2013

INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

JSE JOHANNESBURG STOCK EXCHANGE

ABOUT THIS REPORT

Contents

Board responsibility for integrated annual report

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

Disclaimer

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

Scope and boundaries

The information presented in this report describes the Exchange, its five financial markets and the investor protection funds associated with certain markets. The report excludes associate Strate (Pty) Limited, in which the JSE holds 44.5%, as Strate is an independent company, managed by an independent management team and board. The JSE equity accounts for Strate.

This report presents the activities and annual financial statements of the JSE and its consolidated entities as shown in the group structure on (page 2) for the year ended 31 December 2013. It also describes the strategic path that we have taken over the past year and the way this fits into the Group's five-year strategy to 2017. We discuss the environment and industry pressures, especially those the Group faces. We also focus on products and services; people; transformation; technology and stakeholder engagement.

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

Feedback

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

Please email: ir@jse.co.za

A copy of this report is available from the Investor relations department for inspection.

OUR MATERIAL ISSUES

We determined the JSE's key material issues by synthesising the key topics discussed by the JSE's Board, its Board committee for risk and its Executive Committee, as well as by drawing key themes from the JSE risk matrix put together by the risk management team, which reports to the Executive Committee.

Competitiveness

Competitiveness

- The JSE business model – offering a comprehensive range of products and services – reduces the Group's vulnerability to on-the-ground competition from traditional exchanges. However, in a global capital environment, we are focused on building our competitiveness in relation to offshore exchanges, prospective local entrants and non-traditional trading venues. Competition from these areas is made possible by the reduction of barriers to entry to the industry brought about by technological advances.
- Our consistent drive to improve service levels, upgrade IT infrastructure and assess costs to clients is integral to how we operate. This includes a focus on our own technology to enhance service levels and decrease fixed costs, as we discuss on pages 7 to 11 of this report.

Revenue concentration

Revenue concentration

- Having begun its life as an equity-only exchange, the JSE has diversified strongly over the past 25 years and now offers a comprehensive range of products and services.
- The JSE continues to diversify its operations.

Technological reliability, security and governance

Technological reliability, security and governance

- The JSE is a technology-intensive business, with business areas from trading to post-trade services and market data sales relying heavily on automated systems. The exchange's surveillance and back office functions are also technology dependant. In this environment, the reliability of our technology has major revenue and reputational impacts.

Human capital optimisation

Human capital optimisation

- The JSE is a highly specialised environment, with a reliance on financial market and technology expertise in particular. It is necessary to attract and retain scarce skills to run and grow the business.

Regulatory environment

Regulatory environment

- The regulatory environment of global capital markets is fast changing. To ensure the Exchange's sustainability and growth, we must stay ahead of these changes and know how to deal with their implications for our industry.

