for its financial reporting period ending 31 December 2013.

IAS 28 – Investments in Associates and Joint Ventures

The new requirements of this standard may become applicable to the entity if there is an intention to sell any of its investments in associates or portions of its investments in associates or if an investment in an associate becomes an investment in a joint venture. These requirements will be adopted by the Group for its financial reporting period ending 31 December 2013.

Amendment to IFRS 7 – Disclosures: Offsetting Financial Assets and Financial Liabilities

This amendment may impact the JSE if financial assets and financial liabilities meet the requirements for offset. This amendment includes minimum disclosure requirements for financial assets and financial liabilities that are offset or that are subject to enforceable master netting arrangements or similar agreements. This amendment will be adopted by the Group for its financial reporting period ending 31 December 2013.

Amendment to IFRS 10, IFRS 11 and IFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in other Entities: Transition guidance

The amendment clarifies that the requirement to restate comparatives is limited to one year. Disclosures of the impact of a change in accounting policy is only required for the period immediately preceding the date of adoption. Prospective disclosure from date of initial application may be made for unconsolidated structured entities. These requirements will be adopted by the Group for its financial reporting period ending 31 December 2013.

Amendment to IAS 32 – Financial Instruments: Presentation

This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. This amendment will be adopted by the Group for its financial reporting period ending 31 December 2014.

5. Determination of fair values

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

5.1 Intangible assets

The fair value of trademarks and customer relationships acquired in a business combination is based on the discounted estimated future cash flows attributable to the identified cash generating units. Fair value in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

5.2 Property and equipment

The fair value of property and equipment recognised as a result of a business combination, is the estimated amount for which property could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably.

5.3 Investments in equity and debt securities

The fair value of available-for-sale financial assets is determined by reference to the quoted bid price for equity instruments and the clean price from a quoted exchange for interest-bearing instruments, at the reporting date. In respect of unit trusts, valuations are carried out in accordance with the 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.

5.4 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.

5.5 Derivative financial instruments

The fair value of derivative financial instruments are determined 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).

5. Determination of fair values CONTINUED

5.6 Share-based payment transactions

The fair values of the Participation Interests granted in terms of the LTIS 2006 scheme, the shares granted to employees in terms of the LTIS 2010 incentive scheme as well as the options granted to qualifying black shareholders in respect of the BBBEE initiative are all 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.

6. Operating segments

The Group has five reportable segments, as stated below. 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. 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

	Equity[1] division R'000	Equity and currency derivatives R'000	Commodity derivatives R'000	Interest rate[2] market R'000	Market data R'000	Other[3] R'000	Total R'000
For the year ended 31 December 2012							
External revenues	**827 142**	**130 037**	**55 939**	**60 750**	**146 849**	**164 150**	**1 384 867**
For the year ended 31 December 2011							
External revenues	846 055	133 305	53 142	52 040	125 547	159 721	1 369 810

[1] *Comprises equities trading fees, post-trade services, membership fees, issuer regulation and back-office services (BDA)*

[2] *Includes R15.1 million (2011: R13.2 million) of issuer regulation listing fees relating to the bond market*

[3] *Comprises funds management and Strate ad valorem fees*

7. Acquisition of subsidiary

Business combination

On 1 July 2011, the Group acquired the entire issued share capital of Momentum Managed Account Platform Holdings Proprietary Limited for a purchase consideration of R1. Subsequent to the acquisition the name was changed to Nautilus MAP Holdings Proprietary Limited. In addition, a newly created company of the Group, Nautilus MAP Operations Proprietary Limited, acquired the business that administers the hedge fund platform of Momentum Managed Account Platform Proprietary Limited, as a going concern for a purchase consideration of R27 499 999 from FirstRand Alternative Investment Management Proprietary Limited. The purchase consideration will be funded from a portion of the cash flows generated by the platform. The platform will offer hedge fund investors greater protection by segregating investors' assets from the hedge fund manager and monitoring hedge funds' trading activity, thereby ensuring that the funds remain within the agreed investment mandates.

	Group		Exchange	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
8. Revenue and other income				
8.1 Revenue comprises:				
Equities trading fees	**319 136**	352 188	**319 136**	352 188
Post-trade services fees	**211 902**	208 962	**211 902**	208 962
Back-office services (BDA)	**204 909**	196 816	**204 909**	196 816
Issuer regulation	**95 827**	91 622	**95 827**	91 622
Membership fees	**10 434**	9 689	**10 434**	9 689
Equity derivatives fees	**112 571**	116 753	**112 297**	116 436
Currency derivatives fees	**17 466**	16 552	**17 466**	16 552
Commodity derivatives fees	**55 939**	53 142	**55 939**	53 142
Interest rate market fees	**45 684**	38 818	**48 199**	41 403
Market data	**146 849**	125 547	**146 849**	125 547
Funds management	**61 255**	50 088	**74 765**	70 314
Total revenue before Strate ad valorem fees	**1 281 972**	1 260 177	**1 297 723**	1 282 671
Strate ad valorem fees	**102 895**	109 633	**102 895**	109 633
Total revenue	**1 384 867**	1 369 810	**1 400 618**	1 392 304
8.2 Other income comprises:				
Investor Protection Funds	**15 355**	26 866	**–**	–
– contributions to BESA Guarantee Fund Trust	**39**	30	**–**	–
– dividend income	**3 482**	3 905	**–**	–
– net realised gain on disposal of available-for-sale financial assets	**11 834**	22 931	**–**	–
Rental income	**5 702**	10 069	**5 702**	10 069
Dividends received	**–**	–	**15 950**	26 124
Waiver of loan due to BESA Limited	**–**	–	**–**	123 682
Profit on disposal of property and equipment	**96**	83	**96**	83
Income recognised from deferred income (Data Centre and Disaster Recovery Site)	**–**	–	**17 814**	5 488
Foreign exchange gain	**58**	5 146	**58**	5 146
Sundry income	**25 712**	4 816	**25 712**	4 816
Total other income	**46 923**	46 980	**65 332**	175 408

	Note	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000
9. Profit before taxation comprises:					
9.1 Personnel expenses					
Remuneration paid to employees		**281 656**	226 713	**281 656**	226 713
Contribution to defined contribution plans		**11 466**	10 293	**11 466**	10 293
Directors' emoluments		**22 666**	36 760	**22 666**	36 760
– executive directors	29.1/3	**17 269**	31 434	**17 269**	31 434
– non-executive directors	29.5	**5 397**	5 326	**5 397**	5 326
Long-term incentive schemes (refer to note 24)		**19 318**	13 760	**19 318**	13 760
– second tranche write-back		**(415)**	(1 329)	**(415)**	(1 329)
– european call option fair value adjustment		**625**	2 389	**625**	2 389
– deferred cash bonus 2008 charge		**749**	4 010	**749**	4 010
– deferred cash bonus 2009 charge/(reversal)		**4 074**	(3 500)	**4 074**	(3 500)
– JSE LTIS 2010 charge		**14 285**	12 190	**14 285**	12 190
Fixed term contractors		**18 790**	11 658	**18 790**	11 658
		353 896	299 184	**353 896**	299 184
9.2 Other expenses					
Amortisation of intangible assets		**36 921**	25 273	**36 399**	24 933
Auditors' remuneration		**5 905**	5 230	**4 549**	3 845
– audit fee		**4 275**	4 331	**3 562**	3 402
– fees for other assurance services		**43**	31	**43**	31
– fees for other services		**1 475**	884	**839**	432
– prior year under/(over) accrual		**112**	(16)	**105**	(20)
Consulting fees		**66 065**	23 639	**65 289**	23 457
Depreciation		**47 026**	30 674	**47 026**	30 674
– computer hardware		**33 899**	20 174	**33 899**	20 174
– furniture and equipment		**2 408**	2 340	**2 408**	2 340
– leasehold improvements		**9 183**	4 810	**9 183**	4 810
– vehicles		**40**	33	**40**	33
– leased assets		**1 496**	3 317	**1 496**	3 317
Impairment of other receivables		**231**	19	**231**	19
Impairment of intangible assets		**75 017**	223 342	**75 017**	223 342
Impairment of trade receivables		**569**	2 180	**569**	2 180
Impairment of Investment in BESA Limited		**–**	–	**–**	139 432
Insurance premium		**5 284**	8 034	**1 909**	1 908
Legal fees		**5 114**	5 975	**4 979**	5 975
Mainframe operations		**51 968**	53 589	**51 968**	53 589
Operating lease charges		**40 731**	38 749	**40 731**	38 749
– building		**40 523**	37 950	**40 523**	37 950
– office equipment		**208**	799	**208**	799
Other computer operations		**15 635**	13 119	**15 635**	13 119
Software maintenance		**75 715**	55 216	**75 699**	55 173
Strate ad valorem fees		**108 029**	109 633	**108 029**	109 633
Marketing and advertising		**16 069**	19 636	**16 041**	19 616
Recruitment fees		**3 255**	2 805	**3 255**	2 805
Swift charges		**4 592**	4 517	**4 592**	4 517
Transaction charges		**12 221**	24 216	**12 221**	24 216
Waiver of monies due from Group entities		**–**	–	**–**	3 636
Other expenses		**101 972**	91 684	**87 688**	80 125
		672 319	737 530	**651 827**	860 943

	Group		Exchange	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
9. Profit before taxation comprises: CONTINUED				
9.3 Finance income				
Own funds	**48 939**	52 808	**48 460**	52 327
Investor Protection Funds	**7 086**	7 422	**–**	–
Finance income earned on collateral deposits	**2 189**	1 353	**2 189**	1 353
Finance income earned on margin deposits	**803 260**	850 193	**3 865**	3 848
– equities	**3 865**	3 848	**3 865**	3 848
– derivatives	**799 395**	846 345	**–**	–
	861 474	911 776	**54 514**	57 528
9.4 Finance costs				
Finance costs on all funds excluding collateral and margin deposits	**6 644**	6 134	**5 154**	5 317
Finance costs on collateral deposits	**150**	51	**150**	51
Finance costs on margin deposits	**774 298**	819 461	**3 714**	3 645
– equities	**3 714**	3 645	**3 714**	3 645
– derivatives	**770 584**	815 816	**–**	–
	781 092	825 646	**9 018**	9 013
10. Income tax expense				
10.1 Taxation				
Current tax expense				
– current year	**152 869**	185 464	**152 840**	184 998
– overprovision in respect of prior year	**(9 376)**	(10 513)	**(9 376)**	(10 513)
Secondary tax on companies				
– current year	**20 408**	33 511	**20 408**	33 511
Deferred tax asset				
– reversal/(origination) of deductible temporary differences	**54 590**	(51 924)	**54 590**	(50 809)
Deferred tax liability				
– origination/(reversal) of taxable temporary differences	**411**	(222)	**671**	(1 337)
	218 902	156 316	**219 133**	155 850
10.2 Reconciliation of effective tax rate	**%**	%	**%**	%
Current tax rate	**28.00**	28.00	**28.00**	28.00
Adjusted for:				
– Non-taxable income	**(1.44)**	(10.61)	**(2.00)**	(9.61)
– Adjustment for prior periods	**(0.52)**	(2.24)	**(0.52)**	(2.24)
– Non-deductible expenses	**13.81**	10.67	**13.81**	10.67
– Secondary tax on companies	**4.04**	7.35	**4.04**	7.35
– Share of profit of equity-accounted investees	**(1.88)**	(1.79)	**0.00**	0.00
	42.01	31.38	**43.33**	34.17

10.3 The Group's consolidated effective tax rate for the year ended 31 December 2012 was 42.01% (2011: 31.38%). The increase in the effective tax rate for the year is mainly due to the unwinding of deferred tax, amounting to R41.2 million (2011: R nil), as a result of a decision to terminate key components of SRP. The SRP impairment of R75.0 million (2011: R223.3 million) referred to in note 9.2 above was not deducted for tax purposes.

We are currently investigating the tax treatment of software development costs which may impact the taxation charge going forward.

