CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

		Group		Company	
	Notes	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Revenue	7.1	**2 133 548**	1 778 629	**2 168 312**	1 801 576
Other income	7.2	**145 887**	61 240	**148 849**	83 576
Personnel expenses	8.1	**(495 759)**	(466 786)	**(491 335)**	(462 885)
Other expenses	8.2	**(760 920)**	(669 290)	**(731 295)**	(642 335)
Profit from operating activities		**1 022 756**	703 793	**1 094 531**	779 932
Finance income	8.3	**2 133 136**	1 539 449	**127 919**	89 718
Finance costs	8.4	**(1 967 342)**	(1 412 589)	**(29 736)**	(15 576)
Net finance income		**165 794**	126 860	**98 183**	74 142
Share of profit of equity-accounted investee (net of income tax)	13.2	**46 568**	36 955	**–**	–
Profit before income tax		**1 235 118**	867 608	**1 192 714**	854 074
Income tax expense	9.1	**(335 640)**	(233 269)	**(335 099)**	(232 518)
Profit for the year		**899 478**	634 339	**857 615**	621 556
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Net change in fair value of available-for-sale financial assets		**24 191**	27 143	**–**	–
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**(20 644)**	(6 379)	**–**	–
Income tax on other comprehensive income	9.4	**–**	–	**–**	–
Other comprehensive income for the year, net of income tax		**3 547**	20 764	**–**	–
Total comprehensive income for the year		**903 025**	655 103	**857 615**	621 556
Earnings per share					
Basic earnings per share (cents)	10.1	**1 051.0**	742.4	**1 002.1**	727.5
Diluted earnings per share (cents)	10.2	**1 040.3**	734.1	**991.9**	719.3
Other earnings					
Headline earnings per share (cents)	10.3	**1 026.3**	735.0	**1 001.5**	727.5
Diluted headline earnings per share (cents)	10.4	**1 015.8**	726.8	**991.2**	719.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		Group		Company	
	Notes	2015 R'000	2014 R'000	2015 R'000	2014 R'000
ASSETS					
Non-current assets		**1 115 895**	969 883	**738 720**	626 420
Property and equipment	11.3	**165 073**	161 836	**165 073**	161 836
Intangible assets	12.3/6	**358 700**	283 111	**332 803**	256 273
Investment in equity-accounted investee	13.1	**187 030**	159 284	**21 416**	21 416
Investments in subsidiaries	14.1	**–**	–	**104 352**	104 352
Other investments	15	**312 564**	292 750	**1**	1
Due from Group entity	14.3	**–**	–	**22 547**	9 640
Loan to the JSE Empowerment Fund Trust	16	**25 271**	13 924	**25 271**	13 924
Deferred taxation	23.1/3	**67 257**	58 978	**67 257**	58 978
Current assets		**37 462 906**	28 241 085	**2 474 289**	2 210 509
Trade and other receivables	17	**466 930**	336 546	**269 430**	193 037
Income tax receivable		**594**	605	**–**	–
Due from Group entities	14.4	**–**	–	**51 930**	39 161
JSE Clear Derivatives Default Fund collateral deposit	18.3	**500 000**	500 000	**100 000**	100 000
Margin deposits	18.1	**34 447 066**	25 676 434	**175 616**	307 606
Collateral deposits	18.2	**140 687**	96 262	**140 687**	96 262
Cash and cash equivalents	19	**1 907 629**	1 631 238	**1 736 626**	1 474 443
Total assets		**38 578 801**	29 210 968	**3 213 009**	2 836 929
EQUITY AND LIABILITIES					
Total equity	20.3	**2 956 152**	2 473 994	**2 413 137**	1 976 389
Share capital		**8 553**	8 541	**8 553**	8 541
Share premium		**57 954**	63 348	**57 954**	63 348
Reserves		**478 360**	449 488	**44 968**	43 937
Retained earnings		**2 411 285**	1 952 617	**2 301 662**	1 860 563
Non-current liabilities		**126 464**	120 522	**160 907**	152 318
Borrowings	21	**–**	13 977	**–**	–
Employee benefits	22.1	**10 845**	5 761	**10 845**	5 761
Due to Safex members	25	**1 347**	1 347	**1 347**	1 347
Deferred taxation	23.1/3	**13 620**	9 077	**13 226**	8 493
Operating lease liability	30.2	**87 435**	74 358	**87 435**	74 358
Deferred income	28	**13 217**	16 002	**48 054**	62 359
Current liabilities		**35 496 185**	26 616 452	**638 965**	708 222
Trade and other payables	24	**339 561**	295 200	**153 791**	155 798
Income tax payable		**32 713**	32 377	**32 713**	32 377
Employee benefits	22.1	**136 158**	116 179	**136 158**	116 179
JSE Clear Derivatives Default Fund collateral contribution	18.3	**400 000**	400 000	**–**	–
Margin deposits	18.1	**34 447 066**	25 676 434	**175 616**	307 606
Collateral deposits	18.2	**140 687**	96 262	**140 687**	96 262
Total equity and liabilities		**38 578 801**	29 210 968	**3 213 009**	2 836 929

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

Group	Share capital R'000	Share premium R'000	Total share capital R'000	NDR R'000	Share-based payments reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2014	8 533	84 671	93 204	386 335	44 740	431 075	1 664 187	2 188 466
Profit for the year	–	–	–	–	–	–	634 339	634 339
Other comprehensive income	–	–	–	20 764	–	20 764	–	20 764
Total comprehensive income for the year	–	–	–	20 764	–	20 764	634 339	655 103
LTIS Allocation 1 – shares vested	35	11 365	11 400	–	(11 400)	(11 400)	–	–
LTIS Allocation 2 – shares vested	16	10 442	10 458	–	(10 458)	(10 458)	–	–
Distribution from the BESA Guarantee Fund Trust[1]	–	–	–	(3 280)	–	(3 280)	3 280	–
Dividends paid to owners	–	–	–	–	–	–	(347 457)	(347 457)
Equity-settled share-based payments	–	–	–	–	21 055	21 055	–	21 055
Reserves arising on acquisition of Strate (Pty) Limited transferred	–	–	–	(10 058)	–	(10 058)	10 058	–
Transfer of profit from investor protection funds	–	–	–	11 790	–	11 790	(11 790)	–
Treasury shares	(43)	(42 974)	(43 017)	–	–	–	–	(43 017)
Treasury shares – share issue costs	–	(156)	(156)	–	–	–	–	(156)
Total contributions by and distributions to owners of the Company recognised directly in equity	8	(21 323)	(21 315)	(1 548)	(803)	(2 351)	(345 909)	(369 575)
Balance at 31 December 2014	**8 541**	**63 348**	**71 889**	**405 551**	**43 937**	**449 488**	**1 952 617**	**2 473 994**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**899 478**	**899 478**
Other comprehensive income	**–**	**–**	**–**	**3 547**	**–**	**3 547**	**–**	**3 547**
Total comprehensive income for the year	**–**	**–**	**–**	**3 547**	**–**	**3 547**	**899 478**	**903 025**
LTIS Allocation 2 – shares vested	**16**	**8 441**	**8 457**	**–**	**(8 457)**	**(8 457)**	**–**	**–**
LTIS Allocation 3 – shares vested	**15**	**12 162**	**12 177**	**–**	**(12 177)**	**(12 177)**	**–**	**–**
Distribution from the BESA Guarantee Fund Trust[1]	**–**	**–**	**–**	**(3 591)**	**–**	**(3 591)**	**3 591**	**–**
Dividends paid to owners	**–**	**–**	**–**	**–**	**–**	**–**	**(416 516)**	**(416 516)**
Equity-settled share-based payments	**–**	**–**	**–**	**–**	**21 665**	**21 665**	**–**	**21 665**
Transfer of profit from investor protection funds	**–**	**–**	**–**	**27 885**	**–**	**27 885**	**(27 885)**	**–**
Treasury shares	**(19)**	**(25 783)**	**(25 802)**	**–**	**–**	**–**	**–**	**(25 802)**
Treasury shares – share issue costs	**–**	**(214)**	**(214)**	**–**	**–**	**–**	**–**	**(214)**
Total contributions by and distributions to owners of the Company recognised directly in equity	**12**	**(5 394)**	**(5 382)**	**24 294**	**1 031**	**25 325**	**(440 810)**	**(420 867)**
Balance at 31 December 2015	**8 553**	**57 954**	**66 507**	**433 392**	**44 968**	**478 360**	**2 411 285**	**2 956 152**
Note	20.3	20.3		20.3	20.3		20.3	

[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, R3.6m (December 2014: R3.3m) before intercompany adjustments was transferred to the JSE Limited for the defrayment of market regulatory expenditure.*

Company	Notes	Share capital R'000	Share premium R'000	Total share capital R'000	NDR R'000	Share-based payments reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2014		8 533	84 671	93 204	–	44 740	44 740	1 586 464	1 724 408
Profit for the year		–	–	–	–	–	–	621 556	621 556
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income for the year		–	–	–	–	–	–	621 556	621 556
LTIS Allocation 1 – shares vested	22.6	35	11 365	11 400	–	(11 400)	(11 400)	–	–
LTIS Allocation 2 – shares vested	22.6	16	10 442	10 458	–	(10 458)	(10 458)	–	–
Dividends paid to owners	20.4	–	–	–	–	–	–	(347 457)	(347 457)
Equity-settled share-based payments	22.6	–	–	–	–	21 055	21 055	–	21 055
Treasury shares		(43)	(42 974)	(43 017)	–	–	–	–	(43 017)
Treasury shares – share issue costs		–	(156)	(156)	–	–	–	–	(156)
Total contributions by and distributions to owners of the Company recognised directly in equity		8	(21 323)	(21 315)	–	(803)	(803)	(347 457)	(369 575)
Balance at 31 December 2014		**8 541**	**63 348**	**71 889**	**–**	**43 937**	**43 937**	**1 860 563**	**1 976 389**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**857 615**	**857 615**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**857 615**	**857 615**
LTIS Allocation 2 – shares vested	22.6	**16**	**8 441**	**8 457**	**–**	**(8 457)**	**(8 457)**	**–**	**–**
LTIS Allocation 3 – shares vested	22.6	**15**	**12 162**	**12 177**	**–**	**(12 177)**	**(12 177)**	**–**	**–**
Dividends paid to owners	20.4	**–**	**–**	**–**	**–**	**–**	**–**	**(416 516)**	**(416 516)**
Equity-settled share-based payments	22.6	**–**	**–**	**–**	**–**	**21 665**	**21 665**	**–**	**21 665**
Treasury shares		**(19)**	**(25 783)**	**(25 802)**	**–**	**–**	**–**	**–**	**(25 802)**
Treasury shares – share issue costs		**–**	**(214)**	**(214)**	**–**	**–**	**–**	**–**	**(214)**
Total contributions by and distributions to owners of the Company recognised directly in equity		**12**	**(5 394)**	**(5 382)**	**–**	**1 031**	**1 031**	**(416 516)**	**(420 867)**
Balance at 31 December 2015		**8 553**	**57 954**	**66 507**	**–**	**44 968**	**44 968**	**2 301 662**	**2 413 137**
Note		20.3	20.3		20.3	20.3		20.3	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