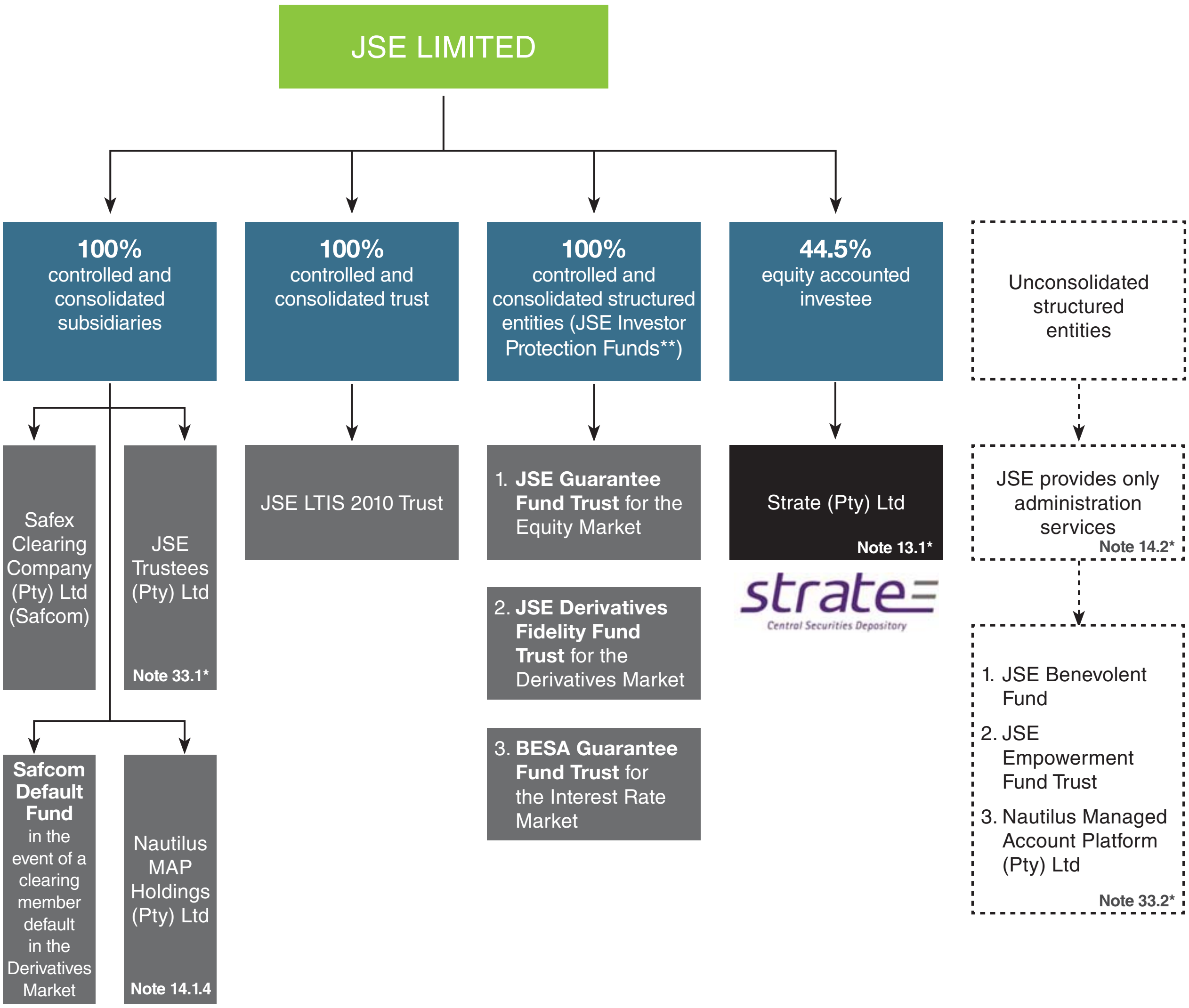
WHO WE ARE

Profile

As South Africa's only licenced, full service securities exchange, the JSE is a key feature of the country's economic landscape. The Exchange connects buyers and sellers in a variety of financial markets: equities, financial derivatives, commodity derivatives, currency derivatives and interest rate instruments. The JSE is licenced to operate under the Financial Markets Act, 19 of 2012, and is the largest African exchange by market capitalisation and value traded.

The JSE was started over 126 years ago. We now provide a primary market, secondary market and post-trade services and technology services. We also sell market data, and regulate primary and secondary markets.
The JSE is supervised by the Financial Services Board (FSB).