10. Income tax expense CONTINUED

10.4 The following tax rates are applicable to the various entities within the Group:

JSE Limited	28% (2011: 28%)
SAFEX Clearing Company Proprietary Limited	28% (2011: 28%)
Strate Limited	28% (2011: 28%)
Nautilus MAP Holdings Proprietary Limited	28% (2011: 28%)
Nautilus MAP Operations Proprietary Limited	28% (2011: 28%)
JSE Trustees Proprietary Limited	28% (2011: 28%)
JSE Derivatives Fidelity Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962
JSE Guarantee Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962
BESA Limited	28% (2011: 28%)
BESA Investments Proprietary Limited	28% (2011: 28%)
BondClear Limited	28% (2011: 28%)
BESA Guarantee Fund Trust	Exemption from income tax has been granted in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962

11. Earnings and headline earnings per share

11.1 Basic earnings per share

The calculation of basic earnings per share at 31 December 2012 of 351.8 (2011: 400.8) cents per share was based on profit for the year attributable to ordinary shareholders of R302.1 million (2011: R341.8 million) and a weighted average number of ordinary shares of 85 876 011 (2011: 85 279 409) calculated as follows:

	Group		Exchange	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
Profit for the year attributable to ordinary shareholders	**302 111**	341 795	**286 590**	300 250
Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January	**86 877 600**	85 140 050	**86 877 600**	85 140 050
Shares issued during the period	**–**	864 338	**–**	864 338
Effect of own shares held (JSE LTIS 2010)	**(1 001 589)**	(724 979)	**(1 001 589)**	(724 979)
Weighted average number of ordinary shares at 31 December	**85 876 011**	85 279 409	**85 876 011**	85 279 409
Basic earnings per share (cents)	**351.8**	400.8	**333.7**	352.1

11.2 Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2012 of 349.5 (2011: 396.1) cents per share was based on the profit for the year attributable to ordinary shareholders of R302.1 million (2011: R341.8 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 86 432 971 (2011: 86 280 587) calculated as follows:

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000
Profit for the year attributable to ordinary shareholders	**302 111**	341 795	**286 590**	300 250
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December (basic)	**85 876 011**	85 279 409	**85 876 011**	85 279 409
Effect of share options in issue	**556 960**	1 001 178	**556 960**	1 001 178
Weighted average number of ordinary shares (diluted)	**86 432 971**	86 280 587	**86 432 971**	86 280 587
Diluted earnings per share (cents)	**349.5**	396.1	**331.6**	348.0

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

11. Earnings and headline earnings per share CONTINUED

11.3 Headline earnings per share

The calculation of headline earnings per share at 31 December 2012 of 473.2 (2011: 562.4) cents per share was based on headline earnings attributable to ordinary shareholders of R406.4 million (2011: R479.6 million) and a weighted average number of ordinary shares of 85 876 011 (2011: 85 279 409) during the year as calculated in note 11.1.

	Group		Exchange	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
Reconciliation of headline earnings:				
Profit for the year attributable to ordinary shareholders	**302 111**	341 795	**286 590**	300 250
Adjustments are made to the following:				
Profit on disposal of property and equipment	**(69)**	(60)	**(69)**	(60)
Gross amount	**(96)**	(83)	**(96)**	(83)
Taxation effect	**27**	23	**27**	23
Impairment of monies due from Group entities[1]	**–**	–	**–**	3 636
Impairment of intangible assets	**116 191**	160 806	**116 191**	160 806
Gross amount	**75 017**	223 342	**75 017**	223 342
Taxation effect – refer to note 10.3	**41 174**	(62 536)	**41 174**	(62 536)
Impairment of investment in BESA Limited[1]	**–**	–	**–**	139 432
Net realised gain on disposal of available-for-sale financial assets[1]	**(11 834)**	(22 932)	**–**	–
Headline earnings	**406 399**	479 609	**402 712**	604 064
Headline earnings per share (cents)	**473.2**	562.4	**468.9**	708.3

[1] *No taxation effect*

11.4 Diluted headline earnings per share

The calculation of diluted headline earnings per share at 31 December 2012 of 470.2 (2011: 555.9) cents per share was based on headline earnings for the year of R406.4 million (2011: R479.6 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 86 432 971 (2011: 86 280 587). Refer to notes 11.2 and 11.3 for detailed calculations.

	Group 2012	Group 2011	Exchange 2012	Exchange 2011
Diluted headline earnings per share (cents)	**470.2**	555.9	**465.9**	700.1

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

The contribution these funds make to the Group is as follows:

	Group 2012	Group 2011
Basic earnings per share (cents)	**19.8**	31.1
Diluted earnings per share (cents)	**19.6**	30.7
Headline earnings per share (cents)	**6.0**	4.2
Diluted headline earnings per share (cents)	**5.9**	4.1
Net asset value per share (cents)	**379.8**	331.3

	Computer hardware R'000	Furniture and equipment R'000	Leasehold improve-ments R'000	Vehicles R'000	Total owned assets R'000	Finance lease assets R'000	Total assets R'000
12. Property and equipment							
12.1 Cost							
Group and Exchange							
2012							
Balance at 1 January 2012	**174 129**	**39 062**	**113 878**	**303**	**327 372**	**16 112**	**343 484**
Additions	**22 699**	**1 444**	**188**	**–**	**24 331**	**–**	**24 331**
Disposals	**(1 201)**	**(195)**	**–**	**(101)**	**(1 497)**	**(6 440)**	**(7 937)**
Balance at 31 December 2012	**195 627**	**40 311**	**114 066**	**202**	**350 206**	**9 672**	**359 878**
Group and Exchange							
2011							
Balance at 1 January 2011	117 555	36 978	66 504	264	221 301	19 914	241 215
Additions	59 496	2 084	47 406	39	109 025	464	109 489
Disposals	(2 922)	–	(32)	–	(2 954)	(4 266)	(7 220)
Balance at 31 December 2011	174 129	39 062	113 878	303	327 372	16 112	343 484
12.2 Accumulated depreciation							
Group and Exchange							
2012							
Balance at 1 January 2012	**73 485**	**25 734**	**40 276**	**205**	**139 700**	**14 466**	**154 166**
Depreciation charge for the year	**33 899**	**2 408**	**9 183**	**40**	**45 530**	**1 496**	**47 026**
Capitalised depreciation transferred to software under development	**2 364**	**–**	**–**	**–**	**2 364**	**–**	**2 364**
Disposals	**(1 131)**	**(170)**	**–**	**(101)**	**(1 402)**	**(6 440)**	**(7 842)**
Balance at 31 December 2012	**108 617**	**27 972**	**49 459**	**144**	**186 192**	**9 522**	**195 714**
Group and Exchange							
2011							
Balance at 1 January 2011	53 754	23 394	35 466	172	112 786	15 157	127 943
Depreciation charge for the year	20 174	2 340	4 810	33	27 357	3 317	30 674
Disposals	(443)	–	–	–	(443)	(4 008)	(4 451)
Balance at 31 December 2011	73 485	25 734	40 276	205	139 700	14 466	154 166
12.3 Carrying amounts							
Group and Exchange							
2012							
At 31 December 2011	100 644	13 328	73 602	98	187 672	1 646	189 318
At 31 December 2012	**87 010**	**12 339**	**64 607**	**58**	**164 014**	**150**	**164 164**
Group and Exchange							
2011							
At 31 December 2010	63 801	13 584	31 038	92	108 515	4 757	113 272
At 31 December 2011	100 644	13 328	73 602	98	187 672	1 646	189 318

Finance lease assets

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

	Note	Goodwill R'000	Customer Relations R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
13. Intangible assets							
13.1 Cost							
Group							
2012							
Balance at 1 January 2012		**107 709**	**4 078**	**2 217**	**245 108**	**486 580**	**845 692**
Additions		**–**	**–**	**–**	**119 145**	**51 608**	**170 753**
Transfer to computer software		**–**	**–**	**–**	**–**	**(96 391)**	**(96 391)**
Disposals		**–**	**–**	**–**	**(74 216)**	**–**	**(74 216)**
Balance at 31 December 2012		**107 709**	**4 078**	**2 217**	**290 037**	**441 797**	**845 838**
Group							
2011							
Balance at 1 January 2011		83 145	–	2 217	242 595	343 381	671 338
Additions		–	–	–	7 285	143 199	150 484
Acquisitions through business combinations	7	24 564	4 078	–	–	–	28 642
Disposals		–	–	–	(4 772)	–	(4 772)
Balance at 31 December 2011		107 709	4 078	2 217	245 108	486 580	845 692
13.2 Accumulated amortisation and impairment losses							
Group							
2012							
Balance at 1 January 2012		**158**	**340**	**996**	**214 204**	**277 042**	**492 740**
Impairment loss	13.8	**–**	**–**	**–**	**–**	**75 017**	**75 017**
Amortisation for the year		**–**	**680**	**208**	**36 033**	**–**	**36 921**
Disposals		**–**	**–**		**(73 630)**	**–**	**(73 630)**
Balance at 31 December 2012		**158**	**1 020**	**1 204**	**176 607**	**352 059**	**531 048**
Group							
2011							
Balance at 1 January 2011		158	–	630	193 811	53 700	248 299
Impairment loss	13.8	–	–	–	–	223 342	223 342
Amortisation for the year		–	340	366	24 567	–	25 273
Disposals		–	–		(4 174)	–	(4 174)
Balance at 31 December 2011		158	340	996	214 204	277 042	492 740
13.3 Carrying amounts							
Group							
2012							
At 31 December 2011		107 551	3 738	1 221	30 904	209 538	352 952
At 31 December 2012		**107 551**	**3 058**	**1 013**	**113 430**	**89 738**	**314 790**
Group							
2011							
At 31 December 2010		82 987	–	1 587	48 784	289 681	423 039
At 31 December 2011		107 551	3 738	1 221	30 904	209 538	352 952

	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						
2012						
Balance at 1 January 2012		**82 987**	**1 829**	**223 595**	**486 583**	**794 994**
Additions		**–**	**–**	**119 145**	**51 608**	**170 753**
Transfer to computer software		**–**	**–**	**–**	**(96 391)**	**(96 391)**
Disposals		**–**	**–**	**(74 216)**	**–**	**(74 216)**
Balance at 31 December 2012		**82 987**	**1 829**	**268 524**	**441 800**	**795 140**
Exchange						
2011						
Balance at 1 January 2011		82 987	1 829	221 082	343 381	649 279
Additions		–	–	7 285	143 202	150 487
Disposals		–	–	(4 772)	–	(4 772)
Balance at 31 December 2011		82 987	1 829	223 595	486 583	794 994
13.5 Accumulated amortisation and impairment losses						
Exchange						
2012						
Balance at 1 January 2012		**–**	**918**	**192 691**	**277 042**	**470 651**
Impairment loss	13.8	**–**	**–**	**–**	**75 017**	**75 017**
Amortisation for the year		**–**	**366**	**36 033**	**–**	**36 399**
Disposals		**–**	**–**	**(73 629)**	**–**	**(73 629)**
Balance at 31 December 2012		**–**	**1 284**	**155 095**	**352 059**	**508 438**
Exchange						
2011						
Balance at 1 January 2011		–	552	172 298	53 700	226 550
Impairment loss	13.8	–	–	–	223 342	223 342
Amortisation for the year		–	366	24 567	–	24 933
Disposals		–	–	(4 174)	–	(4 174)
Balance at 31 December 2011		–	918	192 691	277 042	470 651
13.6 Carrying amounts						
Exchange						
2012						
At 31 December 2011		**82 987**	**911**	**30 904**	**209 541**	**324 343**
At 31 December 2012		**82 987**	**545**	**113 429**	**89 741**	**286 702**
Exchange						
2011						
At 31 December 2010		82 987	1 277	48 784	289 681	422 729
At 31 December 2011		82 987	911	30 904	209 541	324 343

13. Intangible assets CONTINUED

13.7 Amortisation and impairment charge

The amortisation and impairment is included as other expenses in the Statement of comprehensive income. Refer to note 13.9 for details.

13.8 Impairment loss

Software under development

The impairment loss of R75,0 million (2011: R223.3 million) relates mainly to the carrying value of Market Services Solution ("MSS") and associated components of SRP. The trigger event which led to the decision to impair was a technical analysis that indicated the need to rewrite MSS, one of the five components of SRP. Value in use for MSS was deemed to be Rnil.

13.9 Impairment testing for cash-generating units containing goodwill

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

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level 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. The interest rate market is not regarded as an operating segment for impairment purposes.

(i) Goodwill on the acquisition of BESA Limited

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

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

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

On 1 July 2011 a newly created company of the Group, Nautilus MAP Operations Proprietary Limited, acquired the business that administers the hedge fund platform of Momentum Managed Account Platform Proprietary Limited as a going concern. Note 7 refers. For the purposes of impairment testing the business of Nautilus MAP Operations Proprietary Limited was 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 by discounting the future cash flows to be generated from the CGU. The carrying amount of the CGU was determined to be lower than its recoverable amount. An impairment loss was therefore not recognised.

Key assumptions used in the calculation of the recoverable amount were the discount rates (a weighted average cost of capital (2012: 18.7%; 2011: 19.3%)), terminal growth rate (2012: 5.0%; 2011: 5.6%) and management's estimates of future cash flows. Five years of future cash flows have been included in the discounted cash flow model.

The discount rate is a pre-tax measure based on the risk-free rate of an annualised yield on a bootstrapped zero coupon perfect fit government bond curve as at 31 December 2012, adjusted for a risk premium for emerging markets and the systematic risk of the business operations.