		Group		Company	
	Notes	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Cash flows from operating activities					
Cash generated by operations	26.1	**1 058 178**	850 171	**1 105 322**	874 712
Interest received		**2 081 875**	1 477 111	**126 445**	87 088
Interest paid		**(1 919 176)**	(1 358 914)	**(28 962)**	(12 207)
Dividends received		**6 455**	5 001	**–**	–
Taxation paid	26.2	**(339 029)**	(204 866)	**(338 309)**	(204 062)
Net cash generated by operating activities		**888 303**	768 503	**864 496**	745 531
Cash flows from investing activities					
Proceeds on sale of other investments		**74 090**	35 284	**–**	–
Acquisition of other investments		**(69 712)**	(51 533)	**–**	–
Contributions for JSE Clear Derivatives Default Fund		**–**	16 870	**–**	–
Dividends from equity-accounted investee		**18 823**	19 779	**18 823**	19 779
Proceeds from disposal of property and equipment		**759**	295	**759**	295
Leasehold improvements		**(893)**	(6 370)	**(893)**	(6 370)
Acquisition of intangible assets		**(123 594)**	(65 741)	**(123 594)**	(64 692)
Acquisition of property and equipment		**(54 875)**	(59 093)	**(54 875)**	(59 093)
Net cash used in investing activities		**(155 402)**	(110 509)	**(159 780)**	(110 081)
Cash flows from financing activities					
Proceeds from sale of treasury shares		**13 969**	–	**13 969**	–
Contributions paid to JSE Clear Derivatives Default Fund		**–**	(10 000)	**–**	–
Loan repaid		**(13 977)**	(5 078)	**–**	–
Acquisition of treasury shares		**(39 986)**	(43 173)	**(39 986)**	(43 173)
Dividends paid		**(416 516)**	(347 457)	**(416 516)**	(347 457)
Net cash used in financing activities		**(456 510)**	(405 708)	**(442 533)**	(390 630)
Net increase in cash and cash equivalents		**276 391**	252 286	**262 183**	244 820
Cash and cash equivalents at 1 January		**1 631 238**	1 378 952	**1 474 443**	1 229 623
Cash and cash equivalents at 31 December 2015	19	**1 907 629**	1 631 238	**1 736 626**	1 474 443

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. Reporting entity

JSE Limited (the "JSE" or the "Company") 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 Financial Markets Act, 19 of 2012. The JSE has the following main lines of business: primary market services, trading, clearing and settlement services and market data 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 2015 comprise the Company and its subsidiaries and controlled structured entities (collectively referred to as the "Group" and individually as "Group entities") and reflect 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 Company have been prepared in accordance with International Financial Reporting Standards (IFRSs), the SAICA financial reporting guides as issued by the Accounting Practice Commitee, the Financial 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 25 February 2016.

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:

- Available-for-sale financial assets; and
- Shared-based payment transactions.

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 that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.5 and 11 — property and equipment
- Note 3.6 and 12 — intangible assets
- Note 32 — fair value estimation
- Note 22 — employee benefits
- Notes 22.5 and 22.6 — measurement of share-based payments
- Note 30.1 — contingent liabilities
- Note 30.2 — lease classifications

2.5 Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

3. Significant accounting policies

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group financial statements incorporate the assets, liabilities and results of the operations of JSE Clear (Pty) Limited, JSE Clear Derivatives Default Fund (Pty) Limited, the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust, JSE Trustees (Pty) Limited, BESA Guarantee Fund Trust, Nautilus MAP Holdings (Pty) Limited and Nautilus MAP Operations (Pty) 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.

BESA Limited, BESA Investments (Pty) Limited and BondClear Limited are dormant and are in the process of deregistration.

(ii) Structured entities

The JSE Guarantee Fund Trust, the JSE Derivatives Fidelity Fund Trust and the BESA Guarantee Fund Trust are trusts established in terms of the Trust Property Control Act, No. 57 of 1988 and are collectively referred to as Investor Protection Funds. These Investor Protection Funds have been established in consonance with the statutory obligations imposed on the JSE, as a licensed exchange, by the peremptory provisions of section 8(1)(h) of the Financial Markets Act, No. 19 of 2012 that state that a licensed exchange must have a guarantee, compensation fund or warranty in place to enable it to provide compensation to clients, subject to the exchange rules. The funds and assets of these trusts are segregated from the assets of the JSE but the JSE, by virtue of its role as trustee and custodian of these funds, has to consolidate the results of these funds in its Annual Financial Statements. The JSE's control as custodian and trustee of the assets of these Funds is exercised within the ambit of the JSE's powers as trustee, as defined in the trust deeds and rules of these Funds.

(iii) 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 investment in Strate (Pty) Limited. In applying the equity method, account is taken of the Group's share of the income and expenses and other comprehensive income of the equity-accounted investee from the effective date on which the enterprise became an associate until significant influence ceases. The share of the associated company's 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.

3.2 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.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated to South African rand at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated 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.

3.4 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade receivables, interest receivable, a 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, amounts due to Safex members and JSE Clear Derivatives Default Fund (Pty) Limited.

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 financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. 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.

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 monetary items such as debt securities and 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 15 (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, a loan to the JSE Empowerment Fund Trust, JSE Clear Derivatives Default Fund (Pty) Limited contribution, 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call and term 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.

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.

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 subsequently sold or reissued, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3.5 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 less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life 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 to 10 years
• Vehicles	5 years
• Furniture and equipment	3 to 15 years
• Finance 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.

3.6 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. 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.

As such, goodwill is 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 technology. 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 goods and services. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

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

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates 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 to 10 years
- Customer relationships — 6 to 10 years
- Capitalised development costs — 3 to 10 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.

3.7 Leases

Finance leases

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 are 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 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.

3.8 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 are largely 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 unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses 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.

3.9 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

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

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.

3.10 Revenue

Revenue comprises equity market fees, equity derivative fees, currency derivative fees, interest rate market fees, commodity derivatives fees, primary market fees, post-trade services, market data fees, trading services, back office services, funds under management, membership fees and Strate ad valorem fees. Revenue is recognised in the year to which the service relates.

3.11 Other income

Other income comprises rental income, net foreign exchange gains, dividend income, profit on sale of financial assets 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 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 structured entities

Funds from the JSE Guarantee Fund Trust approved for distribution by the Financial Services Board, in previous financial years, for the data centre and disaster recovery 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 lives of the related assets.

3.12 Finance income and expenses

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

Finance expenses comprise finance charges and the 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.

3.13 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 they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is 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

Dividend 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.

3.14 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 held as part of the long-term incentive scheme.

3.15 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 the International Accounting Standards Board (IASB) prior to the publication of these financial statements, but are effective only in future accounting periods, as listed below:

IFRS 9 – Financial Instruments – effective date: 1 January 2018

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 after the date the statement comes into effect. The Group does not expect a significant impact from the adoption of this statement.

IFRS 15 Revenue from Contracts with Customers – effective date: 1 January 2018

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The Group does not expect a significant impact from the adoption of this statement.

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 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 agreed principle 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.

5.2 Share-based payment transactions

The fair values of the shares granted to employees in terms of the LTIS 2010 incentive scheme are measured using the Black-Scholes model. Measurement inputs include the share price on measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility, adjusted for changes expected owing to publicly available information), the 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 segment

Reorganisation of operating segments

During the period under review and following the organisational restructure in 2014, management refined the manner in which operational segments are reported. In order to align to the internal reporting structure of the Group, several changes have been made to the disclosure of operating segments.

The most significant changes are as follows:

- previously disclosed as 'Cash equities' have now been split into individual segments: namely Back-Office Services (BDA), Equity Market fees, Primary Market fees (which represent/comprise listing fees for the Equity Market products) [2015: R145m; 2014: R115m], membership fees and Post-Trade Services.
- previously disclosed as 'Equity and currency derivatives' have now been split into individual segments, namely equity derivative fees and currency derivative fees.
- previously disclosed as 'Interest Rate Market' have now been split into individual segments: namely Interest Rate Market fees and Primary Market fees (which reflect listing fees for the Interest Rate Market products) [2015: R19m; 2014: R16m].
- previously disclosed as 'Other' have been separately disclosed into individual segments of funds under management and Strate ad valorem fees related to the Cash Equities Market.

In addition to the changes detailed above, comparatives have been restated and operating segments have been grouped into the following operational divisions:

- Capital Markets
- Post-trade and Information Services
- Trading and Market Services

Operating segments have been disclosed in note 7.1

For the year ended 31 December 2015

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
7. Operating segments, revenue and other income					
7.1 Revenue comprises:					
Capital Markets					
Equity Market fees		**501 190**	402 292	**501 190**	402 292
Equity derivatives fees		**173 434**	147 078	**173 434**	147 078
Currency derivatives fees		**34 009**	23 392	**34 009**	23 392
Interest Rate Market fees		**50 240**	43 810	**53 390**	46 688
Commodity derivatives fees		**73 069**	55 191	**73 069**	55 191
Primary Market fees		**160 644**	134 213	**160 644**	134 213
Post-Trade and Information Services					
Post-Trade Services		**356 677**	299 265	**356 677**	299 265
Market Data fees		**244 937**	203 852	**244 937**	203 852
Trading and Market Services					
Back-Office Services (BDA)		**310 717**	268 096	**310 717**	268 096
Funds under management		**86 415**	76 186	**118 029**	96 255
Trading Services		**19 944**	24 153	**19 944**	24 153
Total revenue excluding Strate ad valorem fees		**2 011 276**	**1 677 528**	**2 046 040**	**1 700 475**
Strate ad valorem fees – cash equities		**122 272**	101 101	**122 272**	101 101
		2 133 548	1 778 629	**2 168 312**	1 801 576
7.2 Other income comprises:					
Recognised in profit or loss					
Investor protection funds		**27 423**	12 045	–	–
– Contributions to BESA Guarantee Fund Trust		**324**	665	–	–
– Dividend income		**6 455**	5 001	–	–
– Net realised gain on disposal of available-for-sale financial assets		**20 644**	6 379	–	–
Dividends received		–	–	**18 823**	19 779
Net foreign exchange gain		**82 512**	18 557	**82 512**	18 557
Income recognised from deferred income (data centre and disaster recovery)		–	–	**11 520**	14 470
Investor Protection Levy		**26 207**	22 324	**26 207**	22 324
Rental income		**2 312**	2 740	**2 312**	2 740
Sundry income		**7 433**	5 574	**7 475**	5 706
		145 887	61 240	**148 849**	83 576

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000

8. Profit before taxation comprises:

8.1 Personnel expenses

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Remuneration paid to employees		**417 613**	391 013	**413 802**	387 252
Fixed-term contractors		**17 544**	21 247	**17 544**	21 247
Contribution to defined contribution plans		**14 598**	13 958	**14 441**	13 818
Directors' emoluments		**33 336**	28 820	**33 336**	28 820
– Executive directors	27.1	**26 704**	22 272	**26 704**	22 272
– Non-executive directors	27.3	**6 632**	6 548	**6 632**	6 548
Long-term incentive schemes		**30 295**	22 070	**29 839**	22 070
– Deferred cash bonus 2009 charge		**–**	1 015	**–**	1 015
– JSE LTIS 2010		**30 295**	21 055	**29 839**	21 055
Gross personnel expenses		**513 386**	477 108	**508 962**	473 207
Less: Capitalised to intangible assets		**(17 627)**	(10 322)	**(17 627)**	(10 322)
		495 759	466 786	**491 335**	462 885