Group structure



Notes

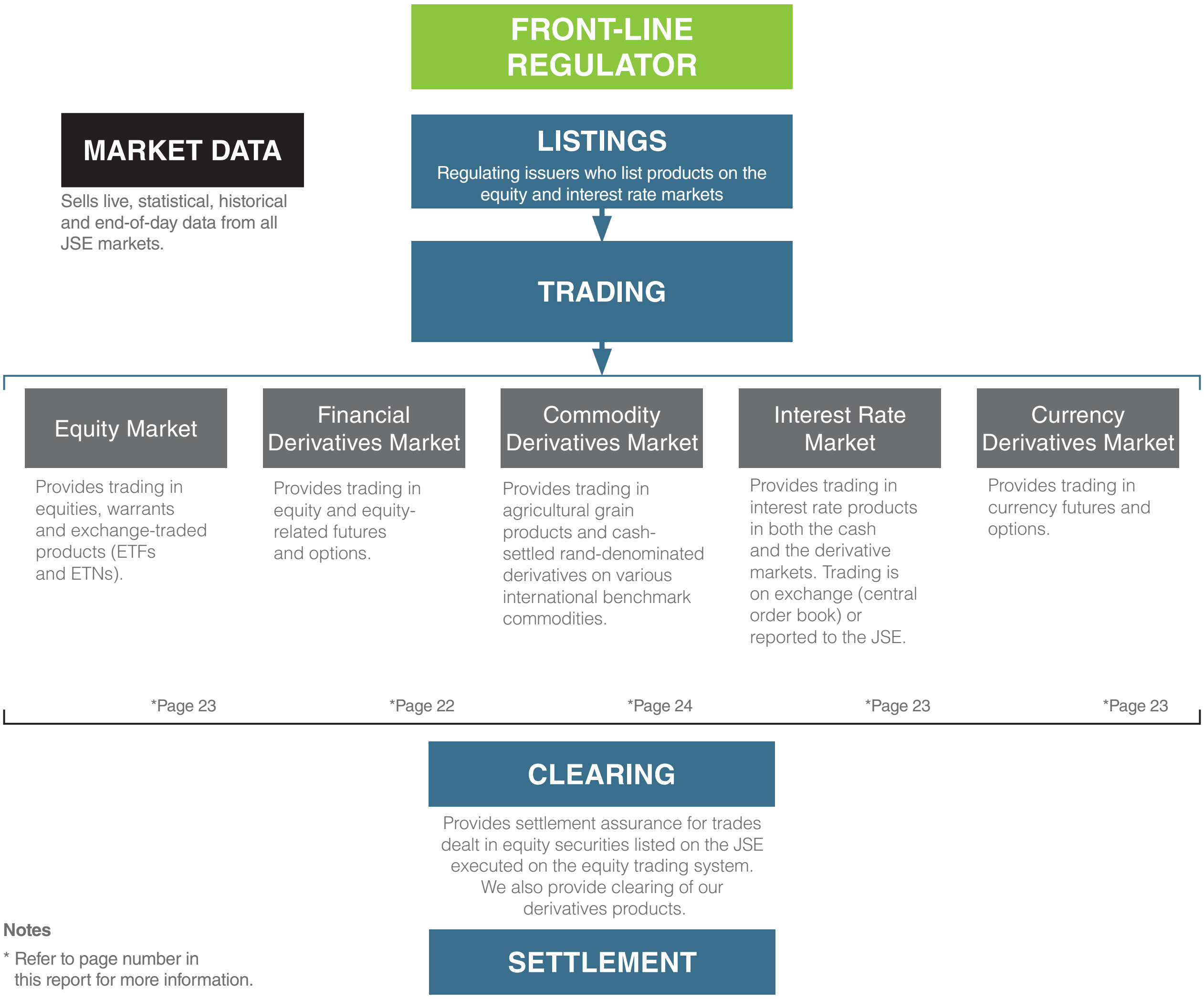
* To the 2013 annual financial statements.

** In terms of section 9.1(e) of the Financial Markets Act (FMA), the JSE is required to have an investor protection mechanism in place to enable it to provide compensation to clients in certain circumstances. Refer to note 14.1.7 to the 2013 annual financial statements.

For basis of consolidation refer to note 3.1 to the 2013 annual financial statements.

The BESA Ltd group of companies and Indexco Managers (Pty) Ltd, which are non-operating subsidiaries of the Group, are in the process of being voluntarily wound down.

Business model



Notes

* Refer to page number in this report for more information.

In the exchange industry, the JSE is considered horizontally and vertically integrated. In other words it offers a wide range of products (horizontal axis) and an end-to-end service from listing to clearing/settlement (vertical axis).

Situated in South Africa, the Exchange has global reach through its international investor base and range of tradable instruments. We offer exposure to investments from South Africa, the African continent and further afield.

The JSE is also globally recognised for its regulatory quality; South Africa has been ranked as having the best regulated exchange for four consecutive years by the World Economic Forum.

The JSE generates revenue from:

- listing companies and other instruments;
- reviewing the regulatory material of listed entities;
- trade and post-trade activity on a per trade basis (with fees related to a combination of the value and/or number of instruments or contracts traded for a trade or post-trade activity); and
- the sale of market data related to various markets or indices to a global client base. The JSE sells live, statistical, historical and end-of-day data from all JSE markets.