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

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000
14. Investments in equity-accounted investees				
14.1 Carrying amount				
Strate Limited				
– Carrying amount at beginning of year	**100 745**	94 970	**21 416**	21 416
– Dividends received	**(15 950)**	(26 124)	**–**	–
– Share of profit	**35 049**	31 899	**–**	–
– Carrying amount at end of year	**119 844**	100 745	**21 416**	21 416
Indexco Managers Proprietary Limited				
– Carrying amount at beginning of year	**53**	47	*****	*
– Share of profit	**7**	6	**–**	–
– Carrying amount at end of year	**60**	53	*****	*
Total investments in equity-accounted investees	**119 904**	100 798	**21 416**	21 416

* *Less than R1 000*

	Strate Limited 2012 R'000	Strate Limited 2011 R'000	Indexco Managers Proprietary Limited 2012 R'000	Indexco Managers Proprietary Limited 2011 R'000	Total 2012 R'000	Total 2011 R'000
14.2 Group share of post-acquisition profit						
Share of opening accumulated profit	**160 747**	128 848	**53**	47	**160 800**	128 895
Share of profit after tax	**35 049**	31 899	**7**	6	**35 056**	31 905
Share of closing accumulated profit	**195 796**	160 747	**60**	53	**195 856**	160 800
14.3 Summarised financial statements at 31 December						
Non-current assets	**102 351**	98 435	**–**	–	**102 351**	98 435
Current assets	**236 471**	184 204	**1 131**	1 080	**237 602**	185 284
Total assets	**338 822**	282 639	**1 131**	1 080	**339 953**	283 719
Equity	**287 179**	244 309	**156**	136	**287 335**	244 445
Non-current liabilities	**18 116**	9 059	**161**	161	**18 277**	9 220
Current liabilities	**33 527**	29 271	**814**	783	**34 341**	30 054
Total equity and liabilities	**338 822**	282 639	**1 131**	1 080	**339 953**	283 719
Revenue	**308 135**	290 292	**51**	45	**308 186**	290 337
Other income including finance income	**9 765**	10 293	**–**	–	**9 765**	10 293
Expenses	**(203 434)**	(193 029)	**(23)**	(21)	**(203 457)**	(193 050)
Taxation	**(35 792)**	(35 954)	**(8)**	(7)	**(35 800)**	(35 961)
Profit for the year	**78 674**	71 602	**20**	17	**78 694**	71 619

	Effective holding 2012 %	Effective holding 2011 %	Number of shares held 2012	Number of shares held 2011	Directors' valuation 2012 R'000	Directors' valuation 2011 R'000
14.4 Unlisted associated companies						
Group and Exchange						
Strate Limited	**45**	45	**4 346**	4 346	**382 000**	363 000
Indexco Managers Proprietary Limited	**33**	33	**50**	50	**60**	53
			4 396	4 396	**382 060**	363 053

	Issued share capital	Percentage holding 2012 %	Percentage holding 2011 %	Carrying value of shares held 2012 R'000	Carrying value of shares held 2011 R'000
15. Subsidiaries – Exchange					
15.1 Investments in subsidiaries					
15.1.1 SAFEX Clearing Company Proprietary Limited					
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 zero-coupon redeemable convertible preference shares are redeemable or convertible at the option of SAFEX Clearing Company Proprietary Limited.					
15.1.2 BESA Limited					
Ordinary shares of 12.5 cents each	**1 925**	**100**	100	**101 150**	101 150
BESA Limited holds 100% of the ordinary shares in BESA Investments Proprietary Limited and 80% of the ordinary shares of BondClear Limited. The remaining 20% of the ordinary share capital in BondClear Limited is held by the JSE. During the 2011 financial year the investment in BESA Limited was written down by R139.4 million. No impairment was recognised in 2012. Refer to note 9.2.					
15.1.3 Nautilus MAP Holdings Proprietary Limited					
1 ordinary share of R1 each	**1**	**100**	100	*	*
This company was acquired with effect from 1 July 2011 and holds 100% of the ordinary shares in Nautilus MAP Operations Proprietary Limited. Refer to note 7 for further details.					
15.1.4 JSE Trustees Proprietary Limited					
– ordinary shares of R1.00 each[1]	**7**	**#**	#	*	*
Total				**104 351**	104 351

15.1.5 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 cover the derivatives 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.

[1] 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*

	Exchange 2012 R'000	Exchange 2011 R'000
15.2 Due from Group entities		
SAFEX Clearing Company Proprietary Limited	**2 166**	1 290
JSE Trustees Proprietary Limited	**4 413**	4 786
BESA Guarantee Fund Trust	**230**	257
BESA Investments Proprietary Limited	**37**	–
Nautilus MAP Operations Proprietary Limited	**5 100**	–
	11 946	6 333

All entities are incorporated in the Republic of South Africa.

Amounts due from Group entities comprises mainly of management fees payable to the Exchange. These fees are invoiced on a monthly basis by the Exchange and are payable within 30 days from invoice date.

	Exchange 2012 R'000	Exchange 2011 R'000
15.3 Due to Group entities		
BESA Limited	**303**	400

BESA Limited is incorporated in the Republic of South Africa. The amount due to BESA Limited is interest free, unsecured and repayable on demand. During the year BESA Limited waived R nil (2011: R123.7 million) of the monies due by the Exchange. Refer to note 8.2.

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000
16. Other investments				
16.1 Investor Protection Funds available-for-sale financial assets				
16.1.1 JSE Derivatives Fidelity Fund Trust				
Bonds – fair value	**8 220**	6 967	**–**	–
Listed equities – fair value	**75 229**	55 932	**–**	–
Foreign unit trusts – fair value	**22 234**	16 422	**–**	–
	105 683	79 321	**–**	–
16.1.2 JSE Guarantee Fund Trust				
Bonds – fair value	**9 634**	8 206	**–**	–
Listed equities – fair value	**73 998**	60 753	**–**	–
Foreign unit trusts – fair value	**22 883**	19 558	**–**	–
Local unit trusts – fair value	**2 859**	2 045	**–**	–
	109 374	90 562	**–**	–
Total	**215 057**	169 883	**–**	–
The listed equities held by the Investor Protection Funds were impaired by R nil (2011: R nil) in the current year.				
16.2 Other				
Open Outcry Investment Holdings Limited[1]	**1**	1	**1**	1
Stock Exchange Nominees Proprietary Limited[2]	**1**	1	**1**	1
Total	**2**	2	**2**	2
Total other investments	**215 059**	169 885	**2**	2

[1] *This entity is in the process of being deregistered and fair value is assumed to approximate cost.*

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

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000
17. Derivative financial instruments				
European call options	**–**	625	**–**	625

Refer to note 24.5 for further details

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000
18. Loan to the JSE Empowerment Fund Trust	**14 003**	13 228	**14 003**	13 228

In accordance with the JSE's holistic transformation strategy, a loan to facilitate enterprise development was granted to the JSE Empowerment Fund Trust. The intention of this loan is to assist the sustainability of the financial and operational independence of the Fund. During the 2011 financial year the loan was renewed for a further two years and will remain in effect until 31 December 2013 or until such time as the JSE requires the loan to be repaid. For the time being, the loan is interest free. The JSE has the option to terminate the agreement with the Fund on one month's written notice charging interest at JIBAR on any outstanding amounts.

	Group		Exchange		Investor Protection Funds	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
19. Trade and other receivables						
Trade receivables	**107 645**	113 259	**106 386**	111 483	**2**	4
Prepaid expenses	**28 883**	13 157	**25 773**	9 934	**2 843**	2 916
Interest receivable	**46 750**	54 078	**2 034**	2 172	**401**	409
Other receivables	**10 970**	11 300	**6 182**	6 191	**–**	–
	194 248	191 794	**140 375**	129 780	**3 246**	3 329

	Group		Exchange		Investor Protection Funds	
	Gross R'000	Allowance for impairment losses R'000	Gross R'000	Allowance for impairment losses R'000	Gross R'000	Allowance for impairment losses R'000
The age analysis of trade receivables is as follows:						
At 31 December 2012:						
Fully performing: 0 – 30 days	**98 442**	**–**	**97 183**	**–**	**2**	**–**
Past due: 31 – 90 days	**3 548**	**7**	**3 548**	**7**	**–**	**–**
Past due: More than 90 days	**6 601**	**939**	**6 601**	**939**	**–**	**–**
Total	**108 591**	**946**	**107 332**	**946**	**2**	**–**
At 31 December 2011:						
Fully performing: 0 – 30 days	111 018	11	110 106	11	2	–
Past due: 31 – 90 days	1 675	17	906	17	2	–
Past due: More than 90 days	3 201	2 607	3 106	2 607	–	–
Total	115 894	2 635	114 118	2 635	4	–

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

	Group		Exchange		Investor Protection Funds	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
At 1 January	**2 635**	598	**2 635**	598	**–**	–
Increase in allowance for impairment	**569**	2 180	**569**	2 180	**–**	–
Receivables written off during the year as uncollectible	**(2 258)**	(143)	**(2 258)**	(143)	**–**	–
At 31 December	**946**	2 635	**946**	2 635	**–**	–

All trade receivables are both individually and collectively assessed for impairment taking into consideration the customer's payment record and industry in which the entity operates. An impairment is raised in respect of trade receivables where there are liquidity concerns about the debt and a potential default in payment.

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

The Group's exposure to currency and credit risks related to trade and other receivables (excluding prepaid expenses) are disclosed in note 33.2.1 and note 33.4 respectively.

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000	Investor Protection Funds 2012 R'000	Investor Protection Funds 2011 R'000
20. Margin and collateral deposits						
Margin and collateral deposits received are managed and invested on behalf of members in terms of the JSE's rules. These funds have been placed with F1/A1 and F1+/A1+ rated banks.						
20.1 Margin deposits						
Equities	**72 174**	13 548	**72 174**	13 548	**–**	–
Derivatives funds held by SAFEX Clearing Company Proprietary Limited	**14 762 234**	15 066 908	**–**	–	**–**	–
	14 834 408	15 080 456	**72 174**	13 548	**–**	–
20.2 Collateral deposits	**3 559**	4 320	**3 559**	4 320	**–**	–
The JSE acts as an agent in equity securities lending transactions necessary to facilitate electronic settlement in the Strate environment. At year-end interest-bearing collateral deposits of R3.6 million (2011: R4.3 million) have been lodged as security against securities lending transactions with a market value of R2.8 million (2011: R3.2 million).						
21. Cash and cash equivalents						
Cash and cash equivalents comprise:						
Bank balances	**537 746**	52 283	**524 094**	51 770	**9 410**	3
Call deposits	**591 030**	988 806	**466 015**	818 145	**99 556**	110 173
	1 128 776	1 041 089	**990 109**	869 915	**108 966**	110 176

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000
22. Share capital and reserves				
22.1 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
22.2 Issued share capital				
Balance 1 January	**8 605**	8 466	**8 605**	8 466
Ordinary shares issued	**–**	174	**–**	174
Acquisition of treasury shares[1]	**(37)**	(43)	**(37)**	(43)
Sale of treasury shares	**3**	8	**3**	8
Balance at 31 December	**8 571**	8 605	**8 571**	8 605

[1] *These shares were acquired in the market on an arm's length basis at an average price of R78,87 per share (2011: R68,09 per share).*

22. Share capital and reserves CONTINUED

22.3 Share capital and reserves

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000
Share capital (refer to note 22.2)	**8 571**	8 605	**8 571**	8 605
Share premium	**102 858**	129 642	**102 858**	129 642
Non-distributable reserve[1]	**10 058**	10 058	**–**	–
Investor Protection Funds	**326 125**	282 535	**–**	–
Fair value reserve[2]	**81 056**	51 567	**–**	–
– JSE Derivatives Fidelity Fund Trust	**35 102**	20 474	**–**	–
– JSE Guarantee Fund Trust	**45 954**	31 093	**–**	–
Capital and accumulated funds[3]	**245 069**	230 968	**–**	–
– JSE Derivatives Fidelity Fund Trust	**74 223**	66 982	**–**	–
– JSE Guarantee Fund Trust	**69 205**	63 818	**–**	–
– BESA Guarantee Fund Trust	**101 641**	100 168	**–**	–
BBBEE reserve[4]	**–**	165 336	**–**	165 336
– JSE Empowerment Fund share issue scheme	**–**	69 024	**–**	69 024
– Black shareholders' retention scheme	**–**	96 312	**–**	96 312
JSE LTIS 2010 reserve[5]	**32 719**	18 434	**32 719**	18 434
Retained earnings	**1 390 690**	1 154 458	**1 320 100**	1 085 288
Total	**1 871 021**	1 769 068	**1 464 248**	1 407 305

[1] *Arose on the purchase of additional shares in Strate Limited.*

[2] *This reserve comprises fair value adjustments in respect of available-for-sale financial assets.*

[3] *These funds were established for the purpose of investor protection in the event of a member defaulting in the equity derivatives and bond markets.*

[4] *This reserve was in respect of the implementation of a Broad-based Black Economic Empowerment Initiative (BBBEE). During the 2011 financial year all share options granted under the BBBEE share scheme were exercised and no share options were outstanding at 31 December 2011. Consequently the BBBEE reserve has been transferred to retained earnings.*

[5] *This reserve relates to the portion of the LTIS 2010 long-term incentive scheme that has been expensed to date.*

22.4 Dividends declared and paid

	Exchange 2012 R'000	Exchange 2011 R'000
Ordinary dividend of 250.0 cents (2011:210.0 cents) per share	**217 193**	178 794
Ordinary dividend of 250.0 cents (2011: 210.0 cents) on unallocated treasury shares	**(79)**	(27)
Special dividend of nil cents (2011: 210.0 cents) per share	**–**	182 443
Special dividend of nil cents (2011: 210.0 cents) on unallocated treasury shares	**–**	(52)
	217 114	361 158

23. Borrowings

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000	Investor Protection Funds 2012 R'000	Investor Protection Funds 2011 R'000
Loan from FirstRand Alternative Investment Management Proprietary Limited	**23 715**	26 770	**–**	–	**–**	–

The purchase consideration for the acquisition of the business that administers the hedge fund platform was funded via a loan from FirstRand Alternative Investment Management Proprietary Limited. Note 7 refers. The loan is denominated in South African Rand. It is repayable in monthly instalments and bears interest in accordance with the 12 month Short-Term Fixed Interest Index ("STEFI"), compounded monthly in arrears. Monthly instalments are calculated in accordance with an agreed upon formula and will terminate as soon as the cumulative amount of the loan, excluding interest, has been repaid.