8.2 Other expenses

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Amortisation of intangible assets		**48 005**	40 524	**47 064**	39 582
Auditor's remuneration		**5 000**	4 611	**3 895**	3 551
– Audit fee		**4 265**	4 163	**3 276**	3 103
– Fees for other assurance services		**318**	22	**318**	22
– Fees for other services		**417**	426	**301**	426
Consulting fees		**21 523**	26 407	**21 523**	26 284
Depreciation		**51 974**	58 599	**51 974**	58 599
– Computer hardware		**29 817**	37 225	**29 817**	37 225
– Furniture and equipment		**2 960**	2 426	**2 960**	2 426
– Leased assets		**9 492**	9 309	**9 492**	9 309
– Leasehold improvements		**9 697**	9 631	**9 697**	9 631
– Vehicles		**8**	8	**8**	8
Impairment of trade receivables		**715**	431	**715**	431
Investor Protection Levy		**26 207**	22 324	**26 207**	22 324
Operating lease charges		**60 987**	61 608	**60 987**	61 608
– Building		**60 928**	61 608	**60 928**	61 608
– Equipment		**59**	–	**59**	–
Strate ad valorem fees		**134 112**	110 857	**134 112**	110 857
Other expenses		**177 817**	141 842	**150 918**	118 055
Technology costs		**234 580**	202 087	**233 900**	201 044
		760 920	669 290	**731 295**	642 335

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
8. Profit before taxation comprises: (continued)				
8.3 Finance income				
Investor Protection Funds	**8 159**	7 455	**–**	–
Finance income earned on collateral deposits	**6 385**	4 435	**6 385**	4 435
Finance income earned on margin deposits	**1 993 556**	1 426 654	**29 064**	13 840
– Derivatives	**1 964 492**	1 412 813	**–**	–
– Equities	**29 064**	13 841	**29 064**	13 840
Finance income earned on all funds excluding collateral and margin deposits	**125 036**	100 905	**92 470**	71 443
	2 133 136	1 539 449	**127 919**	89 718
8.4 Finance costs				
Finance costs on all funds excluding collateral and margin deposits	**32 607**	31 349	**913**	1 510
Finance costs on collateral deposits	**628**	407	**628**	407
Finance costs on margin deposits	**1 934 107**	1 380 833	**28 195**	13 659
– Derivatives	**1 905 912**	1 367 174	**–**	–
– Equities	**28 195**	13 659	**28 195**	13 659
	1 967 342	1 412 589	**29 736**	15 576

	Group		Company	
	2015	2014	**2015**	2014
	R'000	R'000	**R'000**	R'000

9. Income tax expenses

9.1 Taxation

Current tax expense				
– Current year	**339 376**	253 746	**338 645**	252 805
Deferred tax asset				
– Reversal of deductible temporary differences	**(8 279)**	(17 486)	**(8 279)**	(17 486)
Deferred tax liability				
– Origination of taxable temporary differences	**4 543**	(2 991)	**4 733**	(2 801)
	335 640	233 269	**335 099**	232 518

9.2 Reconciliation of effective tax rate

	%	%	**%**	%
Current tax rate	**28**	28	**28**	28
Adjusted for:				
– Non-taxable income	**–**	–	**(0.02)**	(0.02)
– Adjustment for prior periods	**–**	0.16	**–**	0.01
– Non-deductible expenses	**0.05**	0.02	**0.05**	0.02
– Share of profit of equity-accounted investees	**(1.05)**	(1)	**–**	–
Net effective tax rate	**27**	27	**28**	28

9.3 The Group's consolidated effective tax rate for the year ended 31 December 2015 was 27% (2014: 27%).

9.4 The following tax rates are applicable to the various entities in the Group:

JSE Limited	28% (2014: 28%)
JSE Clear (Pty) Limited	28% (2014: 28%)
JSE Clear Derivatives Default Fund (Pty) Limited	28% (2014: 28%)
Strate (Pty) Limited	28% (2014: 28%)
Nautilus MAP Holdings (Pty) Limited	28% (2014: 28%)
Nautilus MAP Operations (Pty) Limited	28% (2014: 28%)
JSE Trustees (Pty) Limited	28% (2014: 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 Guarantee Fund Trust	Exempt from income tax in terms of s10(1)(d)(iii) of the Income Tax Act No 58 of 1962

For the year ended 31 December 2015

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
10. Earnings and headline earnings per share				
10.1 Basic earnings per share				
Profit for the year attributable to ordinary shareholders	**899 478**	634 339	**857 615**	621 556
Weighted average number of ordinary shares:				
Issued ordinary shares at 1 January	**86 877 600**	86 877 600	**86 877 600**	86 877 600
Effect of own shares held (JSE LTIS 2010)	**(1 297 984)**	(1 435 563)	**(1 297 984)**	(1 435 563)
Weighted average number of ordinary shares at 31 December	**85 579 616**	85 442 037	**85 579 616**	85 442 037
Basic earnings per share (cents)	**1 051.0**	742.4	**1 002.1**	727.5
10.2 Diluted earnings per share				
Profit for the year attributable to ordinary shareholders	**899 478**	634 339	**857 615**	621 556
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December (basic)	**85 579 616**	85 442 037	**85 579 616**	85 442 037
Effect of LTIS share scheme	**885 896**	965 962	**885 896**	965 962
Weighted average number of ordinary shares (diluted)	**86 465 512**	86 407 999	**86 465 512**	86 407 999
Diluted earnings per share (cents)	**1 040.3**	734.1	**991.9**	719.3
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.				
10.3 Headline earnings per share				
Reconciliation of headline earnings:				
Profit for the year attributable to ordinary shareholders	**899 478**	634 339	**857 615**	621 556
Adjustments are made to the following:				
(Profit) or loss on disposal of property and equipment	**(536)**	37	**(536)**	37
– Gross amount	**(745)**	51	**(745)**	51
– Taxation effect	**209**	(14)	**209**	(14)
Net realised gain on disposal of available-for-sale financial assets (no taxation effect)	**(20 644)**	(6 379)	**–**	–
Headline earnings	**878 298**	627 997	**857 079**	621 593
Headline earnings per share (cents)	**1 026.3**	735.0	**1 001.5**	727.5
10.4 Diluted headline earnings per share				
Diluted headline earnings per share (cents)	**1 015.8**	734.1	**991.2**	719.3

11. Property and equipment

	Notes	Computer hardware R'000	Furniture and equipment R'000	Leasehold improvements R'000	Vehicles R'000	Total owned assets R'000	Finance lease assets R'000	Total assets R'000
11.1 Cost								
Group and Company								
2015								
Balance at 1 January 2015		**259 877**	**41 418**	**120 468**	**202**	**421 965**	**38 147**	**460 112**
Additions		**21 363**	**8 241**	**893**	**–**	**30 497**	**–**	**30 497**
Transfer from development		**25 271**	**–**	**–**	**–**	**25 271**	**–**	**25 271**
Disposals		**(3 157)**	**(89)**	**–**	**–**	**(3 246)**	**–**	**(3 246)**
Balance at 31 December 2015		**303 354**	**49 570**	**121 361**	**202**	**474 487**	**38 147**	**512 634**
Group and Company								
2014								
Balance at 1 January 2014		212 070	41 206	114 098	202	367 576	40 332	407 908
Additions		18 339	2 448	6 370	–	27 157	–	27 157
Transfer from development		38 307	–	–	–	38 307	–	38 307
Disposals		(8 839)	(2 236)	–	–	(11 075)	(2 185)	(13 260)
Balance at 31 December 2014		259 877	41 418	120 468	202	421 965	38 147	460 112
11.2 Accumulated depreciation								
Group and Company								
2015								
Balance at 1 January 2015		**177 183**	**31 094**	**68 277**	**187**	**276 741**	**21 535**	**298 276**
Depreciation charge for the year	8.2	**29 817**	**2 960**	**9 697**	**8**	**42 482**	**9 492**	**51 974**
Disposals		**(2 689)**	**–**	**–**	**–**	**(2 689)**	**–**	**(2 689)**
Balance at 31 December 2015		**204 311**	**34 054**	**77 974**	**195**	**316 534**	**31 027**	**347 561**
Group and Company								
2014								
Balance at 1 January 2014		144 082	30 604	58 646	179	233 511	12 226	245 737
Depreciation charge for the year	8.2	37 225	2 426	9 631	8	49 290	9 309	58 599
Disposals		(4 124)	(1 936)	–	–	(6 060)	–	(6 060)
Balance at 31 December 2014		177 183	31 094	68 277	187	276 741	21 535	298 276
11.3 Carrying amounts								
Group and Company								
2015								
At 31 December 2014		82 694	10 324	52 191	15	145 224	16 612	161 836
At 31 December 2015		**99 043**	**15 516**	**43 387**	**7**	**157 953**	**7 120**	**165 073**
Group and Company								
2014								
At 31 December 2013		67 988	10 602	55 452	23	134 065	28 106	162 171
At 31 December 2014		82 694	10 324	52 191	15	145 224	16 612	161 836

For the year ended 31 December 2015

	Notes	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
12. Intangible assets							
12.1 Cost							
Group							
2015							
Balance at 1 January 2015		**107 709**	**4 078**	**2 217**	**392 109**	**437 141**	**943 254**
Additions		**–**	**–**	**–**	**11 854**	**137 011**	**148 865**
Transfer to computer software		**–**	**–**	**–**	**8 353**	**(8 353)**	**–**
Transfer to computer hardware		**–**	**–**	**–**	**–**	**(25 271)**	**(25 271)**
Balance at 31 December 2015		**107 709**	**4 078**	**2 217**	**412 316**	**540 528**	**1 066 848**
Group							
2014							
Balance at 1 January 2014		107 709	4 078	2 217	322 456	442 337	878 797
Additions		–	–	–	7 033	97 015	104 048
Transfer to computer software		–	–	–	63 746	(63 746)	–
Transfer to computer hardware		–	–	–	–	(38 307)	(38 307)
Disposals		–	–	–	(1 126)	(158)	(1 284)
Balance at 31 December 2014		107 709	4 078	2 217	392 109	437 141	943 254
12.2 Accumulated amortisation and impairment losses							
Group							
2015							
Balance at 1 January 2015		**158**	**2 380**	**1 753**	**255 655**	**400 197**	**660 143**
Amortisation for the year	8.2	**–**	**941**	**–**	**47 064**	**–**	**48 005**
Balance at 31 December 2015		**158**	**3 321**	**1 753**	**302 719**	**400 197**	**708 148**
Group							
2014							
Balance at 1 January 2014		158	1 700	1 570	215 994	400 197	619 619
Amortisation for the year		–	680	183	39 661	–	40 524
Balance at 31 December 2014		158	2 380	1 753	255 655	400 197	660 143
12.3 Carrying amounts							
Group							
2015							
At 31 December 2014		107 551	1 698	464	136 454	36 944	283 111
At 31 December 2015		**107 551**	**757**	**464**	**109 597**	**140 331**	**358 700**
Group							
2014							
At 31 December 2013		107 551	2 378	647	106 462	42 140	259 178
At 31 December 2014		107 551	1 698	464	136 454	36 944	283 111