All JSE fees are reviewed on an ongoing basis.

The JSE, as a largely fixed-cost business, benefits from greater activity going through its systems.

The JSE also receives dividends from Strate, which is licensed as South Africa's central securities depository. Strate provides electronic settlement for the JSE, money market securities for the South African market and equities for the Namibian Stock Exchange. The JSE owns 44.5% of Strate.

OUR STAKEHOLDERS

Stakeholders

We determine our stakeholders by assessing the key groups with which each business unit, advisory committee and Board committee interacts. By working to create and contribute to an environment in which its stakeholders can flourish, we believe that the JSE will support its own long-term ability to continue creating value for these stakeholders.

Stakeholder and key interest	How we engage	What we engage about
JSE Ltd shareholders and analysts JSE financial performance and how we create value	• AGMs • Annual report and interim report • Direct interaction • Notices distributed through SENS • JSE website • Roadshows • Radio, TV and newspaper articles	• Performance • Growth areas • Company sustainability • Costs • Dividend policy • Share schemes • Prospects
Media JSE offerings, performance and how to trade	• Results announcements • Annual report and interim report • Notices distributed through SENS • JSE website • Roadshows • Press releases and interviews • Showcases on listed companies • Webinars and presentations about new and existing products • JSE website	• Performance • Growth areas • Company sustainability • Dividend policy • Share schemes • Prospects • Financial literacy and investor education • JSE markets and products • Aspects of JSE business
Clients **Issuers** Requirements to bring traded products on market	• Website • Client relationship officers • Client forums • Dedicated extranet • Market notices • One-on-one meetings	• Client service • Client expectations
Members Ensuring the JSE understands member needs	• Service hotline • Website • Advertising • Press releases • Social media • Customer relationship officers • Customer forums • Dedicated extranet • Market notices • One-on-one meetings • Investor education	• Client service • Client expectations
Investor community Understanding the range of investment products available through the JSE and how to invest in them	• Showcases for listed companies • Webinars and presentations about new and existing products • Press releases and interviews • Radio, TV and newspaper articles • JSE website	• Financial literacy and investor education • JSE markets and products • Aspects of JSE business

Stakeholder and key interest	How we engage	What we engage about
Employees Company strategy, values and policies, enhancement of skills, retention and motivation of talent	• Team meetings • Training needs analysis • Performance reviews • Communication sessions • Intranet • JSE website • Employee committees • Email • Whistle-blowers' hotline	• Development and training • Health and safety • Wellness programmes • Remuneration, benefits • Employment equity • Financial performance • Code of Conduct and Ethics • Employee assistance programme • Mentorship programme
Potential employees JSE as employer of choice	• Annual report • JSE website • SENS • Interviews • JSE magazine • Employment agencies • Career exhibitions	• Remuneration policy • People development • Career options
Suppliers Performance feedback; requirements of company	• Scheduled meetings • Negotiations	• Monitor performance • Evaluations • Cost assessment • Growth expectations and product and service developments
National and local government Areas of mutual interest (stakeholders include National Treasury; the Department of Agriculture; the Department of Minerals and Energy; the South African Reserve Bank; and the South African Revenue Services)	• Ad hoc meetings as and when necessary	• Financial sector regulatory framework • CPSS-IOSCO compliance • Exchange control matters • Tax issues as they impact capital markets and our clients • Market structure considerations, particularly in relation to new products, where regulatory support is critical
JSE regulator Areas of mutual regulatory interest	• The JSE works closely with the FSB • FSB representatives attend Board and management meetings by invitation • Ad hoc arrangements on relevant topics	• Investment policy • Regulatory issues • Development of products and services • Surveillance • Investor and market protection mechanisms
External panels and associations Areas of mutual interest	• Ad hoc meetings as and when necessary • JSE advisory committees • Sponsorship and membership	• Various ongoing initiatives during the year, dealing with service, expectations, prospects, strategies, sustainability and regulation
Community Corporate social investment	• JSE website • Education officers • Articles in various media • JSE magazine • CSI strategy	• Education initiatives including: – JSE/Liberty Investment Challenge – Financial literacy initiatives – JEF • Health care and community development • Sponsorships and donations • JSE Benevolent Fund

The table above is discussed in further detail in the online JSE *Stakeholder report* www.jsereporting.co.za/ar2013/stakeholder.asp .