	Note	2012 R'000	2011 R'000

24. Employee benefits

24.1 Group and Exchange

	Note	2012 R'000	2011 R'000
Non-current liabilities		**5 128**	28 972
Discretionary bonus retained	24.3	**–**	11 997
Cash-settled liability (Cash LTIS 2008 and 2009)	24.6	**5 128**	16 975
Current liabilities		**67 860**	78 145
Contractual bonus (deferred portion only)	24.2	**23 212**	20 306
Leave pay accrual		**16 503**	17 431
Cash-settled share-based payment liability (LTIS 2006)	24.5	**–**	415
Cash-settled liability (Cash LTIS 2008 and 2009)	24.6	**28 145**	39 993

24.2 Contractual bonus (includes deferral)

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

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

For the year under review, contractual bonuses awarded under this scheme amounted to R41.9 million (2011: R40.5 million) of which R5.6 million (2011: R7.8 million) was awarded to executive management (all amounts inclusive of interest). Fifty percent of these awards are deferred for six months.

For 2012 the CEO's contractual bonus totalled R3.4 million being an amount equal to 100% of her annual guaranteed package, with half this award deferred for six months (this amount being inclusive of interest). In 2011, the retiring CEO's bonus totalled R3.2 million (being 85% of his maximum possible bonus).

24.3 Discretionary bonus retained

The discretionary bonus scheme is an annual incentive for qualifying employees. All permanent staff members are eligible to participate in this scheme. Awards are assessed on individual performance and the achievement of specific corporate deliverables as set out in the annual corporate scorecard approved by the Board. Historically, the maximum award at executive director level has been nine months guaranteed pay. Special bonuses are awarded and paid in December each year.

The total discretionary bonus pool for 2012 amounted to R19.8 million (2011: R40 million) of which R12.9 million (2011: R13.9 million) was paid to executive management (including the CEO).

In 2011, 30% (being R12 million) of the total discretionary bonus (R40 million) was retained by the Board pending satisfactory progress on a key outstanding technology project during the course of 2012. As at June 2012 the Board determined that only a portion (R4.7 million) of the withheld R12 million bonus be paid to staff. The remaining R7.3 million was waived, which included the full portion due to executive management.

24.4 Retirement benefits

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

24.5 Cash-settled share-based payment liability (LTIS 2006)

At the time of its listing in 2006 the JSE implemented a share appreciation rights scheme ("LTIS 2006") to attract, incentivise and retain selected key staff over the long term.

LTIS 2006 was designed to pay key staff members a cash amount based on the number of Participation Interests vesting in the hands of each staff member at the future vesting dates.

The JSE's exposure under Tranche 2 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 2012 was a fair value charge of R0.6 million (2011: R2.4 million).

This legacy scheme has now been wound down and replaced by LTIS 2010 (see note 24.7)

24. Employee benefits CONTINUED

24.6 Cash-settled liability (Cash LTIS 2008 and 2009)

In November 2008 the Board decided not to issue any further tranches under LTIS 2006, but rather to implement a cash-only long-term incentive ("Cash LTIS 2008") as an interim arrangement. An identical cash-only scheme ("Cash LTIS 2009") also applied for the 2009 financial year. These schemes represented an alternative to a traditional long-term incentive (the preferred share-based retention scheme, considered for implementation by the Board in November 2008, having been rendered ineffective by a change in tax legislation). Applicable, as before, to key senior employees of the JSE, the Cash LTIS 2008 vests in three annual tranches – 50% at 31 December 2011, 25% at 31 December 2012 and 25% at 31 December 2013, while Cash LTIS 2009 also vests in three annual tranches – 50% at 31 December 2012, 25% at 31 December 2013 and 25% at 31 December 2014.

The unvested portions of both Cash LTIS schemes attract interest at the commercial rate earned by the JSE Trustees on funds under management. As with LTIS 2006, there are no performance hurdles or claw-back provisions applicable to either Cash LTIS scheme.

In order to calculate the net present value impact to profit or loss of all unvested tranches under the Cash LTIS schemes, the unvested portions have been discounted on an annual basis at the weighted average cost of capital. The net present value and interest movement in both schemes resulted in a charge to profit and loss of R4.8 million (2011: R0.5 million).

	Cash LTIS 2009 R'000	Cash LTIS 2008 R'000
Total cash value of grant approved by Board	34 200	32 000
Portion of grant awarded to Executive Committee members	20 631	20 109

24.7 Long-term incentive scheme 2010 (LTIS 2010)

A new long-term incentive scheme was approved by shareholders at the annual general meeting in April 2010. This new scheme ("LTIS 2010") takes the place of the JSE's legacy long-term schemes and, accordingly, no further awards will be issued under the earlier schemes.

Scheme objective and design

The main objective of LTIS 2010 is to retain and incentivise selected senior employees of the JSE over rolling three and four-year time horizons. To this end, LTIS 2010 comprises a retention component and a performance component, with the objectives, qualifying criteria and potential rewards applicable to each component being clearly distinguished. In particular, the performance component is intended to align the interests of scheme participants with the interests of JSE shareholders.

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

The following assumptions, using the Black-Scholes valuation methodology, were used to calculate the profit or loss fair value charge of R13.9 million (2011: R12.2 million).

Allocation No 1 under LTIS 2010

The first award under LTIS 2010 was granted in May 2010.

	Retention shares	Performance shares
Share price at grant date (Rand per ordinary share)	66.48	66.48
Total number of shares granted	327 400	155 500
Dividend yield	2.30%	2.30%
Vesting dates:		
50% of the shares awarded vest on 1 May 2013	163 700	77 750
50% of the shares awarded vest on 1 May 2014	163 700	77 750

Under Allocation No 1, members of the JSE's Executive Committee, which includes the executive directors and Company Secretary, were granted 124 100 retention shares and 155 500 corporate performance shares.

24. Employee benefits CONTINUED

24.7 Long-term incentive scheme 2010 (LTIS 2010) CONTINUED

Allocation No 2 under LTIS 2010

The second award under LTIS 2010 was granted in May 2011.

	Retention shares	Performance shares
Share price at grant date (Rand per ordinary share)	67.44	67.44
Total number of shares granted	317 500	109 400
Dividend yield	3.00%	3.00%
Vesting dates:		
50% of the shares awarded vest on 1 May 2014	158 750	54 700
50% of the shares awarded vest on 1 May 2015	158 750	54 700

Under Allocation No 2, members of the JSE's Executive Committee, which includes the executive directors and Company Secretary, were granted 109 400 retention shares and 109 400 corporate performance shares.

Allocation No 3 under LTIS 2010

The third award under LTIS 2010 was granted in June 2012.

	Retention shares	Performance shares
Share price at grant date (Rand per ordinary share)	78.68	78.68
Total number of shares granted	263 600	103 000
Dividend yield	3.00%	3.00%
Vesting dates:		
50% of the shares awarded vest on 30 June 2015	131 800	51 500
50% of the shares awarded vest on 30 June 2016	131 800	51 500

Under Allocation No 3, members of the JSE's Executive Committee, which includes the executive directors and Company Secretary, have been granted 80 200 personal performance shares (previously known as "retention" shares) and 103 000 corporate performance shares.

Vesting of allocations No 1, No 2 and No 3

All shares awarded under LTIS 2010 are held in trust and are restricted until the relevant vesting conditions are fulfilled whereupon the shares vest. Should some or all of the vesting conditions not be fulfilled the share awards may be forfeited.

The performance metrics applicable to the performance shares recognise the JSE's long-term institutional role and incentivise management to develop successful longer-term strategies that will contribute to sustainable growth in shareholder value.

24.8 Compensation on termination of contract

The CEO is the only member of staff with a specific service contract, which is for a three-year term and continues on an indefinite basis thereafter. The contract is subject to a four-month notice period and a one-year restraint (post termination of employment). The agreed restraint precludes the CEO from being engaged by any stock exchange, bond market or futures market carried on in South Africa for a period of one year from the date of termination of her employment. In return for this restraint the CEO receives two payments, due and payable in January 2012 (R3.3 million) and January 2013 (R3.3 million) respectively.

25. Deferred tax assets and liabilities

25.1 Deferred tax assets and liabilities are attributable to the following:

	Assets 2012 R'000	Assets 2011 R'000	Liabilities 2012 R'000	Liabilities 2011 R'000	Net 2012 R'000	Net 2011 R'000
Group						
Property and equipment	**318**	318	**(179)**	(283)	**139**	35
Intangible assets	**35 333**	76 507	**(1 119)**	(1 411)	**34 214**	75 096
Operating lease liability	**15 103**	18 245	**–**	–	**15 103**	18 245
Operating lease asset	**293**	173	**(473)**	(646)	**(180)**	(473)
Employee benefits	**20 441**	29 993	**–**	–	**20 441**	29 993
Derivative financial instruments	**–**	382	**–**	–	**–**	382
Allowance for impairment losses	**247**	553	**–**	–	**247**	553
Prepayments	**–**	–	**(3 133)**	(1 735)	**(3 133)**	(1 735)
Finance lease asset	**–**	–	**(42)**	(460)	**(42)**	(460)
Finance lease liability	**45**	442	**–**	–	**45**	442
Loan to the JSE Empowerment Fund Trust	**193**	411	**–**	–	**193**	411
Income received in advance	**969**	508	**–**	–	**969**	508
Total	**72 942**	127 532	**(4 946)**	(4 535)	**67 996**	122 997

25.2 Movement in temporary differences during the year

	Balance 1 January 2011 R'000	Recognised in profit or loss R'000	Balance 31 December 2011 R'000	Recognised in profit or loss R'000	Balance 31 December 2012 R'000
Group					
Property and equipment	318	(283)	35	**104**	**139**
Intangible assets	13 347	61 749	75 096	**(40 882)**	**34 214**
Operating lease asset	20 737	(2 492)	18 245	**(3 142)**	**15 103**
Operating lease liability	(646)	173	(473)	**293**	**(180)**
Employee benefits	39 261	(9 268)	29 993	**(9 552)**	**20 441**
Derivative financial instruments	881	(499)	382	**(382)**	**–**
Allowance for impairment losses	126	427	553	**(306)**	**247**
Prepayments	(2 158)	423	(1 735)	**(1 398)**	**(3 133)**
Finance lease asset	(1 332)	872	(460)	**418**	**(42)**
Finance lease liability	1 265	(823)	442	**(397)**	**45**
Loan to the JSE Empowerment Fund Trust	–	411	411	**(218)**	**193**
Income received in advance	167	341	508	**461**	**969**
Total	71 966	51 031	122 997	**(55 001)**	**67 996**
Acquired on business combination: Deferred taxation raised against goodwill on the purchase of the business operations of administering the hedge fund platform by Nautilus MAP Operations Proprietary Limited		1 115			
		52 146		**(55 001)**	

There are no current or deferred tax implications relating to items charged/credited directly to other comprehensive income or equity since these relate to Investor Protection Funds which are exempt from tax.

	Assets		Liabilities		Net	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000

25. Deferred tax assets and liabilities CONTINUED

25.3 Deferred tax assets and liabilities are attributable to the following:

Exchange	Assets 2012 R'000	Assets 2011 R'000	Liabilities 2012 R'000	Liabilities 2011 R'000	Net 2012 R'000	Net 2011 R'000
Property and equipment	**318**	318	**(179)**	(283)	139	35
Intangible assets	**35 333**	76 507	**(154)**	(256)	35 179	76 251
Operating lease liability	**15 103**	18 245	**–**	–	15 103	18 245
Operating lease asset	**293**	173	**(473)**	(646)	(180)	(473)
Employee benefits	**20 441**	29 993	**–**	–	20 441	29 993
Derivative financial instruments	**–**	382	**–**	–	–	382
Allowance for impairment losses	**247**	553	**–**	–	247	553
Prepayments	**–**	–	**(3 133)**	(1 665)	(3 133)	(1 665)
Finance lease asset	**–**	–	**(42)**	(460)	(42)	(460)
Finance lease liability	**45**	442	**–**	–	45	442
Loan to the JSE Empowerment Fund Trust	**193**	411	**–**	–	193	411
Income received in advance	**969**	508	**–**	–	969	508
Total	**72 942**	127 532	**(3 981)**	(3 310)	68 961	124 222

25.4 Movement in temporary differences during the year

Exchange	Balance 1 January 2011 R'000	Recognised in profit or loss R'000	Balance 31 December 2011 R'000	Recognised in profit or loss R'000	Balance 31 December 2012 R'000
Property and equipment	318	(283)	35	**104**	**139**
Intangible assets	13 456	62 795	76 251	**(41 072)**	**35 179**
Operating lease asset	20 737	(2 492)	18 245	**(3 142)**	**15 103**
Operating lease liability	(646)	173	(473)	**293**	**(180)**
Employee benefits	39 261	(9 268)	29 993	**(9 552)**	**20 441**
Derivative financial instruments	881	(499)	382	**(382)**	**–**
Allowance for impairment losses	126	427	553	**(306)**	**247**
Prepayments	(2 158)	493	(1 665)	**(1 468)**	**(3 133)**
Finance lease asset	(1 332)	872	(460)	**418**	**(42)**
Finance lease liability	1 265	(823)	442	**(397)**	**45**
Loan to the JSE Empowerment Fund Trust	–	411	411	**(218)**	**193**
Income received in advance	167	341	508	**461**	**969**
Total	72 075	52 147	124 222	**(55 261)**	**68 961**

26. Due to SAFEX members

	Group 2012 R'000	Group 2011 R'000	Exchange 2012 R'000	Exchange 2011 R'000	Investor Protection Funds 2012 R'000	Investor Protection Funds 2011 R'000
Non-current liability	**1 190**	1 135	**1 190**	1 135	**–**	–

The amount due to SAFEX members is pending the resolution of potential claims against SAFEX that existed at the time of the purchase of SAFEX entities.