	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
12.4 Cost					
Company					
2015					
Balance at 1 January 2015	**82 987**	**1 829**	**372 265**	**434 504**	**891 585**
Additions	**–**	**–**	**11 854**	**137 011**	**148 865**
Transfer to computer software	**–**	**–**	**8 353**	**(8 353)**	**–**
Transfer to computer hardware	**–**	**–**	**–**	**(25 271)**	**(25 271)**
Balance at 31 December 2015	**82 987**	**1 829**	**392 472**	**537 891**	**1 015 179**
Company					
2014					
Balance at 1 January 2014	82 987	1 829	300 943	442 340	828 099
Additions	–	–	5 984	97 015	102 999
Transfer to computer software	–	–	66 386	(66 386)	–
Transfer to computer hardware	–	–	–	(38 307)	(38 307)
Disposals	–	–	(1 048)	(158)	(1 206)
Balance at 31 December 2014	82 987	1 829	372 265	434 504	891 585
12.5 Accumulated amortisation and impairment losses					
Company					
2015					
Balance at 1 January 2015	**–**	**1 829**	**233 286**	**400 197**	**635 312**
Amortisation for the year	**–**	**–**	**47 064**	**–**	**47 064**
Balance at 31 December 2015	**–**	**1 829**	**280 350**	**400 197**	**682 376**
Company					
2014					
Balance at 1 January 2014	–	1 650	194 408	400 197	596 255
Amortisation for the year	–	179	39 403	–	39 582
Disposals	–	–	(525)	–	(525)
Balance at 31 December 2014	–	1 829	233 286	400 197	635 312
12.6 Carrying amounts					
Company					
2015					
At 31 December 2014	82 987	–	138 979	34 307	256 273
At 31 December 2015	**82 987**	**–**	**112 122**	**137 694**	**332 803**
Company					
2014					
At 31 December 2013	82 987	179	106 535	42 143	231 844
At 31 December 2014	82 987	–	138 979	34 307	256 273

12.7 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 in 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.

(i) Goodwill on the acquisition of BESA Limited

All BESA operations are fully integrated into the JSE. However, as the cash inflows generated have not changed, the Interest Rate Market, previously defined as a CGU, is still defined as such. All other functions relating to the Interest Rate Market (e.g. cash management and creditors) are managed centrally across the JSE, with practical difficulties in allocating the assets and liabilities related to these centralised 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 within 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 centrally, 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 (Pty) Limited

On 1 July 2011, a newly created company of the Group, Nautilus MAP Operations (Pty) Limited, acquired the business that administers the hedge fund platform of Momentum Managed Account Platform (Pty) Limited (MOMMAP), as a going concern. For the purposes of impairment testing the business of Nautilus MAP Operations (Pty) Limited was defined as a cash-generating unit (CGU). The recoverability of this cash-generating unit was based on its value in use and was determined 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 of 2015: 12.5% (2014: 14.25%), terminal growth rate of 5% (2014: 5.0%) and management's estimates of future cash flows. Five years of future cash flows have been included in the discounted cash flow model.

This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of a listed entity that has a single asset (or a portfolio of assets) similar in terms of service potential and risks to the asset under review.

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		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000

13. Investment in equity-accounted investee

13.1 Carrying amount

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Strate (Pty) Limited				
Carrying amount at beginning of year	**159 284**	142 109	**21 416**	21 416
– Dividends received	**(18 823)**	(19 779)	**–**	–
– Share of profit	**46 568**	36 955	**–**	–
Total investment in equity-accounted investee	**187 030**	159 284	**21 416**	21 416

	Strate (Pty) Limited	
	2015 R'000	2014 R'000
13.2 Group share of post-acquisition profit		
Share of opening accumulated profit	**272 539**	235 584
Share of profit after tax	**46 568**	36 955
Share of closing accumulated profit	**319 107**	272 539
13.3 Summarised financial statements at 31 December		
Non-current assets	**214 564**	208 449
Current assets	**302 556**	282 488
Total assets	**517 120**	490 937
Equity	**440 628**	376 846
Non-current liabilities	**7 453**	8 652
Current liabilities	**69 039**	105 439
Total equity and liabilities	**517 120**	490 937
Revenue	**405 048**	347 411
Other income including finance income	**17 755**	12 649
Expenses	**(277 275)**	(244 542)
Taxation	**(40 998)**	(32 473)
Profit for the year	**104 530**	83 045

	Effective holding		Number of shares held	
	2015 %	2014 %	**2015**	2014
13.4 Unlisted associated company				
Group and Company				
Strate (Pty) Limited	**44.55**	44.55	**4 346**	4 346

Strate (Pty) Limited is an authorised Central Securities Depositary (CSD) for the electronic settlement of financial instruments and is incorporated in South Africa.

	Issued share capital/trust capital	Percentage holding 2015 %	Percentage holding 2014 %	Carrying value of shares held 2015 R'000	Carrying value of shares held 2014 R'000
14. Subsidiaries – Company					
14.1 Investments in subsidiaries					
14.1.1 JSE Clear (Pty) Limited[1]					
– Ordinary shares of 12.5 cents each	**8 300**	**100**	100	**3 201**	3 201
14.1.2 JSE Clear Derivatives Default Fund (Pty) Limited[2]					
– Ordinary shares of R1 each	**1**	**100**	100	*****	*
14.1.3 JSE Trustees (Pty) Limited					
– Ordinary shares of R1 each	**7**	**100**	100	*****	*
The Group elected directors to hold shares in their capacity as nominees for the Company. The Company has control over the operating and decision-making activities of JSE Trustees (Pty) Limited.					
14.1.4 Nautilus MAP Holdings (Pty) Limited					
– 1 ordinary share of R1 each	**1**	**100**	100	*****	*
Nautilus MAP Holdings (Pty) Limited holds 100% of the ordinary shares in Nautilus MAP Operations (Pty) Limited.					
14.1.5 JSE LTIS 2010 Trust					
– Trust capital	**1 000**	**100**	100	**1**	1
14.1.6 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 (Pty) 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. All three entities are in the process of being deregistered.					
Investments in subsidiaries				**104 352**	104 352

14.1.7 Investor protection funds

In terms of section 9.1(e) of the Financial Markets Act, the JSE is required to have an investor protection mechanism in place to enable it to provide compensation to clients in certain circumstances. In compliance with this requirement, the JSE has guarantee funds (The JSE Guarantee Fund Trust and The BESA Guarantee Fund Trust) that cover the Equities and Interest Rate Markets respectively, and a fidelity fund (The JSE Derivatives Fidelity Fund Trust) that covers the derivatives markets. The three funds are housed in registered 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, the Group is required to consolidate them.

** Less than R1 000.*

[1] JSE Clear (Pty) Limited operates as the JSE's appointed clearing house in terms of the Financial Markets Act. In order to achieve recognition as a qualifying central counterparty (QCCP) under the CPSS-IOSCO provisions, clearing houses are required to establish a default fund for mutualising losses in the event of a clearing member default. JSE Clear (Pty) Limited has established such a default fund, and has been recognised by the Financial Services Board (FSB) as a QCCP with effect from January 2013.

[2] JSE Clear Derivatives Default Fund (Pty) Limited is incorporated as a private for profit company wholly owned by JSE Limited with a limited purpose of holding these funds.

14.2. Involvement with unconsolidated structured entities

The table below describes the structured entities that the Group does not consolidate but in which it holds an interest.

Name of structured entity	Nature and purpose	Interest held by the Group
The JSE Benevolent Fund	The purpose of the fund is to provide financial assistance and poverty relief for specific persons in distress, namely: stockbrokers and employees of authorised members of the JSE, as well as all full-time employees of the JSE prior to 8 November 1995 and their dependants. The assets of the fund are applied by the Board according to the applicable rules and their discretion.	This is a structured fund for which the JSE provides administrative services. In addition, the JSE does not earn any revenue in return for the provision of these services and does not provide financial support to this unconsolidated fund.
The JSE Empowerment Fund Trust	The purpose of the fund is to provide, "education and development" as contemplated in paragraph 3 of Part II of the Ninth Schedule of the Income Tax Act No 58 of 1962 by way of bursaries or financial assistance.	This is a structured fund for which the JSE provides administrative services. In addition, the JSE does not earn any revenue in return for the provision of these services to this unconsolidated fund. The JSE does not have any investments in this fund.
Nautilus MAP (Pty) Limited	The purpose of the company is to allow investors to invest into alternative assets where the operational risks are mitigated.	The provision of administrative services. The JSE holds 100% of the issued share capital at a cost of R1. The JSE does not provide financial support to this unconsolidated entity. In addition, the JSE does not earn any revenue directly through this entity.

	2015 R'000	2014 R'000
14.3 Due from Group entity		
Nautilus MAP Operations (Pty) Limited	**22 547**	9 640
Total non-current asset	**22 547**	9 640

Amounts due from Group entity are unsecured, interest free and of a long-term nature.

	2015 R'000	2014 R'000
14.4 Due from Group entities		
JSE Clear (Pty) Limited	**43 910**	32 455
JSE Trustees (Pty) Limited	**7 589**	6 360
BESA Guarantee Fund Trust	**364**	306
JSE Derivatives Fidelity Fund Trust	**67**	40
Total due from Group entities	**51 930**	39 161

All entities are incorporated in the Republic of South Africa.

Amounts due from Group entities consist mainly of management fees payable to the Company. These fees are invoiced monthly by the Company and are payable within 30 days from invoice date.

For the year ended 31 December 2015

	Group		Company	
	2015 **R'000**	2014 R'000	**2015** **R'000**	2014 R'000
15. Other investments				
15.1 Investor protection funds available-for-sale financial assets				
15.1.1 JSE Derivatives Fidelity Fund Trust				
Bonds	**15 129**	13 113	**–**	–
Listed equities	**82 533**	98 275	**–**	–
Foreign unit trusts	**64 314**	37 553	**–**	–
	161 976	148 941	**–**	–
15.1.2 JSE Guarantee Fund Trust			**–**	
Bonds	**13 561**	12 184	**–**	–
Listed equities	**72 242**	88 610	**–**	–
Foreign unit trusts	**60 062**	38 648	**–**	–
Local unit trusts	**4 722**	4 366	**–**	–
	150 587	143 808	**–**	–
	312 563	292 749	**–**	–
15.2 Other investments				
Stock Exchange Nominees (Pty) Ltd[1]	**1**	1	**1**	1
	312 564	292 750	**1**	1
16. Loan to the JSE Empowerment Fund Trust	**25 271**	13 924	**25 271**	13 924

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

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. 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		Company	
	2015 **R'000**	2014 R'000	**2015** **R'000**	2014 R'000
17. Trade and other receivables				
17.1 Trade and other receivables				
Interest receivable	**187 611**	136 350	**6 170**	4 696
Other receivables	**25 875**	21 272	**14 261**	13 786
Prepaid expenses	**50 016**	22 356	**46 940**	19 685
Trade receivables	**203 428**	156 568	**202 059**	154 870
	466 930	336 546	**269 430**	193 037

17. Trade and other receivables (continued)

17.1 Trade and other receivables (continued)

The age analysis of trade receivables is as follows:

	Group		Company	
	Gross R'000	**Allowance for impairment losses R'000**	**Gross R'000**	**Allowance for impairment losses R'000**
At 31 December 2015:				
Fully performing: 0-30 days	**189 060**	**–**	**187 787**	**–**
Past due: 31-90 days	**13 846**	**–**	**13 805**	**–**
Past due: More than 90 days	**1 743**	**1 221**	**1 688**	**1 221**
	204 649	**1 221**	**203 280**	**1 221**
At 31 December 2014:				
Fully performing: 0-30 days	142 629	–	141 202	–
Past due: 31-90 days	12 489	–	12 438	–
Past due: More than 90 days	2 250	800	2 030	800
	157 368	800	155 670	800

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

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
At 1 January	**800**	589	**800**	589
Increase in allowance for impairment	**757**	452	**757**	452
Receivables written off during the year as uncollectable	**(336)**	(241)	**(336)**	(241)
At 31 December	**1 221**	800	**1 221**	800

Trade and other receivables are assessed for impairment on a continuous basis. Impairments are recognised in respect of receivables where there are concerns about recoverability. In assessing recoverability, indicators of potential default are considered and these include, amongst other factors, the clients' payment records and the industry in which the clients operate.

