

## ABOUT THE JSE

### What is the JSE?

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

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

### Resilience and Sustainability – How we look at our business



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

The JSE recognises that it is uniquely positioned:

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


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

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

- **The JSE business is operated in a manner that tries to balance the interests of all stakeholders**, hence:
  - the JSE does not try to maximise prices to clients, dividends to shareholders or rewards to staff, but strives to find a fair balance for and between all of these. The JSE invests in people and technology in a way that will ensure that more can be offered to clients over time while sustaining the robustness and trustworthiness of fairly priced products and services.

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

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

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

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

### JSE staff long service

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