	Group		Exchange		Investor Protection Funds	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000	**2012 R'000**	2011 R'000
27. Trade and other payables						
Trade payables	**96 320**	146 493	**94 045**	109 185	**914**	594
Current portion of finance lease	**162**	1 413	**162**	1 413	**–**	–
Interest payable	**63 086**	69 861	**180**	237	**–**	–
Receipts in advance	**3 459**	1 813	**3 459**	1 813	**–**	–
	163 027	219 580	**97 846**	112 648	**914**	594
28. Notes to the cash flow statement						
28.1 Cash generated by operations						
Profit for the year before tax	**521 013**	498 111	**505 723**	456 100	**16 967**	26 509
Adjustments for:						
– depreciation of property and equipment	**49 390**	30 674	**49 390**	30 674	**–**	–
– amortisation of intangible assets	**36 921**	25 273	**36 399**	24 933	**–**	–
– impairment losses on software development costs	**75 017**	223 342	**75 017**	223 342	**–**	–
– Impairment of monies due from group entities	**–**	–	**–**	3 636	**–**	–
– impairment of other receivables	**–**	19	**–**	19	**–**	–
– BBBEE options	**–**	7 888	**–**	7 888	**–**	–
– JSE LTIS 2010	**14 285**	12 190	**14 285**	12 190	**–**	–
– share of profit of equity-accounted investees	**(35 056)**	(31 905)	**–**	–	**–**	–
– interest paid	**781 092**	825 646	**9 018**	9 013	**–**	–
– interest received	**(861 474)**	(911 776)	**(54 514)**	(57 528)	**(7 086)**	(7 423)
– dividend income	**(3 482)**	(3 905)	**(15 950)**	(26 124)	**(3 482)**	(3 905)
– non-cash items in respect of employee benefits	**(25 038)**	(42 631)	**(25 038)**	(42 631)	**–**	–
– waiver of loan due to BESA Limited	**–**	–	**–**	(123 682)	**–**	–
– impairment of Investment in BESA Limited	**–**	–	**–**	139 432	**–**	–
– change in fair value of european call options	**625**	2 389	**625**	2 389	**–**	–
– profit on sale of property and equipment	**(96)**	(83)	**(96)**	(83)	**–**	–
– change in fair value of loan to JSE Empowerment Fund	**(775)**	682	**(775)**	682	**–**	–
– gain on disposal of investment securities	**(11 834)**	(22 931)	**–**	–	**(11 834)**	(22 931)
Surplus/(deficit) from operations	**540 588**	612 983	**594 084**	660 250	**(5 435)**	(7 750)
Changes in:						
– decrease/(increase) in trade and other receivables	**994**	7 227	**(5 571)**	8 212	**76**	(1 130)
– (decrease)/increase in trade and other payables	**(71 179)**	44 365	**(54 044)**	2 592	**291**	14
Cash generated by/(used in) operations	**470 403**	664 575	**534 469**	671 054	**(5 068)**	(8 866)
28.2 Taxation paid						
Taxation receivable at beginning of year	**(56 907)**	(61 783)	**(56 507)**	(61 032)	**–**	–
Deferred tax effects	**(55 002)**	51 031	**(55 261)**	52 146	**–**	–
Per statement of comprehensive income	**218 902**	156 316	**219 133**	155 850	**–**	–
Taxation receivable at end of year	**16 574**	56 907	**15 817**	56 507	**–**	–
	123 567	202 471	**123 182**	203 471	**–**	–

29. Directors' and executives' remuneration[4]

29.1 Executive directors – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000	Medical[1] aid, UIF and other R'000	Total guaranteed pay R'000	Contractual bonus[1,2] (includes deferral) R'000	Discretionary bonus[1,3] R'000	Total annual incentives R'000	Total current year remuneration R'000
2012									
N F Newton-King	Chief Executive Officer[5]	**3 013**	**198**	**91**	**3 302**	**3 383**	**1 800**	**5 183**	**8 485**
F M Evans	Chief Financial Officer[6]	**1 600**	**77**	**25**	**1 702**	**–**	**–**	**–**	**1 702**
		4 613	**275**	**116**	**5 004**	**3 383**	**1 800**	**5 183**	**10 187**
2011									
R M Loubser	Chief Executive Officer[7]	2 851	724	140	3 715	3 158	2 582	5 740	9 455
N F Newton-King	Deputy Chief Executive Officer	1 942	129	84	2 155	688	1 477	2 165	4 320
F M Evans	Chief Financial Officer	1 485	97	30	1 612	514	701	1 215	2 827
		6 278	950	254	7 482	4 360	4 760	9 120	16 602

29.2 Other key executives – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000	Medical[1] aid, UIF and other R'000	Total guaranteed pay R'000	Contractual bonus[1,2] (includes deferral) R'000	Discretionary bonus[1,3] R'000	Total annual incentives R'000	Total current year remuneration R'000
2012									
J H Burke	Director: Issuer Regulation	**1 872**	**128**	**111**	**2 111**	**687**	**575**	**1 262**	**3 373**
G C Clarke	Director: Corporate Services and Group Company Secretary	**1 398**	**117**	**86**	**1 601**	**511**	**428**	**939**	**2 540**
S Cleary	Director: Strategy and Public Policy[5]	**1 202**	**78**	**21**	**1 301**	**415**	**377**	**792**	**2 093**
S A Davies	Director: Market Regulation	**1 519**	**79**	**103**	**1 701**	**543**	**455**	**998**	**2 699**
A Forssman	Director: Market Data	**1 294**	**67**	**41**	**1 402**	**447**	**449**	**896**	**2 298**
L Fourie	Director: Post-Trade Services[8]	**1 488**	**95**	**1**	**1 584**	**506**	**712**	**1 218**	**2 802**
Z Jacobs	Director: Issuer and Investor Relations[9]	**356**	**27**	**6**	**389**	**192**	**80**	**272**	**661**
L V Parsons	Director: Equity Market	**1 683**	**455**	**120**	**2 258**	**735**	**861**	**1 596**	**3 854**
G Rothschild	Director: Government and International Affairs[10]	**407**	**25**	**16**	**448**	**–**	**–**	**–**	**448**
G Smale	Director: Bonds and Financial Derivatives	**1 788**	**74**	**40**	**1 902**	**607**	**508**	**1 115**	**3 017**
C Sturgess	Director: Commodity Derivatives[5]	**1 158**	**91**	**53**	**1 302**	**415**	**405**	**820**	**2 122**
R van Wamelen	Chief Information Officer	**1 744**	**78**	**79**	**1 901**	**607**	**712**	**1 319**	**3 220**
		15 909	**1 314**	**677**	**17 900**	**5 665**	**5 562**	**11 227**	**29 127**
2011									
J H Burke	Director: Issuer Services	1 800	126	102	2 028	670	1 138	1 808	3 836
G C Clarke	Company Secretary	1 223	98	79	1 400	446	650	1 096	2 496
D J Davidson	Director: Clearing and Settlement[11]	1 617	129	107	1 853	592	718	1 310	3 163
S A Davies	Director: Surveillance	1 251	68	96	1 415	452	603	1 055	2 470
M Dlamini	Senior General Manager: Education[12]	772	51	106	929	–	–	–	929
A Forssman	Senior General Manager: Information Products Sales	1 221	59	38	1 318	421	714	1 135	2 453
R Gravelet-Blondin	Senior General Manager: Commodity Derivatives[13]	1 218	139	38	1 395	445	648	1 093	2 488
N Greenhill	Senior General Manager: Marketing and Business Development[14]	1 059	53	153	1 265	404	490	894	2 159
J Immelman	Senior General Manager: Information Services[11]	1 167	49	49	1 265	404	490	894	2 159
M Moloi	Senior General Manager: Human Resources[11]	1 084	104	41	1 229	392	333	725	1 954
L V Parsons	Chief Operating Officer	1 587	430	136	2 153	688	1 167	1 855	4 008
G Rothschild	Director: Government and International Affairs	1 629	100	66	1 795	573	685	1 258	3 053
G Smale	Director: Interest Rate Products	1 701	70	37	1 808	577	793	1 370	3 178
A Thomson	Director: Derivatives Trading[15]	1 360	84	140	1 584	–	–	–	1 584
R van Wamelen	Chief Information Officer	1 571	72	73	1 716	548	797	1 345	3 061
		20 260	1 632	1 261	23 153	6 612	9 226	15 838	38 991

Footnotes (1) – (15) below are applicable to notes 29.1 – 29.7.

1 *Represents short-term employee benefits.*

2 *Contractual bonuses are subject to personal performance, and are calculated according to a fixed percentage of basic salary (which percentage varies on a sliding scale based on grade). 50% of all contractual bonuses are subject to six months deferral linked to continued employment. The full contractual bonus award is reflected here together with interest on the deferred portion at 5%, in accordance with the contractual bonus policy.*

3 *Discretionary bonuses are subject to both personal performance and the achievement of specific corporate deliverables (per the annual corporate scorecard approved by the Board at the beginning of each financial year). These awards are not subject to deferral, unless otherwise so determined by the Board in any particular year.*

4 *All executive directors and other key executives are full-time employees of JSE Limited.*

5 *Appointed 1 January 2012.*

6 *Retired 30 September 2012. As a good leaver, F Evans is entitled to receive accelerated Cash LTIS payouts (see note 29.3) and is also entitled to retain her LTIS 2010 share allocations (see note 29.6) in the scheme until the vesting dates. The relevant vesting criteria for the various LTIS 2010 share allocations will be applied at each vesting date.*

7 *Retired 31 December 2011. R Loubser elected to retain his LTIS 2010 share allocation in the scheme until the applicable vesting dates, as permitted in terms of the LTIS 2010 Scheme rules.*

8 *Appointed 1 March 2012.*

9 *Appointed 1 September 2012 on a part-time basis, and transitioned to a full-time role with effect from 1 January 2013.*

10 *Retired 31 March 2012. In the interests of retaining key knowledge and expertise within the business, the JSE concluded a rolling one-year consulting contract with G Rothschild. As a good leaver, the Human Resources, Social & Ethics Committee agreed to allow G Rothschild to receive accelerated Cash LTIS payouts (see note 29.4) and to retain his LTIS 2010 share allocations (see note 29.7) in the scheme until the vesting dates. The relevant vesting criteria for the various LTIS 2010 share allocations will be applied at each vesting date.*

11 *Stepped down from the Executive Committee effective 1 January 2012.*

12 *Resigned 31 August 2011.*

13 *Retired 31 December 2011. R Gravelet-Blondin was a retiring executive under the LTIS 2010 Scheme rules. The Human Resources, Social & Ethics Committee agreed to accelerate R Gravelet-Blondin's allocation, and accordingly 6 533 shares vested on 1 January 2012 with the balance of 4 667 shares being forfeited.*

14 *Resigned 2 February 2012.*

15 *Dismissed 4 November 2011.*

29. Directors' and executives' remuneration CONTINUED

29.3 Executive directors – Long-term remuneration and other benefits

		LTIS 2008 2nd portion 25% payout R'000	LTIS 2009 1st portion 50% payout R'000	LTIS 2008 accelerated payout R'000
2012				
N F Newton-King	Chief Executive Officer[5]	**518**	**936**	**–**
F M Evans	Chief Financial Officer[6]	**–**	**–**	**746**
		518	**936**	**746**
2011				
R M Loubser	Chief Executive Officer[7]	1 734	–	1 734
N F Newton-King	Deputy Chief Executive Officer	986	–	–
F M Evans	Chief Financial Officer	717	–	–
		3 437	–	1 734