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 clients that have a good payment record with the Group and there has been no objective evidence to the contrary.

For the year ended 31 December 2015

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
18. 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. A corresponding liability has been raised (which is due to market participants) against these margin and collateral deposits, as the JSE only manages these assets to facilitate clearing of the equity and derivative markets.				
18.1 Margin deposits				
Derivatives funds held by JSE Clear (Pty) Limited	**34 271 450**	25 368 828	**–**	–
Equities	**175 616**	307 606	**175 616**	307 606
	34 447 066	25 676 434	**175 616**	307 606
18.2 Collateral deposits	**140 687**	96 262	**140 687**	96 262
The JSE acts as an agent in equity securities lending transactions necessary to facilitate electronic settlement of equity trades in the Strate environment. At year-end, interest-bearing collateral deposits of R140.7m (2014: R96.3m) have been lodged as security against securities lending transactions with a market value of R119.0m (2014: R84.1m).				
18.3 JSE Clear Derivatives Default Fund (Pty) Limited	**500 000**	500 000	**100 000**	100 000
JSE Clear Derivatives Default Fund (Pty) Limited has established a default fund for neutralising losses in the event of clearing member default.				
The initial collateral deposits required from clearing members are managed and invested in terms of the JSE Rules. The Company contribution of the fund is R100m (2014: R100m).				
Collateral deposits				
JSE Clear Derivatives Default Fund (Pty) Limited members' contributions	**400 000**	400 000	**–**	–
19. Cash and cash equivalents				
Cash and cash equivalents comprises:				
Bank balances	**973 264**	1 078 464	**819 135**	940 233
Call deposits	**934 365**	552 774	**917 491**	534 210
Total cash and cash equivalents	**1 907 629**	1 631 238	**1 736 626**	1 474 443

	Group		Company	
	2015 **R'000**	2014 R'000	**2015** **R'000**	2014 R'000

20. Share capital and reserves

20.1 Authorised share capital

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
400 000 000 ordinary shares with a par value of 10 cents per share	**40 000**	40 000	**40 000**	40 000

20.2 Issued share capital

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Balance at 1 January	**8 541**	8 533	**8 541**	8 533
Ordinary shares issued	**31**	51	**31**	51
Acquisition of treasury shares	**(30)**	(43)	**(30)**	(43)
Sale of treasury shares	**11**	–	**11**	–
Balance at 31 December	**8 553**	8 541	**8 553**	8 541

20.3 Share capital and reserves

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
Share capital	**8 553**	8 541	**8 553**	8 541
Share premium	**57 954**	63 348	**57 954**	63 348
Non-distributable reserves made up as follows:	**433 392**	405 551	–	–
Investor protection funds	**433 392**	405 551	–	–
Fair value reserve[1]	**139 480**	135 933	–	–
– JSE Derivatives Fidelity Fund Trust	**66 902**	63 718	–	–
– JSE Guarantee Fund Trust	**72 578**	72 215	–	–
Capital and accumulated funds[2]	**293 912**	269 618	–	–
– BESA Guarantee Fund Trust	**107 306**	105 262	–	–
– JSE Derivatives Fidelity Fund Trust	**101 744**	89 094	–	–
– JSE Guarantee Fund Trust	**84 862**	75 262	–	–
JSE LTIS 2010 reserve[3]	**44 968**	43 937	**44 968**	43 937
Retained earnings	**2 411 285**	1 952 617	**2 301 662**	1 860 563
	2 956 152	2 473 994	**2 413 137**	1 976 389

[1] *This reserve comprises fair value adjustments in respect of available-for-sale financial assets.*
[2] *These funds were established for the purpose of investor protection in the event of a member defaulting in the Equity, Equity Derivatives and Bond Markets.*
[3] *This reserve relates to the portion of the LTIS 2010 Long-Term Incentive Scheme that has been expensed to date.*

20.4 Dividends declared and paid

	Company 2015 R'000	Company 2014 R'000
Ordinary dividend of 400 cents (2014: 350 cents) per share	**417 012**	304 071
Special dividend of 80 cents (2014: 50 cents) per share	**–**	43 439
Total dividend of 480 cents (2014: 350 cents) on unallocated treasury shares	**(496)**	(53)
	416 516	347 457

For the year ended 31 December 2015

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
21. Borrowings				
Loan from Momentum Alternative Investments (Pty) Ltd	–	13 977	–	–

During the year ended 31 December 2015, the loan from Momentum Alternative Investments (Pty) Ltd, used to fund the purchase of Nautilus MAP, was settled. The loan was denominated in South African rands.

	Notes	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
22. Employee benefits					
22.1 Group and Company					
Non-current liabilities		**10 845**	5 761	**10 845**	5 761
Cash-settled liability	22.5	**10 845**	5 761	**10 845**	5 761
Current liabilities		**136 158**	116 179	**136 158**	116 179
Contractual bonus (deferred portion only)	22.2	**29 727**	27 230	**29 727**	27 230
Leave pay accrual		**17 347**	19 323	**17 347**	19 323
Cash-settled liability	22.5	**3 184**	6 226	**3 184**	6 226
Discretionary bonus		**85 900**	63 400	**85 900**	63 400

22.2 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 R57.2m (2014: R49.5m) of which R5.9m (2014: R7.5m) was awarded to executive management (all amounts are inclusive of interest). In total, 50% of these awards are deferred for six months.

The CEO's contractual bonus totalled R3.9m (2014: R3.7m) this being an amount equal to 100% of her annual guaranteed package, with half of this award deferred for six months (this amount is inclusive of interest).

22.3 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. Discretionary bonuses related to 2015 performance were paid in February 2016.

The total discretionary bonus pool for 2015 amounted to R85.9m (2014: R63.4m), of which RNilm (2014: R18.6m) was paid to executive management (including the CEO). The remainder of the accrual, amounting to R4.7m, relates to funds set aside for an employees' children bursary initiative.

22.4 Retirement benefits

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

22. Employee benefits (continued)

22.5 Cash-settled liability (Cash LTIS 2014 and 2015)

For the 2014 and 2015 financial years, the Board implemented a cash-only long-term retention scheme (Cash LTIS 2014 and 2015) as an alternative to a traditional long-term incentive. This retention scheme was applicable to selected senior employees of the JSE.

Cash LTIS 2014 vests in two annual tranches – 50% at 1 May 2016 and 50% at 1 May 2017. Cash LTIS 2015 also vests in two tranches – 50% at 1 June 2017 and 50% at 1 June 2018.

The unvested portions of both Cash LTIS schemes attract interest at the commercial rate earned by the JSE Trustees on funds under management. No performance hurdles or claw-back provisions are 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 average cost of capital. The net present value and interest movement in both schemes resulted in a charge to profit and loss of R7.4m (2014: R5.5m).

	Cash LTIS 2015	Cash LTIS 2014
	R'000	R'000
Total cash value of grant approved by Board	**10 046**	7 342
Portion of grant awarded to Executive Committee members	**–**	–

22.6 Long-Term Incentive Scheme 2010 (LTIS 2010)

The long-term incentive scheme was approved by shareholders at the annual general meeting in April 2010.

Scheme objective and design

The main objective of LTIS 2010 is to incentivise selected senior employees to grow the JSE over rolling three- and four-year time horizons. To this end, early LTIS 2010 allocation comprise a personal performance component and a corporate performance component while later allocations contained only a personal performance component, with the objectives, qualifying criteria and potential rewards applicable to each component being clearly distinguished . In particular, the corporate 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 that provides scheme participants with ownership opportunities to JSE shares. These shares are 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. However 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 are forfeited if either the employment requirement or the performance conditions are not met.

Allocation 1 under LTIS 2010 fully vested in the previous year under review.

Allocation 2 under LTIS 2010

The second award (Allocation 2) under LTIS 2010 was granted in May 2011 with the following vesting profile:

Tranche 1: 50% of the total award, which vested on 1 May 2014

Tranche 2: 50% of the total award, vesting on May 2015 (during the period under review)

Tranche 1 – fully vested in 2014

All available Tranche 1 shares (134 550 shares) vested for those participants still in the employ of the JSE on 1 May 2014.

In respect of Tranche 1 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 70% of these Tranche 1 shares should vest for those participants still in the employ of the JSE on 1 May 2014. The remainder of the Tranche 1 corporate performance shares (being 11 835 shares) was forfeited by participants.

	Retention shares	Corporate performance shares	Total shares
Tranche 1 – fully vested			
Original number of Tranche 2 shares awarded in May 2011	158 750	54 700	213 450
Forfeited by leavers to date	(24 200)	(15 250)	(39 450)
Tranche 1 shares forfeited for missing performance targets	–	(11 835)	(11 835)
Tranche 1 shares vested on 1 May 2014	(134 550)	(27 615)	(162 165)
Tranche 1 shares outstanding	–	–	–

Tranche 2 – fully vested

All available Tranche 2 retention shares (110 450 shares) vested for those participants still in the employ of the JSE on 1 May 2015.

In respect of Tranche 2 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 78% of these Tranche 2 shares should vest for those participants still in the employ of the JSE on 1 May 2015. The remainder of the Tranche 2 corporate performance shares (being 8 679 shares) was forfeited by participants.

As at 31 December 2015, details of Tranche 2 were as follows:

	Retention shares	Corporate performance shares	Total shares
Tranche 2			
Original number of Tranche 2 shares awarded in May 2011	158 750	54 700	213 450
Forfeited by leavers to date	(34 300)	(15 250)	(49 550)
Tranche 2 shares forfeited for missing performance targets	–	(8 679)	(8 679)
Accelerated for good leavers	(14 000)	(7 293)	(21 293)
Tranche 2 shares vested on 1 May 2015	(110 450)	(23 478)	(133 928)
Tranche 2 shares outstanding	–	–	–

Allocation 3 under LTIS 2010

The third award (Allocation 3) under LTIS 2010 was granted in June 2012 with the following vesting profile:

	Personal performance shares	Corporate performance shares
Share price at grant date (rands per share)	78.68	78.68
Total number of shares granted	263 600	103 000
Dividend yield	3%	3%
Vesting profile:		
50% of the shares awarded vested on 30 June 2015	131 800	51 500
50% of the shares awarded vest on 30 June 2016	131 800	51 500

The vesting of Tranche 1 was completed during the year under review.