ECONOMIC VALUE CREATED FOR STAKEHOLDERS

	R'000 2013	R'000 2012
Revenue	**1 577 552**	1 384 867
Other income, including share of associate income	**234 443**	162 361
Operating expenses (outside suppliers)	**(649 779)**	(672 319)
Total economic value created	**1 162 216**	874 909

EMPLOYEES*

We paid

R420m

21%

(2012: R349m)

to our employees in salaries, short- and long-term incentives and pension funds and medical aid schemes.

SHAREHOLDERS

We paid

R217m

Unchanged

(2012: R217m)

to our shareholders in the form of dividends of the value that we created.

SOUTH AFRICA

We paid

R229m

5%

(2012: R219m)

to the South African government in the form of taxes.

OUR BUSINESS

We retained

R296m

227%

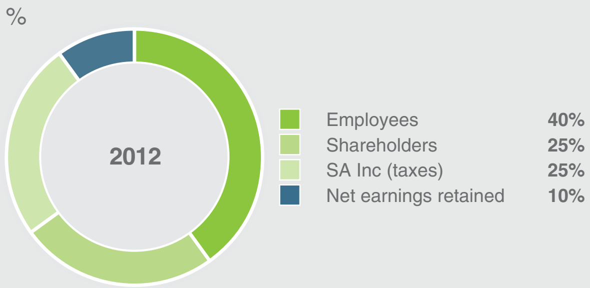
(2012: R85m)

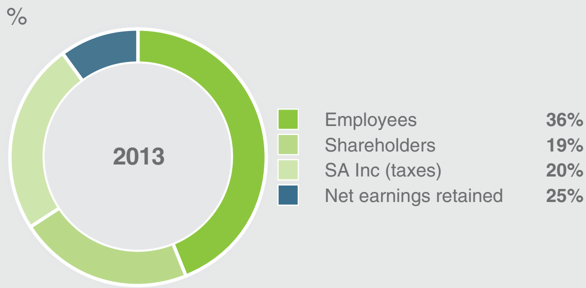
for investment in the growth of our business.

* Refer to the section performance rewards and outcomes in the online *remuneration report*.

Three-year view of value distribution

DISTRIBUTION OF TOTAL ECONOMIC VALUE

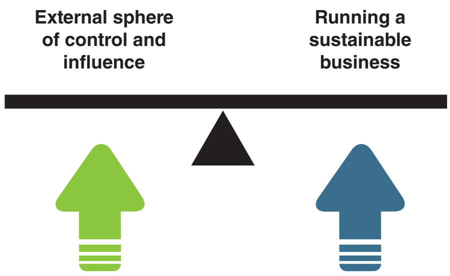




THE JSE'S SUSTAINABILITY STRATEGY

It is important to note up front that, for the JSE, sustainability has different dimensions in that it requires us to consider and balance:

- how we run our business and address our own internal/direct sustainability concerns to ensure sustainable value creation for our shareholders and broader stakeholders; in comparison with
- our external circle of control and ability to influence the broader debate with regard to the entities connected to us (issuers, investors and the intermediaries that facilitate interaction between them).