29.4 Other key executives – Long-term remuneration and other benefits

		LTIS 2008 2nd portion 25% payout R'000	LTIS 2009 1st portion 50% payout R'000	LTIS 2008 accelerated payout R'000
2012				
J H Burke	Director: Issuer Regulation	**502**	**912**	**–**
G C Clarke	Director: Corporate Services and Group Company Secretary	**277**	**486**	**–**
S Cleary	Director: Strategy and Public Policy[5]	**129**	**182**	**–**
S A Davies	Director: Market Regulation	**298**	**491**	**–**
A Forssman	Director: Market Data	**267**	**458**	**–**
L Fourie	Director: Post-Trade Services[8]	**–**	**–**	**–**
Z Jacobs	Director: Issuer and Investor Relations[9]	**–**	**–**	**–**
L V Parsons	Director: Equity Market	**439**	**936**	**–**
G Rothschild	Director: Government and International Affairs[10]	**–**	**–**	**515**
G Smale	Director: Bonds and Financial Derivatives	**–**	**628**	**–**
C Sturgess	Director: Commodity Derivatives[5]	**179**	**188**	**–**
R van Wamelen	Chief Information Officer	**439**	**596**	**–**
		2 530	**4 877**	**515**

LTIS 2009 accelerated payout R'000	LTIS 2010 accelerated pro rata vesting R'000	Payout in lieu of LTIS 2010 Allocation 2 award R'000	Contractual restraint payouts R'000	Total long-term remuneration R'000	Accumulated leave payout R'000	Ex gratia payout R'000	Total long-term and other benefits R'000
–	**–**	**–**	**3 300**	**4 754**	**–**	**–**	**4 754**
1 392	**–**	**–**	**–**	**2 138**	**190**	**–**	**2 328**
1 392	**–**	**–**	**3 300**	**6 892**	**190**	**–**	**7 082**
3 742	–	2 168	3 715	13 093	36	–	13 129
–	–	–	–	986	–	–	986
–	–	–	–	717	–	–	717
3 742	–	2 168	3 715	14 796	36	–	14 832
–	**–**	**–**	**–**	**1 414**	**–**	**–**	**1 414**
–	**–**	**–**	**–**	**763**	**–**	**–**	**763**
–	**–**	**–**	**–**	**311**	**–**	**–**	**311**
–	**–**	**–**	**–**	**789**	**–**	**–**	**789**
–	**–**	**–**	**–**	**725**	**–**	**–**	**725**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**1 375**	**–**	**–**	**1 375**
941	**–**	**–**	**–**	**1 456**	**289**	**–**	**1 745**
–	**–**	**–**	**–**	**628**	**–**	**–**	**628**
–	**–**	**–**	**–**	**367**	**–**	**–**	**367**
–	**–**	**–**	**–**	**1 035**	**–**	**–**	**1 035**
941	**–**	**–**	**–**	**8 863**	**289**	**–**	**9 152**

29. Directors' and executives' remuneration CONTINUED

29.4 Other key executives – Long-term remuneration and other benefits CONTINUED

2011		LTIS 2008 2nd portion 25% payout R'000	LTIS 2009 1st portion 50% payout R'000	LTIS 2008 accelerated payout R'000
J H Burke	Director: Issuer Services	956	–	–
G C Clarke	Company Secretary	527	–	–
D J Davidson	Director: Clearing and Settlement[11]	717	–	–
S A Davies	Director: Surveillance	567	–	–
M Dlamini	Senior General Manager: Education[12]	–	–	–
A Forssman	Senior General Manager: Information Products Sales	509	–	–
R Gravelet-Blondin	Senior General Manager: Commodity Derivatives[13]	548	–	548
N Greenhill	Senior General Manager: Marketing and Business Development[14]	467	–	–
J Immelman	Senior General Manager: Information Services[11]	509	–	–
M Moloi	Senior General Manager: Human Resources[11]	299	–	–
L V Parsons	Chief Operating Officer	836	–	–
G Rothschild	Director: Government and International Affairs	509	–	–
G Smale	Director: Interest Rate Products	–	–	–
A Thomson	Director: Derivatives Trading[15]	–	–	–
R van Wamelen	Chief Information Officer	836	–	–
		7 280	–	548

29.5 Non-executive director emoluments[i]

2012		Board member fees R'000	Committee member fees R'000	Other services R'000	Total R'000
H J Borkum	Board Chairman, Chairman of Nominations Committee	**1 500**	**–**	**–**	**1 500**
A D Botha	Chairman of Human Resources, Social & Ethics Committee	**353**	**320**	**–**	**673**
Z L Combi[ii]		**68**	**–**	**–**	**68**
M R Johnston		**272**	**230**	**13**	**515**
D M Lawrence		**272**	**180**	**–**	**452**
M A Matooane[iii]		**68**	**23**	**–**	**91**
A M Mazwai	Chairman of SRO Committee	**272**	**150**	**–**	**422**
N S Nematswerani	Chairman of Audit Committee	**272**	**375**	**–**	**647**
N M C Nyembezi-Heita		**272**	**140**	**–**	**412**
N G Payne	Chairman of Risk Committee	**272**	**345**	**–**	**617**
		3 621	**1 763**	**13**	**5 397**

LTIS 2009 accelerated payout R'000	LTIS 2010 accelerated pro rata vesting R'000	Payout in lieu of LTIS 2010 Allocation 2 award R'000	Contractual restraint payouts R'000	Total long-term remuneration R'000	Accumulated leave payout R'000	Ex gratia payout R'000	Total long-term and other benefits R'000
–	–	–	–	956	–	–	956
–	–	–	–	527	–	–	527
–	–	–	–	717	–	–	717
–	–	–	–	567	–	–	567
–	–	–	–	–	85	–	85
–	–	–	–	509	–	–	509
917	441	–	1 800	4 254	204	–	4 458
–	–	–	–	467	–	–	467
–	–	–	–	509	–	–	509
–	–	–	–	299	–	–	299
–	–	–	–	836	–	–	836
–	–	–	–	509	–	–	509
–	–	–	–	–	–	–	–
–	–	–	–	–	21	931	952
–	–	–	–	836	–	–	836
917	441	–	1 800	10 986	310	931	12 227

29.5 Non-executive director emoluments[i] CONTINUED

		Board and Committee member retainers R'000	Board and Committee meeting fees R'000	Other services R'000	Total R'000
2011					
H J Borkum	Board Chairman, Chairman of Nominations Committee	957	440	–	1 397
A D Botha	Chairman of Human Resources, Social & Ethics Committee	230	352	–	582
Z L Combi		153	110	–	263
M R Johnston		153	333	37	523
D A Lawrence		153	283	–	436
W Y N Luhabe[iv]		47	20	–	67
A M Mazwai	Chairman of SRO Committee	153	353	–	506
N S Nematswerani	Chairman of Audit Committee	253	315	–	568
N M C Nyembezi-Heita		153	178	–	331
N G Payne	Chairman of Risk Committee	230	315	–	545
G T Serobe[iv]		47	61	–	108
		2 529	2 760	37	5 326

[i] *At the annual general meeting on 25 April 2012 shareholders approved a new single-fee model for non-executive director emoluments. As from 2012, non-executive directors now receive an all-inclusive fee in respect of Board membership and separate all-inclusive fees as members of the various Board committees. Attendance at Board and committee meetings no longer attracts a fee.*

[ii] *Appointed April 2009. Resigned April 2012.*

[iii] *Appointed August 2012.*

[iv] *Appointed July 2005. Resigned April 2011.*

29. Directors' and executives' remuneration CONTINUED

29.6 Executive directors – Long-term incentives not yet vested

		LTIS 2006 Tranche 2	Cash LTIS 2008	Cash LTIS 2009	Cash LTIS schemes
		Number of PIs not yet vested[a] Units	Remaining 25% of grant value R'000	Remaining 50% of grant value R'000	Total R'000
2012					
N F Newton-King	Chief Executive Officer[5]	**–**	**412**	**803**	**1 215**
F M Evans	Chief Financial Officer[6]	**–**	**–**	**–**	**–**
		–	**412**	**803**	**1 215**
2011					
R M Loubser	Chief Executive Officer[7]	43 250	–	–	–
N F Newton-King	Deputy Chief Executive Officer	14 750	824	1 606	2 430
F M Evans	Chief Financial Officer	4 438	599	1 201	1 800
		62 438	1 423	2 807	4 230

29.7 Other key executives – Long-term incentives not yet vested

		LTIS 2006 Tranche 2	Cash LTIS 2008	Cash LTIS 2009	Cash LTIS schemes
2012					
J H Burke	Director: Issuer Regulation	**–**	**399**	**783**	**1 182**
G C Clarke	Director: Corporate Services and Group Company Secretary	**–**	**220**	**417**	**637**
S Cleary	Director: Strategy and Public Policy[5]	**–**	**103**	**156**	**259**
S A Davies	Director: Market Regulation	**–**	**237**	**422**	**659**
A Forssman	Director: Market Data	**–**	**213**	**393**	**606**
L Fourie	Director: Post-Trade Services[8]	**–**	**–**	**–**	**–**
Z Jacobs	Director: Issuer and Investor Relations[9]	**–**	**–**	**–**	**–**
L V Parsons	Director: Equity Market	**–**	**349**	**803**	**1 152**
G Rothschild	Director: Government and International Affairs[10]	**–**	**–**	**–**	**–**
G Smale	Director: Bonds and Financial Derivatives	**–**	**–**	**539**	**539**
C Sturgess	Director: Commodity Derivatives[5]	**–**	**143**	**161**	**304**
R van Wamelen	Chief Information Officer	**–**	**349**	**511**	**860**
		–	**2 013**	**4 185**	**6 198**

[a] The final portion of LTIS 2006 Tranche 2 lapsed on 31 December 2012 as the JSE share price remained below the stipulated base price for these Tranche 2 participation interests.

[b] LTIS 2010 Allocation No 1 – the expected aggregate future charge to profit and loss over the remaining term until the vesting dates is as follows:
Executive directors R0.6 million (2011: R6.7 million)
Other key executives R1.9 million (2011: R4.3 million)

[c] LTIS 2010 Allocation No 2 – the expected aggregate future charge to profit and loss over the remaining term until the vesting dates is as follows:
Executive directors R1.1 million (2011: R3 million)
Other key executives R4.3 million (2011: R1.6 million)

[d] LTIS 2010 Allocation No 3 – the expected aggregate future charge to profit and loss over the remaining term until the vesting dates is as follows:
Executive directors R3.4 million
Other key executives R9 million

[e] As at 31 December 2012 none of the allocations granted under LTIS 2010 have vested. Refer to note 24.7 for further details.

LTIS 2010[b] Allocation 1 – Grant value		LTIS 2010[c] Allocation 2 – Grant value		LTIS 2010[d] Allocation 3 – Grant value		LTIS 2010 All Allocations[e]
Number of retention shares	Number of corporate performance shares	Number of retention shares	Number of corporate performance shares	Number of personal performance shares	Number of corporate performance shares	Total number of shares
8 700	**13 100**	**9 300**	**9 300**	**11 800**	**25 300**	**77 500**
6 500	**9 800**	**7 000**	**7 000**	**6 100**	**6 900**	**43 300**
15 200	**22 900**	**16 300**	**16 300**	**17 900**	**32 200**	**120 800**
15 200	30 300	–	–	–	–	45 500
8 700	13 100	9 300	9 300	–	–	40 400
6 500	9 800	7 000	7 000	–	–	30 300
30 400	53 200	16 300	16 300	–	–	116 200
8 500	**12 700**	**9 100**	**9 100**	**7 700**	**8 700**	**55 800**
5 700	**5 700**	**6 000**	**6 000**	**5 700**	**6 500**	**35 600**
4 200	**–**	**4 700**	**–**	**4 600**	**5 300**	**18 800**
5 700	**5 700**	**6 100**	**6 100**	**6 100**	**6 900**	**36 600**
5 300	**5 300**	**5 700**	**5 700**	**5 000**	**5 700**	**32 700**
–	**–**	**–**	**–**	**6 800**	**7 700**	**14 500**
–	**–**	**–**	**–**	**–**	**–**	**–**
8 700	**13 100**	**9 300**	**9 300**	**8 200**	**9 300**	**57 900**
5 700	**5 700**	**5 700**	**5 700**	**–**	**–**	**22 800**
7 300	**7 300**	**7 800**	**7 800**	**6 800**	**7 700**	**44 700**
4 400	**–**	**4 800**	**–**	**4 600**	**5 300**	**19 100**
6 900	**6 900**	**7 400**	**7 400**	**6 800**	**7 700**	**43 100**
62 400	**62 400**	**66 600**	**57 100**	**62 300**	**70 800**	**381 600**

29. Directors' and executives' remuneration CONTINUED

29.7 Other key executives – Long-term incentives not yet vested CONTINUED

		LTIS 2006 Tranche 2	Cash LTIS 2008	Cash LTIS 2009	Cash LTIS schemes
		Number of PIs not yet vested[a] Units	Remaining 25% of grant value R'000	Remaining 50% of grant value R'000	Total R'000
2011					
J H Burke	Director: Issuer Services	13 625	799	1 565	2 364
G C Clarke	Company Secretary	4 250	440	834	1 274
D J Davidson	Director: Clearing and Settlement[11]	5 750	598	1 105	1 703
S A Davies	Director: Surveillance	5 375	473	845	1 318
M Dlamini	Senior General Manager: Education[12]	–	–	–	–
A Forssman	Senior General Manager: Information Products Sales	6 000	425	785	1 210
R Gravelet-Blondin	Senior General Manager: Commodity Derivatives[13]	4 250	–	–	–
N Greenhill	Senior General Manager: Marketing and Business Development[14]	6 000	390	754	1 144
J Immelman	Senior General Manager: Information Services[11]	3 500	425	754	1 179
M Moloi	Senior General Manager: Human Resources[11]	3 500	250	586	836
L V Parsons	Chief Operating Officer	14 750	699	1 606	2 305
G Rothschild	Director: Government and International Affairs	6 000	425	835	1 260
G Smale	Director: Interest Rate Products	–	–	1 078	1 078
A Thomson	Director: Derivatives Trading[15]	–	–	–	–
R van Wamelen	Chief Information Officer	–	699	1 023	1 722
		73 000	5 623	11 770	17 393

[a] The final portion of LTIS 2006 Tranche 2 lapsed on 31 December 2012 as the JSE share price remained below the stipulated base price for these Tranche 2 participation interests.