Tranche 1 – fully vested

116 533 Personal performance shares vested for those participants still in the employ of the JSE on 1 June 2015, with 1 017 shares being forfeited for missing personal performance targets.

In respect of Tranche 1 corporate performance shares, the Board assessed performance over the four-year vesting term against the pre-set financial and strategic targets and determined that 78.07% of these Tranche 1 shares should vest for those participants still in the employ of the JSE on 1 June 2015. The remainder of the Tranche 1 corporate performance shares (being 10 713 shares) was forfeited by participants.

22. Employee benefits (continued)

22.6 Long-Term Incentive Scheme 2010 (LTIS 2010) (continued)

As at 31 December 2015, details of Allocation 3 Tranche 1 were as follows:

	Retention shares	Corporate performance shares	Total shares
Original number of Tranche 1 shares awarded in June 2012	131 800	51 500	183 300
Forfeited by leavers to date	(14 250)	(2 650)	(16 900)
Tranche 1 shares forfeited for missing performance targets	(1 017)	(10 713)	(11 730)
Tranche 1 shares vested on 1 June 2015	(116 533)	(38 137)	(154 670)
Tranche 1 shares outstanding	–	–	–
As at 31 December 2015, details of Allocation 3 Tranche 2 were as follows:			
Original number of Tranche 1 shares awarded in June 2012	131 800	51 500	183 300
Forfeited by leavers to date	(17 450)	(2 650)	(20 100)
Accelerated for good leavers to date	(5 900)	(6 700)	(12 600)
Tranche 2 shares available for vesting in June 2016	108 450	42 150	150 600

Allocation 4 under LTIS 2010

The fourth award (Allocation 4) under LTIS 2010 was granted in May 2013 with the following vesting profile:

	Personal performance shares	Corporate performance shares
Share price at grant date (rands per share)	76.92	76.92
Total number of shares granted	328 500	128 600
Dividend yield	3%	3%
Vesting profile:		
50% of the shares awarded vest on 1 June 2016	164 250	64 300
50% of the shares awarded vest on 1 June 2017	164 250	64 300

Allocation 5 under LTIS 2010

The fifth award (Allocation 5) under LTIS 2010 was granted in May 2014 with the following vesting profile:

	Corporate performance shares
Share price at grant date (rands per share)	76.92
Total number of shares granted	422 870
Dividend yield	3%
Vesting profile:	
50% of the shares awarded vest on 1 June 2017	211 435
50% of the shares awarded vest on 1 June 2018	211 435

Allocation 6 under LTIS 2010

At the annual general meeting held on 21 May 2015, shareholders approved two special resolutions authorising the acquisition of shares for the purposes of awards under the LTIS 2010 scheme as well as the provision of financial assistance to the JSE LTIS 2010 Trust for a period of two years, for the purpose of acquiring such JSE ordinary shares in the open market for allocation to selected employees in accordance with the rules of LTIS 2010. In accordance with the terms of these resolutions, the Board approved a fresh annual allocation of shares ("Allocation 6") to selected employees for the 2015 year, and these individual allocations were all accepted by scheme participants by 1 June 2015. Allocation 6 comprised a total of 302 340 JSE ordinary shares and these shares were acquired in the open market by 29 May 2015, at a volume-weighted average price (including all execution costs) of R131.54 per ordinary share. These shares are held in trust and are restricted until all vesting conditions are fulfilled whereupon the shares vest.

Included in the total number of shares granted of 302 340, a total of 160 620 corporate performance shares has been granted to members of the JSE's Executive Committee. No personal performance shares were allocated under Allocation 6.

	Corporate performance shares
Share price at grant date (rands per share)	131.54
Total number of shares granted	302 340
Dividend yield	3%
Grant date	1 June 2015
Vesting profile:	
50% of the shares awarded vest on 31 May 2018	151 170
50% of the shares awarded vest on 31 May 2019	151 170

Fair value charge to profit and loss.

The profit or loss charge for the period, calculated using the Black-Scholes valuation methodology, in respect of allocations granted under LTIS 2010 is as follows:

	2015	2014
Allocation 1 (granted in May 2010)	–	R0.7m
Allocation 2 (granted in May 2011)	**R0.7m**	R1.1m
Allocation 3 (granted in June 2012)	**R5.3m**	R5.0m
Allocation 4 (granted in May 2013)	**R6.6m**	R8.0m
Allocation 5 (granted in May 2014)	**R5.5m**	R6.2m
Allocation 6 (granted in June 2015)	**R3.1m**	–
	R21.2m	R21.0m

23. Deferred tax assets and liabilities

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

	Assets 2015 R'000	Assets 2014 R'000	Liabilities 2015 R'000	Liabilities 2014 R'000	Net 2015 R'000	Net 2014 R'000
Group						
Intangible assets	**–**	–	**(394)**	(584)	**(394)**	(584)
Operating lease liability	**24 482**	20 820	**–**	–	**24 482**	20 820
Employee benefits	**41 161**	34 144	**(8 592)**	–	**32 569**	34 144
Allowance for impairment losses	**257**	168	**–**	–	**257**	168
Prepayments	**–**	–	**(4 634)**	(3 814)	**(4 634)**	(3 814)
Finance lease asset	**–**	–		(4 651)	**–**	(4 651)
Finance lease liability		3 008	**–**	–	**–**	3 008
Loan to the JSE Empowerment Fund Trust	**427**	–	**–**	(28)	**427**	(28)
Income received in advance	**930**	838	**–**	–	**930**	838
	67 257	58 978	**(13 620)**	(9 077)	**53 637**	49 901

23.2 Movement in temporary differences during the year:

	Balance 1 January 2014 R'000	Recognised in profit or loss R'000	Balance 31 December 2014 R'000	**Recognised in profit or loss R'000**	**Balance 31 December 2015 R'000**
Group					
Property and equipment	377	(377)	–	**–**	**–**
Intangible assets	(826)	242	(584)	**190**	**(394)**
Operating lease asset	16 194	4 626	20 820	**3 662**	**24 482**
Operating lease liability	(334)	334	–	**–**	**–**
Employee benefits	17 509	16 635	34 144	**(1 575)**	**32 569**
Allowance for impairment losses	124	44	168	**89**	**257**
Prepayments	(3 139)	(675)	(3 814)	**(820)**	**(4 634)**
Finance lease asset	(7 869)	3 218	(4 651)	**4 651**	**–**
Finance lease liability	6 357	(3 349)	3 008	**(3 008)**	**–**
Loan to the JSE Empowerment Fund Trust	(156)	128	(28)	**455**	**427**
Income received in advance	1 187	(349)	838	**92**	**930**
	29 424	20 477	49 901	**3 736**	**53 637**

There are no current and 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	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
23.3 Deferred tax assets and liabilities are attributable to the following:						
Company						
Operating lease liability	**24 482**	20 820	**–**	–	**24 482**	20 820
Employee benefits	**41 161**	34 144	**(8 592)**	–	**32 569**	34 144
Allowance for impairment losses	**256**	168	**–**	–	**256**	168
Prepayments	**–**	–	**(4 634)**	(3 814)	**(4 634)**	(3 814)
Finance lease asset	**–**	–		(4 651)		(4 651)
Finance lease liability		3 008	**–**	–		3 008
Loan to the JSE Empowerment Fund Trust	**428**	–	**–**	(28)	**428**	(28)
Income received in advance	**930**	838	**–**	–	**930**	838
	67 257	58 978	**(13 226)**	(8 493)	**54 031**	50 485

	Balance 1 January 2014 R'000	Recognised in profit or loss R'000	Balance 31 December 2014 R'000	**Recognised in profit or loss R'000**	**Balance 31 December 2015 R'000**
23.4 Movement in temporary differences during the year					
Company					
Property and equipment	377	(377)	–	**–**	**–**
Intangible assets	(51)	51	–	**–**	**–**
Operating lease asset	16 194	4 626	20 820	**3 662**	**24 482**
Operating lease liability	(334)	334	–	**–**	**–**
Employee benefits	17 509	16 635	34 144	**(1 575)**	**32 569**
Allowance for impairment losses	124	44	168	**88**	**256**
Prepayments	(3 139)	(675)	(3 814)	**(820)**	**(4 634)**
Finance lease asset	(7 869)	3 218	(4 651)	**4 651**	**–**
Finance lease liability	6 357	(3 349)	3 008	**(3 008)**	**–**
Loan to the JSE Empowerment Fund Trust	(156)	128	(28)	**456**	**428**
Income received in advance	1 187	(349)	838	**92**	**930**
	30 199	20 286	50 485	**3 546**	**54 031**

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
24. Trade and other payables				
Trade payables	**146 768**	140 222	**145 150**	137 582
Current portion of finance lease	**–**	10 743	**–**	10 743
Interest payable	**188 838**	140 672	**4 686**	3 912
Receipts in advance	**3 955**	3 563	**3 955**	3 561
	339 561	295 200	**153 791**	155 798
25. Due to Safex members				
Non-current liability	**1 347**	1 347	**1 347**	1 347
Relates to unclaimed funds.				
26. Notes to the cash flow statement				
26.1 Cash generated by operations				
Profit for the year before tax	**1 235 118**	867 608	**1 192 714**	854 074
Adjustments for:				
– depreciation of property and equipment	**51 974**	58 599	**51 974**	58 599
– amortisation of intangible assets	**48 005**	40 524	**47 064**	39 582
– JSE LTIS 2010	**21 665**	21 055	**21 665**	21 055
– share of profit of equity-accounted investee	**(46 569)**	(36 955)	**–**	–
– interest expense	**1 967 342**	1 412 721	**29 736**	15 576
– interest income	**(2 133 136)**	(1 539 449)	**(127 919)**	(89 718)
– dividend income	**(6 455)**	(5 001)	**(18 823)**	(19 779)
– non-cash items in respect of employee benefits	**(125 231)**	(100 030)	**(125 231)**	(100 030)
– loss on scrapping of assets	**–**	6 852	**–**	6 852
– profit on sale of property and equipment	**(201)**	51	**(201)**	51
– change in fair value of loan to JSE Empowerment Fund	**(11 347)**	98	**(11 347)**	98
– gain on disposal of investment securities	**(20 644)**	(6 379)	**–**	–
Surplus from operations	**980 521**	719 694	**1 059 632**	786 360
Changes in:				
– increase in trade and other receivables	**(79 123)**	(7 191)	**(100 595)**	(34 548)
– increase in trade and other payables	**156 780**	187 216	**146 285**	172 448
Cash generated by operations	**1 058 178**	899 719	**1 105 322**	924 260
26.2 Taxation paid				
Taxation receivable at beginning of year	**31 772**	(17 108)	**32 377**	(16 365)
Deferred tax effects	**3 736**	20 477	**3 546**	20 286
Current tax charge	**335 640**	233 269	**335 099**	232 518
Taxation payable at end of year	**(32 119)**	(31 772)	**(32 713)**	(32 377)
	339 029	204 866	**338 309**	204 062