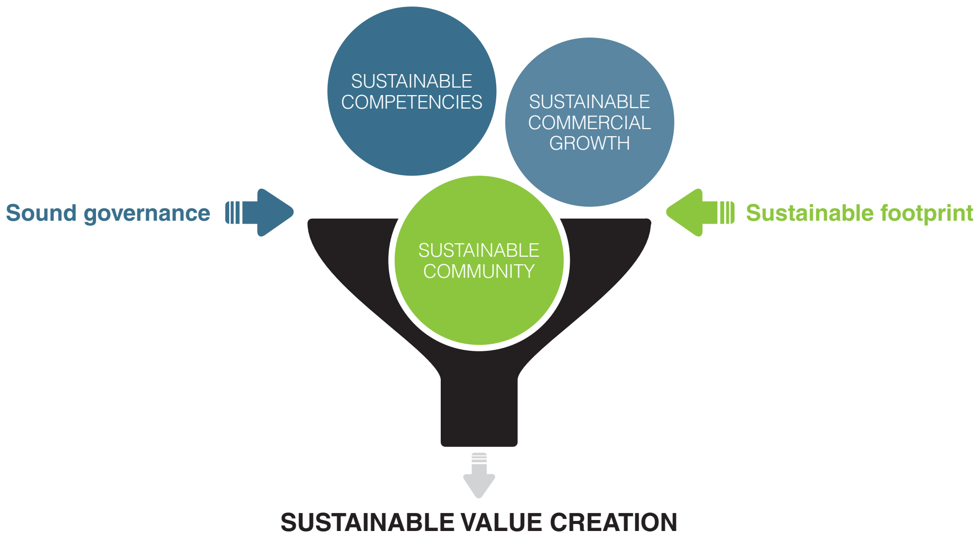
As a regulator, influencer and service provider, and a critical cog in the systems that channel the capital flows that fuel economic growth, the JSE's activities relating to our external circle of control have been focused on influencing corporate and investor behaviour positively, through high regulatory standards, products such as the SRI Index and advocacy. The JSE has long been a champion in this regard and is recognised as such, locally and globally.

We have acknowledged in our strategy, which is referred to on page 7, the need to build a resilient organisation that is positioned for the future. This includes having a clear picture of our sustainability context and what that means for our ability to create value in the longer term.

The JSE has been working internally to integrate sustainability considerations into its business operations and services. The work conducted since 2012 included the following:

- Reviewing potential challenges and opportunities the JSE may face as a result of a number of global and local forces/trends across environmental; social and economic factors;
- Considering the potential impacts of these factors on what drives value for the JSE, as well as on our ability to release value for our stakeholders; and
- Suggesting strategic actions at corporate level to integrate sustainability thinking.

At a high level, the strategy identifies ways of positioning the JSE to deliver sustainable value over the long term, by employing our competencies sustainably to achieve sustainable commercial growth and contribute to a sustainable community – all in the context of sound governance and a sustainable environmental footprint.



To gradually embed a sustainability context into everything that we do, four sustainability themes have been identified, each of which features key focus areas for the JSE, as follows:

Focus areas			
OPERATIONS AND TECHNOLOGY	PEOPLE	PRODUCTS AND SERVICES	STAKEHOLDER RELATIONSHIPS
• Governance • Increasing cost and regulation • Managing footprint	• Availability of people and skills • Wage and working environment expectations	• Sustainability of high risk/exposure sectors • Price volatility in certain sectors/markets • Expanded markets and client bases	• Increasing regulatory exposure and compliance risk • Expanded stakeholder base • Thought leadership and public policy • Engagement and transparency • Communities in need

Some actions have been identified in relation to each of these areas, establishing the first phase of the process of integrating sustainability as approved and supported by the Executive Committee. Achievements to date include:

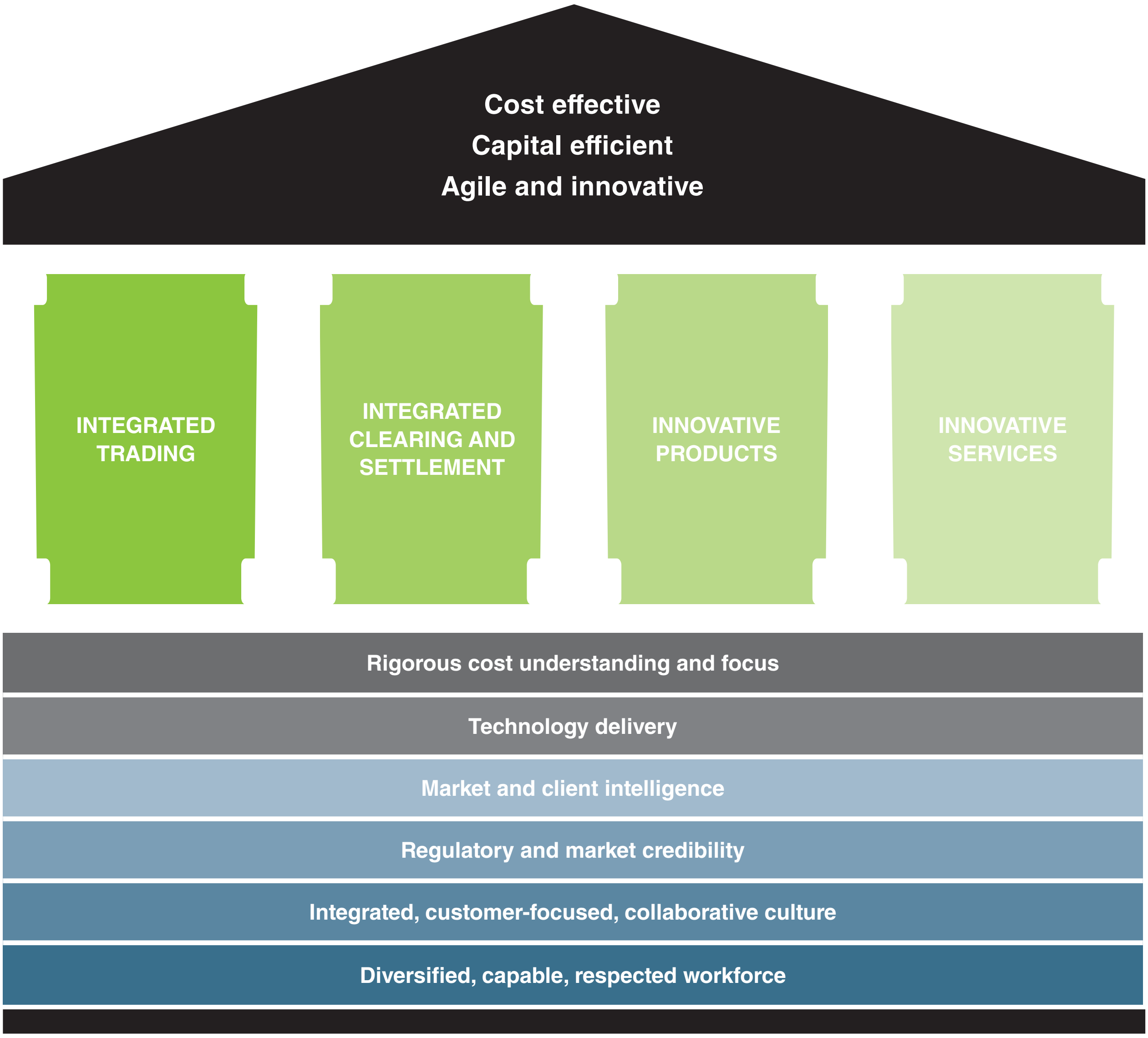
- Progressing with work on knowledge and performance management of the workforce.
- Implementing a revised corporate social investment (CSI) strategy.
- Various elements linking to the corporate scorecard such as progressing the technology roadmap, expanding client interactions and embedding a cost focus.

In keeping with the aim to realise value from drivers such as efficiency, integration, growth and innovation, the steady incorporation of the themes and focus areas noted above is mirrored in the strategy to 2017, identification of our material issues, as well as in management of the corporate scorecard. It remains a work in progress as we continue to explore the relevant impacts and opportunities, and broaden the scope of actions to increasingly incorporate a consideration of environmental and social elements.

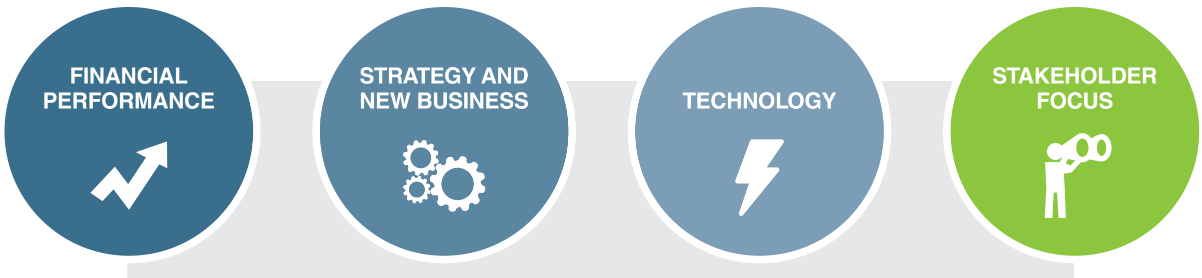
As we continue the strategic journey, the specific sustainability focus for 2014 will be on continuing to evolve our corporate reporting and transparency, as well as on implementing the next phase in the evolution of the SRI Index, which has been the main channel for our outward focus in engaging with issuers and investors about sustainability considerations.