[b] LTIS 2010 allocation No 1 – the expected aggregate future charge to profit and loss over the remaining term until the vesting dates is as follows:
Executive directors R0.6 million (2011: R6.7 million)
Other key executives R1.9 million (2011: R4.3 million)

[c] LTIS 2010 allocation No 2 – the expected aggregate future charge to profit and loss over the remaining term until the vesting dates is as follows:
Executive directors R1.1 million (2011: R3 million)
Other key executives R4.3 million (2011: R1.6 million)

[d] LTIS 2010 allocation No 3 – the expected aggregate future charge to profit and loss over the remaining term until the vesting dates is as follows:
Executive directors R3.4 million
Other key executives R9 million

[e] As at 31 December 2012 none of the allocations granted under LTIS 2010 have vested. Refer to note 24.7 for further details.

LTIS 2010[b] Allocation 1 – Grant value		LTIS 2010[c] Allocation 2 – Grant value		LTIS 2010 All Allocations[e]
Number of retention shares	Number of corporate performance shares	Number of retention shares	Number of corporate performance shares	Total number of shares
8 500	12 700	9 100	9 100	39 400
5 700	5 700	6 000	6 000	23 400
7 500	7 500	6 100	6 100	27 200
5 700	5 700	6 100	6 100	23 600
–	–	–	–	–
5 300	5 300	5 700	5 700	22 000
5 600	5 600	–	–	11 200
5 100	5 100	5 500	5 500	21 200
5 100	5 100	5 500	5 500	21 200
4 000	4 000	5 300	5 300	18 600
8 700	13 100	9 300	9 300	40 400
5 700	5 700	5 700	5 700	22 800
7 300	7 300	7 800	7 800	30 200
–	–	–	–	–
6 900	6 900	7 400	7 400	28 600
81 100	89 700	79 500	79 500	329 800

	Group		Exchange	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
30. Deferred income				
Investor Protection Levy	**49 632**	50 592	**49 632**	50 592
Distribution from the JSE Guarantee Fund Trust	**–**	–	**77 698**	95 512
	49 632	50 592	**127 330**	146 104

Investor Protection Levy

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 equivalent balances.

Distribution from the JSE Guarantee Fund Trust

This represents the monies distributed by the JSE Guarantee Fund Trust for the specific purpose of funding the establishment of the JSE's Disaster Recovery site (2010: R50 million) and Data Centre (2011: R51 million). This is a transaction between related parties as disclosed in note 31 and is eliminated on consolidation. The income transferred from deferred income to profit or loss is based on the relating depreciation charge of the Disaster Recovery site and the Data Centre.

31. Related parties

31.1 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 R910.7 million (2011: R909.8 million) for the year. These transactions are conducted on an arm's length basis.

The associated companies and subsidiaries of the Group are identified in notes 14 and 15 respectively.

The directors and key executives are listed in note 29.

31.2 Material related-party transactions and balances

Strate ad valorem fees	– see notes 8.1 and 9.2
Amounts due to and from related parties	– see notes 15.2 and 15.3
Directors' emoluments	– see note 29
Other key executives' remuneration	– see note 29
Impairment of investment in BESA Limited	– see note 9.2
Waiver of loan due to BESA Limited	– see note 8.2
Waiver of monies due from Group entities	– see note 9.2
Income recognised from deferred income (Data Centre and Disaster Recovery site)	– see note 8.2

During the prior financial years surplus assets amounting to R101 million were distributed by the JSE Guarantee Fund Trust to the JSE for the establishment of the JSE's Data Centre and Disaster Recovery site. The transfer of the funds were formally approved by the Financial Services Board. The funds received are recognised in deferred income in the JSE's separate financial statements and are released to profit or loss on a systematic basis over the useful life of the assets comprising the Data Centre and the Disaster Recovery site. Also refer to note 30.

Management fees from related entities	R74.8 million (2011: R70.3 million)

The JSE provides secretarial services to all the Group entities (excluding Strate Limited) for no consideration.

32. Contingent liabilities and commitments

32.1 Contingent liabilities

32.1.1 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 R27.6 million (2011: R27.2 million), the JSE Guarantee Fund Trust and the JSE's own trade monitoring system. The JSE retains reserves to meet this contingent liability. This is ongoing in nature. As at 31 December 2012 the JSE was not aware of any claims.

32.1.2 The JSE has a contingent liability in respect of a guarantee of R0.7 million (2011: R0.7 million) issued to the Financial Services Board.

32.1.3 A summons was served on the JSE during December 2011 in terms of which Pinnacle Point Holdings Proprietary Limited ("PPG") and four other plaintiffs have instituted action against the JSE for payment of R1 387 451 336.30. These losses were allegedly suffered as a result of the transaction concluded between the Acc-Ross group of companies and PPG. The JSE has lodged an exception against the Plaintiff's Particulars of Claim to dismiss the action against the JSE which exception will be heard this year.

32.1.4 A contingent liability of R1.8 million (2011: R5 million) exists, relating to possible penalties payable to the London Stock Exchange for the timing of the move away from the TradElect system. This may be mitigated by set-off against future expenses incurred with MillenniumIT, a London Stock Exchange group company.

32. Contingent liabilities and commitments CONTINUED

32.2 Commitments

32.2.1 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, the JSE has the right to extend the lease for an initial seven-year period and thereafter for five-year periods ad infinitum. The operating lease payments escalate at 11% per annum.

The BESA Group leased a building at Melrose Arch and accounted for the lease as an operating lease. The lease was renewed for a further five-year period during 2007 and terminated on 30 June 2012. The lease payments escalated at 10% per annum.

	Group		Exchange	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
Total future minimum lease payments under a non-cancellable operating lease:				
Not later than one year	**46 702**	43 283	**46 702**	43 283
Between one and five years	**88 844**	135 546	**88 844**	135 546
Later than five years	**–**	–	**–**	–
	135 546	178 829	**135 546**	178 829
Note: The disclosure on the face of the statement of financial position represents the accrual from the straight-lining of the rental income.				
32.2.2 The JSE was party to a contract with the London Stock Exchange for the use of their technology solution. The licence fees were payable quarterly in advance in pounds sterling.				
Total future minimum payments:				
Not later than one year	**–**	6 420	**–**	6 420
Between one and five years	**–**	–	**–**	–
Later than five years	**–**	–	**–**	–
	–	6 420	**–**	6 420
32.2.3 Certain contracts relating to information technology operations have been classified as finance leases.				
Total future minimum payments:				
Not later than one year	**170**	1 784	**170**	1 784
Between one and five years	**–**	170	**–**	170
	170	1 954	**170**	1 954
Total present value minimum payments:				
Not later than one year	**162**	1 416	**162**	1 416
Between one and five years	**–**	162	**–**	162
	162	1 578	**162**	1 578
32.2.4 The JSE has entered into an operating lease contract for the disaster recovery site.				
Total future minimum payments:				
Not later than one year	**5 122**	5 122	**5 122**	5 122
Between one and five years	**427**	5 548	**427**	5 548
	5 549	10 670	**5 549**	10 670
32.2.5 The JSE sub-leases areas of the building in which it operates (refer note 8.2). The minimum lease payments expected from sub-leases is set out below:				
Total future minimum lease receipts				
Not later than one year	**1 205**	5 510	**1 205**	5 510
Between one and five years	**3 618**	2 805	**3 618**	2 805
	4 823	8 315	**4 823**	8 315

33. Financial risk management

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

- operational risk;
- market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other market risk);
- liquidity risk; and
- credit risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk 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.

33.1 Operational risk

The Board accepts overall responsibility for operational risk with the responsibility of day-to-day management of operational risk delegated to management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal 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

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Group's operations.

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 Group'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.

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.

33. Financial risk management CONTINUED

33.2 Market risk

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

33.2.1 Currency risk

The majority of the JSE's transactions are concluded in its functional currency (South African Rand) with the result that its exposure to foreign currency risk from operating transactions is limited. The JSE's finance department monitors the net foreign currency exposure, which is primarily represented by USD-denominated cash and cash equivalents, ensuring that it remains within acceptable levels as set out in the Group's risk management policies and procedures. Note that no foreign currency balances were held in the Investor Protection Funds.

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
2012						
Financial assets	**57 123**	**9**	**–**	**57 123**	**9**	**–**
Trade receivables	**10 524**	**–**	**–**	**10 524**	**–**	**–**
Cash and cash equivalents	**46 599**	**9**	**–**	**46 599**	**9**	**–**
Financial liabilities	**(6 345)**	**(501)**	**(1 220)**	**(6 345)**	**(501)**	**(1 220)**
Trade payables	**(6 345)**	**(501)**	**(1 220)**	**(6 345)**	**(501)**	**(1 220)**
Net exposure	**50 778**	**(492)**	**(1 220)**	**50 778**	**(492)**	**(1 220)**
2011						
Financial assets	17 583	8	–	17 583	8	–
Trade receivables	6 742	–	–	6 742	–	–
Cash and cash equivalents	10 841	8	–	10 841	8	–
Financial liabilities	(52)	(6 410)	(93)	(52)	(6 410)	(93)
Trade payables	(52)	(6 410)	(93)	(52)	(6 410)	(93)
Net exposure	17 531	(6 402)	(93)	17 531	(6 402)	(93)

As at 31 December 2012:

Bank buying rates	Bank selling rates
USD – 8.2771 (2011: 7.8787)	USD – 8.6717 (2011: 8.2523)
GBP – 13.4188 (2011: 12.2104)	GBP – 14.1123 (2011: 12.8406)
EUR – 10.8918 (2011: 10.2059)	EUR – 11.4374 (2011: 10.7200)

Sensitivity analysis

A 10% (2011: 14%) strengthening of the Rand against the USD and a 5% (2011: 12%) strengthening of the Rand against the GBP and EUR respectively at 31 December would have increased profit or loss by R5.0 million (2011: R1.7 million) and equity by R nil (2011: R nil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2011.

	Group		Exchange	
	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000
2012				
USD	**5 078**	**–**	**5 078**	**–**
GBP	**(25)**	**–**	**(25)**	**–**
EUR	**(61)**	**–**	**(61)**	**–**
Net impact	**4 992**	**–**	**4 992**	**–**
2011				
USD	2 454	–	2 454	–
GBP	(768)	–	(768)	–
EUR	(11)	–	(11)	–
Net impact	1 675	–	1 675	–

A 10% (2011: 14%) weakening of the Rand against the USD and a 5% (2011: 12%) 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.

33. Financial risk management CONTINUED

33.2 Market risk CONTINUED

33.2.2 Cash flow and fair value interest rate risk

Interest rate risk is the risk of the JSE being exposed to fluctuations in the fair values or future cash flows of financial instruments because of changes in market interest rates. The Group is exposed to cash flow interest rate risk in respect of its floating rate financial assets and financial liabilities as set out below and to fair value interest rate risk in respect of fixed rate bonds classified as available-for-sale financial assets. Cash flow interest rate risk is managed by the JSE ensuring that the floating rate financial assets are at least equal to or greater than the floating rate financial liabilities. The fair value interest rate risk arising from fixed rate bonds are managed by a reputable asset manager according to approved guidelines. There is no interest rate risk on the margin and collaterals as there is an equal liability to offset the asset.

The following table analyses the interest rate risk profile for assets and liabilities at year-end:

	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
2012						
Assets	**4 172 854**	**11 938 302**	**455 000**	**737 401**	**17 854**	**108 966**
Investments	**17 854**	**–**	**–**	**–**	**17 854**	**–**
Margin and collateral deposits	**3 700 000**	**11 264 525**	**–**	**202 292**	**–**	**–**
Cash and cash equivalents	**455 000**	**673 777**	**455 000**	**535 109**	**–**	**108 966**
Liabilities	**(3 700 000)**	**(11 264 525)**	**–**	**(202 292)**	**–**	**–**
Margin and collateral deposits	**(3 700 000)**	**(11 264 525)**	**–**	**(202 292)**	**–**	**–**
Net exposure	**472 854**	**673 777**	**455 000**	**535 109**	**17 854**	**108 966**
2011						
Assets	6 770 173	9 370 865	455 000	427 414	15 173	110 176
Investments	15 173	–	–	–	15 173	–
Margin and collateral deposits	6 300 000	8 784 776	–	17 868	–	–
Cash and cash equivalents	455 000	586 089	455 000	409 546	–	110 176
Liabilities	(6 300 000)	(8 784 776)	–	(17 868)	–	–
Margin and collateral deposits	(6 300 000)	(8 784 776)	–	(17 868)	–	–
Net exposure	470 173	586 089	455 000	409 546	15 173	110 176

Floating rate assets yield interest at call rates.