27. Directors' and executives' remuneration[4]

27.1 Executive directors – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000
2015			
NF Newton-King	Chief executive officer	**3 474**	**228**
A Takoordeen	Chief financial officer	**1 999**	**92**
L Fourie[5]	Director of Post-Trade and Information Services	**2 170**	**143**
		7 643	**463**
2014			
NF Newton-King	Chief executive officer	3 280	216
A Takoordeen	Chief financial officer	1 870	86
L Fourie	Director of Post-Trade and Information Services	1 982	130
		7 132	432

27.2 Other key executives – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000
2015			
GA Brookes	Director of Governance, Risk and Compliance	**1 767**	**–**
JH Burke	Director of Issuer Regulation	**2 048**	**145**
S Cleary[6]	Director of Strategy and Public Policy	**380**	**25**
Z Jacobs	Director of Marketing and Corporate Affairs	**1 955**	**94**
N Mashigo[7]	Director of Human Resources	**1 252**	**81**
D Oosthuyse	Director of Capital Markets	**2 294**	**137**
LV Parsons	Director of Trading and Market Services	**1 875**	**519**
R van Wamelen	Chief information officer	**2 173**	**99**
		13 744	**1 100**
2014			
GA Brookes	Director of Governance, Risk and Compliance	1 668	–
JH Burke	Director of Issuer Regulation	1 997	140
S Cleary	Director of Strategy and Public Policy	1 480	96
Z Jacobs	Director of Marketing and Corporate Affairs	1 846	89
N Mashigo	Director of Human Resources	1 199	63
D Oosthuyse	Director of Capital Markets	894	54
LV Parsons	Director of Trading and Market Services	1 797	500
R van Wamelen	Chief information officer	1 977	89
		12 858	1 031

Footnotes 1 – 8 below are applicable to notes 27.1 – 27.2

[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). Altogether 50% of all contractual bonuses are subject to six-month 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] *Resigned, currently serving notice period until mid-2016. A replacement has been secured and will commence tenure on 1 Feb 2016. In November 2015 a sign-on bonus of R800 000 was paid to the new incumbent.*

[6] *Resigned on 31 March 2015.*

[7] *Resigned on 30 November 2015.*

[8] *Portion of CEO's discretionary bonus made up as follows:*
– R4 300 000 in cash; and
– R300 000 in JSE Limited shares vesting over three years.

Medical aid[1], 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	Total long-term and other benefits R'000	Total number of shares granted in the LTIS 2010 scheme
121	**3 823**	**3 917**	**4 600**	**8 517**	**12 340**	**3 178**	**147 550**
105	**2 196**	**701**	**2 050**	**2 751**	**4 947**	**–**	**47 410**
61	**2 374**	**772**	**2 250**	**3 022**	**5 396**	**843**	**58 060**
287	**8 393**	**5 390**	**8 900**	**14 290**	**22 683**	**4 021**	**253 020**
110	3 606	3 695	3 911	7 606	11 212	2 283	133 741
95	2 051	655	1 483	2 138	4 189	–	33 820
50	2 162	690	1 736	2 426	4 588	–	50 320
255	7 819	5 040	7 130	12 170	19 989	2 283	217 881
429	**2 196**	**578**	**1 250**	**1 828**	**4 024**	**622**	**25 790**
155	**2 348**	**772**	**2 200**	**2 972**	**5 320**	**2 031**	**62 390**
141	**546**	**–**	**–**	**–**	**546**	**–**	**–**
46	**2 095**	**669**	**2 050**	**2 719**	**4 814**	**–**	**46 190**
473	**1 806**	**–**	**–**	**–**	**1 806**	**–**	**–**
115	**2 546**	**813**	**2 300**	**3 113**	**5 659**	**–**	**15 770**
167	**2 561**	**830**	**2 300**	**3 130**	**5 691**	**2 118**	**67 060**
106	**2 378**	**759**	**2 250**	**3 009**	**5 387**	**1 719**	**57 790**
1 632	**16 476**	**4 421**	**12 350**	**16 771**	**33 247**	**6 490**	**274 990**
42	1 710	547	927	1 474	3 184	533	16 870
135	2 271	743	1 681	2 424	4 695	2 225	60 161
25	1 602	512	1 012	1 524	3 126	530	36 240
42	1 977	631	1 607	2 238	4 215	–	33 220
40	1 302	415	1 000	1 415	2 717	–	11 550
28	976	1 851	1 736	3 587	4 563	–	–
157	2 454	797	1 808	2 605	5 059	2 283	64 351
96	2 162	690	1 736	2 426	4 588	1 576	54 021
565	14 453	6 186	11 507	17 693	32 147	7 147	276 413

27. Directors' and executives' remuneration (continued)

27.3 Non-executive director emoluments

		Total R'000	Board member fees R'000	Committee member fees R'000
2015				
AD Botha	Chairman of Human Resources, Social and Ethics Committee	**782**	**290**	**492**
M Jordaan		**290**	**290**	**–**
SP Kana[1]		**320**	**145**	**175**
DM Lawrence		**543**	**290**	**253**
MA Matooane[2]	Chairman of Risk Committee	**522**	**290**	**232**
AM Mazwai	Chairman of SRO Committee, chairman of Investment of Funds Committee	**802**	**290**	**512**
NP Mnxasana		**554**	**290**	**264**
NS Nematswerani[3]	Chairman of Audit Committee	**316**	**113**	**203**
NMC Nyembezi-Heita	Board Chairman, chairman of Nominations Committee	**1 716**	**1 716**	**–**
NG Payne[4]	Chairman of Audit Committee	**787**	**290**	**497**
		6 632	**4 004**	**2 628**
2014				
H Borkum	Board Chairman, chairman of Nominations Committee	581	581	–
AD Botha	Chairman of Human Resources, Social and Ethics Committee	744	362	382
M Johnston		243	122	121
MA Jordaan		278	278	–
DM Lawrence		489	278	211
MA Matooane		384	278	106
AM Mazwai	Chairman of SRO Committee	737	278	459
NP Mnxasana		398	278	120
NS Nematswerani	Chairman of Audit Committee	768	278	490
NMC Nyembezi-Heita	Board Chairman, chairman of Nominations Committee	1 213	1 157	56
NG Payne	Chairman of Risk Committee	713	278	435
		6 548	4 168	2 380

[1] Appointed on 1 July 2015.
[2] Appointed, chairman with effect 21 May 2015.
[3] Resigned on 21 May 2015.
[4] Appointed, chairman with effect 21 May 2015.

	Group 2015 R'000	Group 2014 R'000	Company 2015 R'000	Company 2014 R'000
28. Deferred income				
Investor Protection Levy	**13 217**	16 002	**13 217**	16 002
Distribution from the JSE Guarantee Fund Trust	**–**	–	**34 837**	46 357
	13 217	16 002	**48 054**	62 359

Investor Protection Levy

This amount represents unexpended levies received from investors in terms of the Investor Protection Levy. These levies are raised to finance the market regulatory activities as required by Financial Services Board and are committed to this purpose. These funds are included in the cash and cash equivalents 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: R50m) and data centre (2011: R51m). This is a transaction between related parties as disclosed in note 29 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.

29. Related parties

29.1 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 R1.6bn (2014: R1.3bn) 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 13 and 14 respectively.

The directors and key executives are listed in note 27.

29.2 Material related-party transactions and balances

Strate ad valorem fees	– see notes 7.1 and 8.2
Amounts due to and from related parties	– see notes 14.3 and 14.4
Directors' emoluments	– see note 27
Other key executives' remuneration	– see note 27
Income recognised from deferred income (data centre and disaster recovery)	– see note 7.2

During the previous financial years, surplus assets amounting to R101m 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 was 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 28.

Management fees from related entities R118.0m (2014: R96.3m)

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

30. Contingent liabilities and commitments

30.1 Contingent liabilities

30.1.1 The JSE has a contingent liability in respect of a guarantee of R0.7m (2014: R0.7m) issued to the Financial Services Board.

30.1.2 During the year under review, a matter involving Pinnacle Point Holdings (Pty) Ltd (PPG) and other plaintiffs, for which a contingent liability was disclosed in prior years, has been disposed as a result of withdrawal of action against the JSE.

30. Contingent liabilities and commitments (continued)

30.2. Commitments

30.2.1 There were no changes to the commitment as disclosed in the annual financial statements for 31 December 2014 except for the below: In order to fulfil the liquidity risk management obligations of JSE Clear (Proprietary) Limited as a qualified central counterparty, in compliance with CPSS-IOSCOD, the Group entered into an additional commitment to the value of R500m with a local commercial bank . The commitment is renewable on an annual basis. This brings the Group'stotal liquidity facility to R2bn.

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Total future minimum lease payments under a non-cancellable operating lease:				
Not later than one year	**43 903**	40 557	**43 903**	40 557
Between one and five years	**214 945**	198 564	**214 945**	198 564
Later than five years	**353 287**	413 572	**353 287**	413 572
	612 135	652 693	**612 135**	652 693

Note: The disclosure on the face of the statement of financial position represents the accrual from the straight-lining of the rental income.

30.2.2 **Certain contracts relating to information technology operations have been classified as finance leases.**

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Total future minimum payments:				
Not later than one year	**–**	11 195	**–**	11 195
Between one and five years	**–**	–	**–**	–
	–	11 195	**–**	11 195
Total present value minimum payments:				
Not later than one year `	**–**	10 597	**–**	10 597
Between one and five years	**–**	–	**–**	–
	–	10 597	**–**	10 597

30.2.3 The JSE sub-leases areas of the building in which it operates (refer note 7.2). The minimum lease payments expected from sub-leases are set out below:

	Group		Company	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Total future minimum lease receipts				
Not later than one year	**2 615**	2 480	**2 615**	2 480
Between one and five years	**4 389**	6 999	**4 389**	6 999
	7 004	9 479	**7 004**	9 479

31. 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.
- Credit risk.
- Capital 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 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, has developed 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 the Group risk management function and 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.

31.1 Operational risk

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.

The Board accepts overall responsibility for operational risk, with the responsibility for 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 obligations;
- 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; and
- Risk mitigation, including insurance where this is effective.

31. Financial risk management (continued)

31.2 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.

31.2.1 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. US Dollar revenue earned from the Market Data Division is maintained in a US Dollar denominated bank account. US dollar costs (mainly in technology) for both BAU and projects are funded out of this account. As such, there is a natural hedge relating to foreign currency denominated expenditure in the Group.

The Group's exposure to foreign currency risk based on notional amounts was as follows:

	Group			Company		
2015	**USD R'000**	**GBP R'000**	**EUR R'000**	**USD R'000**	**GBP R'000**	**EUR R'000**
Financial assets	**354 947**	**–**	**–**	**354 947**	**–**	**–**
Trade receivables	**18 633**	**–**	**–**	**18 633**	**–**	**–**
Cash and cash equivalents	**336 314**	**–**	**–**	**336 314**	**–**	**–**
Financial liabilities	**(399)**	**–**	**(26)**	**(399)**	**–**	**(26)**
Trade payables	**(399)**	**–**	**(26)**	**(399)**	**–**	**(26)**
Net exposure	**354 548**	**–**	**–**	**354 548**	**–**	**(26)**
2014						
Financial assets	210 607	–	–	210 607	–	–
Trade receivables	11 616	–	–	11 616	–	–
Cash and cash equivalents	198 991	–	–	198 991	–	–
Financial liabilities	(6 468)	–	(433)	(6 468)	–	(433)
Trade payables	(6 468)	–	(433)	(6 468)	–	(433)
Net exposure	204 139	–	(433)	204 139	–	(433)

As at 31 December 2015:

Bank buying rates	**Bank selling rates**
USD – 15.2016 (2014: 11.3526)	USD – 15.7371 (2014: 11.7878)
GBP – 22.3691 (2014: 17.6444)	GBP – 23.2821 (2014: 18.4213)
EUR – 16.4859 (2014: 13.7209)	EUR – 17.1276 (2014: 14.2943)

A 10% (2014: 10%) strengthening of the rand against the USD and a 5% (2014: 5%) strengthening of the rand against the GBP and EUR respectively, at 31 December, would have increased profit by R35.5m (2014: R20.3m) and equity by Rnil (2014: Rnil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2014.