33. Financial risk management CONTINUED

33.2 Market risk CONTINUED

33.2.2 Cash flow and fair value interest rate risk CONTINUED

Sensitivity analysis

A change of 100 (2011:100) basis points on the fixed rate bonds and 100 (2011:100) basis points in the floating rate instruments at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2011.

	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
2012						
Fixed rate bond: +100 bps	**–**	**(759)**	**–**	**–**	**–**	**(759)**
Fixed rate bond: – 100 bps	**–**	**810**	**–**	**–**	**–**	**810**
Floating rate instruments: +100 bps	**6 738**	**–**	**5 351**	**–**	**1 090**	**–**
Floating rate instruments: – 100 bps	**(6 738)**	**–**	**(5 351)**	**–**	**(1 090)**	**–**
2011						
Fixed rate bond: +100 bps	–	(658)	–	–	–	(658)
Fixed rate bond: – 100 bps	–	698	–	–	–	698
Floating rate instruments: +100 bps	5 969	–	4 204	–	1 101	–
Floating rate instruments: – 100 bps	(5 969)	–	(4 204)	–	(1 101)	–

33.2.3 Other market price risk

The Group is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets because of changes in market prices (other than changes in interest rates and currencies). With regards to the unit trusts, the Group is exposed to fluctuations in the fair value of the unit trusts (which is determined by the fair value movement of the underlying instruments).

To manage 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. The JSE's finance department monitors the investments in unit trusts and equity instruments by review of the monthly reports from the asset manager. The portfolio of instruments held is regularly reviewed and amended to manage the Group's exposure to market risk.

The Group is further exposed to the risk of fluctuations in the fair value of the call options because of changes in market prices. The Group has entered into European call options to economically hedge its exposure to changes in the cash-settled share-based payment liability. The Group is exposed to changes in the fair value of the European call options on JSE Limited shares.

Sensitivity analysis – other market price risk

The available-for-sale financial assets considered in the sensitivity analysis below exclude the listed bonds as management believes that the majority of the sensitivity of these instruments lies within their exposure to interest rates, which are included in the interest rate sensitivity analysis in note 33.2.2.

The equity investments are listed on JSE Limited with the majority of the investments included in the JSE All Share Index. A 4% (2011: 7%) increase in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased equity by R6.0 million (2011: R8.1 million) and profit or loss by R nil (2011: R0.1 million) (in respect of the options on the JSE shares); an equal change in the opposite direction would have decreased equity by R6.0 million (2011: R8.1 million) and profit or loss by R nil (2011: R0.1 million) (in respect of the options of the JSE shares). This analysis is performed on the same basis as 2011.

The unit trusts are predominantly benchmarked against the MSCI World Index. A 5% (2011: 10%) increase in the MSCI World Index at the reporting date, with all other variables held constant, would have increased equity by R2.3 million (2011: R3.6 million); an equal change in the opposite direction would have decreased equity by R2.3 million (2011: R3.6 million). The analysis is performed on the same basis as 2011.

33. Financial risk management CONTINUED

33.3 Liquidity risk

Liquidity risk is the risk that the JSE will be unable to meet its short-term funding requirements. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

This risk is managed by the JSE by maintaining the members' funds and the JSE's own funds in current and call accounts. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following table analyses the terms of receipt of financial assets and repayment of financial liabilities existing at year-end.

	Group		
	Up to 3 months R'000	3 to 12 months R'000	1 to 5 years R'000
2012			
Financial assets	**16 347 166**	**–**	**14 005**
Other investments	**215 057**	**–**	**2**
Loan to the JSE Empowerment Fund Trust	**–**	**–**	**14 003**
Trade and other receivables (excluding payments in advance)	**118 616**	**–**	**–**
Interest receivable	**46 750**	**–**	**–**
Due from Group entities	**–**	**–**	**–**
Margin and collateral deposits	**14 837 967**	**–**	**–**
Cash and cash equivalents	**1 128 776**	**–**	**–**
Financial liabilities	**(14 997 534)**	**–**	**(24 905)**
Borrowings	**–**	**–**	**(23 715)**
Due to SAFEX members	**–**	**–**	**(1 190)**
Trade payables	**(96 481)**	**–**	**–**
Interest payable	**(63 086)**	**–**	**–**
Due to Group entities	**–**	**–**	**–**
Margin and collateral deposits	**(14 837 967)**	**–**	**–**
Net exposure	**1 349 632**	**–**	**(10 900)**
2011			
Financial assets	16 473 886	499	2
Other investments	169 883	–	2
Trade and other receivables (excluding payments in advance)	124 060	499	–
Interest receivable	54 078	–	–
Due from Group entities	–	–	–
Margin and collateral deposits	15 084 776	–	–
Cash and cash equivalents	1 041 089	–	–
Financial liabilities	(15 302 543)	–	(27 905)
Borrowings	–	–	(26 770)
Due to SAFEX members	–	–	(1 135)
Trade payables	(147 906)	–	–
Interest payable	(69 861)	–	–
Due to Group entities	–	–	–
Margin and collateral deposits	(15 084 776)	–	–
Net exposure	1 171 343	499	(27 903)

	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
	1 192 390	**–**	**14 005**	**324 426**	**–**	**–**
	–	**–**	**2**	**215 057**	**–**	**–**
	–	**–**	**14 003**	**–**	**–**	**–**
	112 568	**–**	**–**	**2**	**–**	**–**
	2 034	**–**	**–**	**401**	**–**	**–**
	11 946	**–**	**–**	**–**	**–**	**–**
	75 733	**–**	**–**	**–**	**–**	**–**
	990 109	**–**	**–**	**108 966**	**–**	**–**
	(170 422)	**–**	**(1 190)**	**(1 144)**	**–**	**–**
	–	**–**	**–**	**–**	**–**	**–**
	–	**–**	**(1 190)**	**–**	**–**	**–**
	(94 206)	**–**	**–**	**(914)**	**–**	**–**
	(180)	**–**	**–**	**–**	**–**	**–**
	(303)	**–**	**–**	**(230)**	**–**	**–**
	(75 733)	**–**	**–**	**–**	**–**	**–**
	1 021 968	**–**	**12 815**	**323 282**	**–**	**–**
	1 013 463	499	2	280 468	–	–
	–	–	2	169 883	–	–
	117 175	499	–	–	–	–
	2 172	–	–	409	–	–
	6 333	–	–	–	–	–
	17 868	–	–	–	–	–
	869 915	–	–	110 176	–	–
	(128 703)	(400)	(1 135)	(335)	–	–
	–	–	–	–	–	–
	–	–	(1 135)	–	–	–
	(110 598)	–	–	(594)	–	–
	(237)	–	–	–	–	–
	–	(400)	–	259	–	–
	(17 868)	–	–	–	–	–
	884 760	99	(1 133)	280 133	–	–

33. Financial risk management CONTINUED

33.4 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. Credit risk arises from cash and cash equivalents, margin and collateral deposits, trade and other receivables (excluding payments in advance), derivatives, 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 F1 (A1) and F1+ (A1+) rated banking institutions, with no concentration of funds in one specific banking institution. Segregation of duties, multiple signatories, third-party confirmation of investments and monitoring of compliance with investment mandates are applied 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 JSE is exposed to credit losses in the event of default by a clearing member. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. 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, ageing profile, maturity and existence of previous financial difficulties.

33.5 Capital risk

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 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 22). In order to maintain or adjust the level of capital, the Group may issue new shares, adjust the amount of dividends paid to shareholders or return capital to shareholders. In addition, the Board of directors monitors the return on capital, which the Group defines as the result from operating activities divided by total shareholders' equity. The JSE Board also monitors the level of dividends declared to ordinary shareholders.

The Group considers capital risk to reside in three main areas:
- settlement guarantee;
- operating costs; 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 F1 (A1) and F1+ (A1+) rated institutions, with a view to maximise interest received without exposing the JSE to risks higher than the JSE Trustees' funds.

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.

34. Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are measured by level in terms of 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.

	Note	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
2012					
Assets					
Other investments					
– Equity securities (available-for-sale)	16.1/2	**149 227**	**47 976**	**–**	**197 203**
– Debt investments (available-for-sale)	16.1/2	**17 854**	**–**	**–**	**17 854**
Total assets		**167 081**	**47 976**	**–**	**215 057**
2011					
Assets					
Other investments					
– Equity securities (available-for-sale)	16.1/2	116 685	38 025	–	154 710
– Debt investments (available-for-sale)	16.1/2	15 173	–	–	15 173
Derivative instruments (fair value through profit or loss)	17	–	625	–	625
Total assets		131 858	38 650	–	170 508

The fair value of financial instruments traded in active markets is based on quoted market prices, which represent actual and regularly occurring market transactions on an arm's length basis, 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 and are regularly occurring transactions. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily FTSE 100 equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For all other financial assets and liabilities the carrying value approximates the fair value.

35. Funds under management

35.1 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 their clients. JSE Trustees charges an administration fee for this service.

	Year ended 31 December 2012 R'000	Year ended 31 December 2011 R'000
Assets under administration		
Interest receivable	**91 532**	87 444
Fixed deposits	**14 727 000**	13 277 000
Current and call accounts	**10 881 309**	10 465 380
Total assets under administration	**25 699 841**	23 829 824

In terms of rule 2.100.7 of the JSE Rules, the 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, whilst 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 F1 (A1) and F1+ (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 (2011: 40) days.

35.2 Total assets under management on the Nautilus Managed Account Platform

Nautilus MAP Proprietary Limited provides a legal structure allowing investors to pool their assets with other investors and invest into a number of trading portfolios which are set up as separate legal entities that are legally separated from the trading advisor and one another. Nautilus MAP Proprietary Limited houses these partnerships and fund of funds portfolios. The entity issues notes to institutional and retail investors in return for proceeds. The proceeds of such notes are invested into a number of MAP Partnerships.

As at 31 December 2012 the combined assets under management on the Nautilus MAP platform was R3.5 billion (2011: R2.5 billion).

Liquidity risk is managed by instituting limits on fund managers when investing in less liquid stocks; which means that in an ordinary trading environment it is unlikely that a redemption will not be facilitated. In the event that the unwinding of positions will result in a significant loss for all investors in the fund a consultative process is employed to determine whether the redemption period may be extended or whether the investor would prefer their redemption in-specie rather than cash.

Credit risk is mitigated by Nautilus MAP Operations Proprietary Limited in only taking counterparty risk to entities who are required by an independent regulatory body to hold capital against over-the-counter products which are not traded or regulated on an exchange for example banks and insurance companies.

SHAREHOLDER INFORMATION

Shareholder diary

Financial year-end	31 December 2012
Summarised annual financial statements released on SENS	12 March 2013
Publication and posting of integrated annual report	27–28 March 2013
Annual general meeting	17:00; 25 April 2013
Dividends payable (if applicable)	Refer to 12 March SENS
Summarised interim report for the six months ended 30 June 2013 released on SENS	13 August 2013
Publication and posting of Interim report for the six months ended 30 June 2013	Approximately in the week of 19 August 2013

The JSE Limited has a primary listing on the Johannesburg Stock Exchange and no other listing.

Shareholder bands

	Number of shareholders	%	Number of shares	% of shares in issue
1–5 000	3 436	85.9	2 494 176	2.9
5 001–10 000	193	4.8	1 555 216	1.8
10 001–50 000	198	4.9	4 721 240	5.4
50 001–100 000*	66	1.6	4 809 445	5.5
100 001–1 000 000	89	2.2	26 367 994	30.4
Greater than 1 000 000	19	0.5	45 770 021	52.7
Treasury shares – JSE 2010 LTIS Trust	1	0.0	1 159 508	1.3
Total	4 002	100	86 877 600	100

Shareholder spread

	Number	Shareholding	%
Public shareholders	3 927	85 564 787	98.5
Non-public shareholders	75	1 312 813	1.5
Directors	6	53 600	0.1
Prescribed officers (executive management)	4	8 068	0.0
Employee share scheme	64	91 637	0.1
JSE 2010 LTIS Trust – allocation 1+2+3	1	1 159 508	1.3
Total	4 002	86 877 600	100.00

Name of beneficial shareholders holding in excess of 5%*	Shares held	% held
Government Employees Pension Fund	11 001 730	12.66
Skagen Kon-Tiki Verdipapirfond	6 464 519	7.44
Aberdeen global emerging markets smaller companies	4 523 049	5.21

**To the best of their ability, the directors have identified the above disclosed beneficial shareholder groups, in accordance with section 56 of the Companies Act, No. 71 of 2008.*

Name of fund manager holding more than 5%	Shares 28/12/2011	% 28/12/2011
Fidelity Management & Research Company	6 529 552	7.52
Skagen AS	6 464 519	7.44
Public Investment Corporation Limited	5 526 153	6.36
Kagiso Asset Management Proprietary Limited	5 397 908	6.21
Aberdeen Asset Managers Limited	5 165 054	5.95

CORPORATE INFORMATION

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

www.jse.co.za