2015	Group		Exchange	
	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000
USD	**35 455**	**–**	**35 455**	**–**
GBP	**–**	**–**	**–**	**–**
EUR	**(1)**	**–**	**(1)**	**–**
Net impact	**35 454**	**–**	**35 454**	**–**
2014				
USD	20 414	–	20 414	–
GBP	–	–	–	–
EUR	(22)	–	(22)	–
Net impact	20 392	–	20 392	–

A 10% (2014: 10%) weakening of the rand against the USD and a 5% (2014: 5%) weakening of the rand against the GBP and EUR respectively, at 31 December, would have had an equal and opposite effect on the amounts shown above, on the basis that all other variables remained constant.

31.2.2 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 is managed by a reputable asset manager according to approved guidelines. There is no interest rate risk on the margin and collateral 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:

2015	Group		Company	
	Fixed rate R'000	Floating rate R'000	Fixed rate R'000	Floating rate R'000
Assets	**20 345 690**	**16 678 382**	**860 000**	**1 292 929**
Investments	**28 690**	**–**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**397 000**	**103 000**	**–**	**100 000**
Margin and collateral deposits	**19 060 000**	**15 527 753**	**–**	**316 303**
Cash and cash equivalents	**860 000**	**1 047 629**	**860 000**	**876 626**
Liabilities	**(19 377 600)**	**(15 610 153)**	**–**	**(316 303)**
Borrowings	**–**	**–**	**–**	**–**
JSE Clear Derivatives Default Fund contributions	**(317 600)**	**(82 400)**	**–**	**–**
Margin and collateral deposits	**(19 060 000)**	**(15 527 753)**	**–**	**(316 303)**
Net exposure	**968 090**	**1 068 229**	**860 000**	**976 626**
2014				
Assets	16 206 297	11 722 934	840 000	1 138 311
Investments	25 297	–	–	–
JSE Clear Derivatives Default Fund collateral deposit	341 000	159 000	–	100 000
Margin and collateral deposits	15 000 000	10 772 696	–	403 868
Cash and cash equivalents	840 000	791 238	840 000	634 443
Liabilities	(15 272 800)	(10 913 873)	–	(403 868)
Borrowings	–	(13 977)	–	–
JSE Clear Derivatives Default Fund contributions	(272 800)	(127 200)	–	–
Margin and collateral deposits	(15 000 000)	(10 772 696)	–	(403 868)
Net exposure	933 497	809 061	840 000	734 443

Floating rate assets yield interest at call rates.

31. Financial risk management (continued)

Sensitivity analysis

A change of 100 (2014: 100) basis points on the fixed rate bonds and 100 (2014: 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 2014.

	Group		Company	
2015	**Profit or loss R'000**	**Equity R'000**	**Profit or loss R'000**	**Equity R'000**
Fixed-rate bond: +100 bps	**–**	**(1 114)**	**–**	**–**
Fixed-rate bond: -100 bps	**–**	**1 189**	**–**	**–**
Floating-rate instruments: +100 bps	**10 476**	**–**	**8 766**	**–**
Floating-rate instruments: -100 bps	**(10 476)**	**–**	**(8 766)**	**–**
2014				
Fixed-rate bond: +100 bps	–	(1 337)	–	–
Fixed-rate bond: -100 bps	–	1 116	–	–
Floating-rate instruments: +100 bps	7 912	–	6 344	–
Floating-rate instruments: -100 bps	(7 912)	–	(6 344)	–

31.2.3 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 regard 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 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.

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 in their exposure to interest rates, which is included in the interest rate sensitivity analysis in note 31.2.2.

The equity investments are listed on the JSE, with the majority of the investments included in the JSE All Share Index.

A 4% (2014: 4%) increase in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased equity by R6.2m (2014: R7.5m) and profit by Rnil (2014: Rnil); an equal change in the opposite direction would have decreased equity by R6.2m (2014: R7.5m) and profit by Rnil (2014: Rnil). This analysis is performed on the same basis as 2014.

The unit trusts are predominantly benchmarked against the MSCI World Index. A 5% (2014: 5%) increase in the MSCI World Index at the reporting date, with all other variables held constant, would have increased equity by R6.2m (2014: R3.8m); an equal change in the opposite direction would have decreased equity by R6.2m (2014: R3.8m). The analysis is performed on the same basis as 2014.

31.3 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.

2015	Group Up to 3 months R'000	Group 3 to 12 months R'000	Group 1 to 5 years R'000	Company Up to 3 months R'000	Company 3 to 12 months R'000	Company 1 to 5 years R'000
Financial assets	**37 724 859**	**–**	**25 272**	**2 427 349**	**–**	**47 819**
Other investments	**312 563**	**–**	**1**	**–**	**–**	**1**
Loan to the JSE Empowerment Fund Trust	**–**	**–**	**25 271**	**–**	**–**	**25 271**
Trade and other receivables (excluding payments in advance)	**229 303**	**–**	**–**	**216 320**	**–**	**–**
Interest receivable	**187 611**	**–**	**–**	**6 170**	**–**	**–**
Due from Group entities	**–**	**–**	**–**	**51 930**	**–**	**22 547**
Margin and collateral deposits	**34 587 753**	**–**	**–**	**316 303**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**500 000**	**–**	**–**	**100 000**	**–**	**–**
Cash and cash equivalents	**1 907 629**	**–**	**–**	**1 736 626**	**–**	**–**
Financial liabilities	**(35 327 314)**	**–**	**(1 347)**	**(470 094)**	**–**	**(1 347)**
Due to Safex members	**–**	**–**	**(1 347)**	**–**	**–**	**(1 347)**
Trade payables	**(150 723)**	**–**	**–**	**(149 105)**	**–**	**–**
Interest payable	**(188 838)**	**–**	**–**	**(4 686)**	**–**	**–**
JSE Clear Derivatives Default Fund collateral deposit	**(400 000)**	**–**	**–**	**–**	**–**	**–**
Margin and collateral deposits	**(34 587 753)**	**–**	**–**	**(316 303)**	**–**	**–**
Net exposure	**2 397 545**	**–**	**23 925**	**1 957 255**	**–**	**46 472**
2014						
Financial assets	28 510 873	–	13 925	2 190 824	–	23 565
Other investments	292 749	–	1	–	–	1
Loan to the JSE Empowerment Fund Trust	–	–	13 924	–	–	13 924
Trade and other receivables (excluding payments in advance)	177 840	–	–	168 656	–	–
Interest receivable	136 350	–	–	4 696	–	–
Due from Group entities	–	–	–	39 161	–	9 640
Margin and collateral deposits	25 772 696	–	–	403 868	–	–
JSE Clear Derivatives Default Fund collateral deposit	500 000	–	–	100 000	–	–
Cash and cash equivalents	1 631 238	–	–	1 474 443	–	–
Financial liabilities	(26 467 896)	–	(15 324)	(559 666)	–	(1 347)
Borrowings	–	–	(13 977)	–	–	–
Due to Safex members	–	–	(1 347)	–	–	(1 347)
Trade payables	(154 528)	–	–	(151 886)	–	–
Interest payable	(140 672)	–	–	(3 912)	–	–
JSE Clear Derivatives Default Fund collateral deposit	(400 000)	–	–	–	–	–
Margin and collateral deposits	(25 772 696)	–	–	(403 868)	–	–
Net exposure	2 042 977	–	(1 399)	1 631 158	–	22 218

31. Financial risk management (continued)

31.4 Credit risk

Credit risk is the risk of financial loss to the Group if a client 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), 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 by 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 daily 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 client. A significant number of the Group's clients 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 a legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, ageing profile, maturity and the existence of previous financial difficulties.

During 2013, JSE Clear established a separate legal entity to house a formal default fund to clarify and limit clearing members' and the JSE's obligations in the case of a clearing member default. This is a pre-funded resource whereby, in the case of a clearing member default, the defaulting clearing members' contributions are used first, thereafter the JSE's contribution, and last, the contributions of the non-defaulting clearing members are used to fund losses.

31.5 Capital risk

The JSE Board monitors the level of capital, which the Group defines as total share capital and reserves (refer to note 20). 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 of 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.
- Capital or investment 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 that the price of the equities moves against the JSE. (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 six months to be appropriate.

Capital or investment opportunity needs: The need to maintain a world-class technology environment requires that a high level of cash be 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 maximising interest received.

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

The Board has noted the increased global attention on the capitalisation of key financial market infrastructures, such as exchanges and clearing houses. The Board believes that the JSE continues to be appropriately capitalised, given the nature of the risks we currently face and given the uncertain nature of future regulatory capital requirements.

32. Fair value estimation

Financial instruments measured in the statement of financial position at fair value require disclosure. The following is the fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included in 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:

	Notes	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
2015					
Assets					
Other investments					
– Equity securities (available-for-sale)		**154 775**	**129 098**	**–**	**283 873**
– Debt investments (available-for-sale)		**28 690**	**–**	**–**	**28 690**
Total assets		**183 465**	**129 098**	**–**	**312 563**
2014					
Assets					
Other investments					
– Equity securities (available-for-sale)	15.1/2	186 885	80 567	–	267 452
– Debt investments (available-for-sale)	15.1/2	25 297	–	–	25 297
Total assets		212 182	80 567	–	292 749

The fair value of financial instruments traded in active markets is based on quoted market prices, which represent actual and regularly occurring market transactions between market participants at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or industry group pricing market transactions on an arm's length basis and transactions occur regularly. 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.

33. Funds under management

33.1 JSE Trustees (Pty) Limited

	Year ended 31 December 2015 R'000	Year ended 31 December 2014 R'000
Assets under administration		
Interest receivable	**178 395**	138 887
Fixed deposits	**26 200 000**	21 302 000
Current and call accounts	**12 471 296**	13 687 098
Total assets under administration	**38 849 691**	35 127 985

In terms of rule 2.100.7 of the JSE rules, the JSE Trustees act as an agent on behalf of members, who in turn, act as agents on behalf of their clients. JSE Trustees' principal activities while acting as an agent are the acceptance of monies on deposit for account of clients of members of the Company 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 by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions,with a maximum of 20% of the funds invested with a single institution.

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 (2014: 40) days.

33.2 Total assets under management on the Nautilus Managed Account Platform

Nautilus MAP (Pty) 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 (Pty) 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 2015, the combined assets under management on the Nautilus MAP platform amounted to R 4.8bn (2014: R4.2bn).

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 (Pty) Limited in only taking counterparty risk to entities who are required by an independent regulatory body to hold capital against over-the-counter products that are not traded or regulated on an exchange, for example banks and insurance companies.