THE JSE'S STRATEGIC JOURNEY: 2012-2017

What success will look like: The JSE in 2017



Corporate scorecard 2013



Key performance indicators

	OBJECTIVES (As reflected in 2013 Corporate Scorecard)	HOW DID WE PERFORM?	OBJECTIVES FOR 2014
FINANCIAL PERFORMANCE	Deliver financial performance in line with the budget approved by the Board.	Performance significantly exceeding budget. Actual results for the 2013 year: • Group revenue up 14% to R1.58 billion (2012: R1.38 billion). • Operating expenditure rose (2013:R1.08 billion, 2012: R1.03 billion). • Return on equity 25% (2012: 16.6%). • EBIT up 42% to R578 million (2012: R405.6 million). • Group remains strongly cash generative. **Significant Highlight.**	Deliver financial performance in line with the annual Group budget approved by the Board (revenues and expenditures under control of management carry a higher weight than those not under management control). Establish sound financial discipline where cost consciousness and revenue intelligence is achieved through operational practices.
STRATEGY AND NEW BUSINESS	Finalise: • A new Equity Market model for the JSE (which will, inter alia, drive a decision on BDA). • A comprehensive, strategic technology roadmap for the JSE based on the core strategic business initiatives being pursued by the JSE. • The repositioning of the Safcom business for on-exchange derivatives (over-the-counter derivatives clearing is the focus of the LTIS 2011 award). • A JSE-wide costing model. • Technology roadmap for the JSE – our aim is to improve our technology decision-making, prioritisation and execution.	Our current settlement assurance model is unique to the JSE and has proven its worth. • Decided to defer completing work on this to focus on more critical priorities. • Key internal elements of work close to being completed. • Overall tech roadmap developed during 2013. Repositioning Safcom business – enhancing risk management function for on-exchange derivatives. • New risk governance framework, risk tolerance model, and new Exco Risk Committee established. • Default procedure testing framework and Safcom Default Fund (R500m) operationalised. JSE-wide costing model. • New model developed. • New costing "views" provide insights into divisional operating margins and pinpoint areas for remedial action. **Highlight.**	Finalise: • The JSE's role in the government bond electronic trading platform project. • A comprehensive strategy in respect of the JSE's positioning in respect of Africa ex-SA.

	OBJECTIVES (As reflected in 2013 Corporate Scorecard)	HOW DID WE PERFORM?	OBJECTIVES FOR 2014
TECHNOLOGY	Significantly progress the implementation of an appropriate new Equity Derivatives Market trading solution. Make a decision on the implementation of T+3 and progress the implementation against this time line.	Equity Derivatives trading solution – leveraging our investment in technology. • Proposal approved by the Board in November 2013. T+3 project – reducing settlement risk in our equity market. • Phase 1 of T+3 project implemented July 2013. Final go-live in 2015. • Phase 2 to go live in H2 2014. **Highlight.**	Implement T+3 Phase 2 and make progress against the agreed project timelines on Phase 3. Progress the implementation of the integrated trading and clearing project programme, specifically focused in 2014 on work needed to migrate the Equity Derivatives Market to an integrated trading and clearing platform. Implement Phase 1 of colocation successfully.
STAKEHOLDER FOCUS	Deliver a measurable improvement in JSE client service levels to primary and secondary market customers.	Client interactions – improving service levels to members. • Comprehensive online survey of our members in 2013. Positive feedback from most participants. • CEO's client visits 2013. Significant improvement in quality of feedback received versus 2012 visits. Focus on issuers and investors – reaching out to our clients. • More than 100 executive level client visits. • Convened the Top 40 dialogue in Johannesburg and the South Africa Tomorrow Day in New York. Positive feedback. **Highlight.**	Deliver a measurable improvement in JSE client service levels to primary and secondary market customers.

REPORTS AND REVIEWS

CHAIRMAN'S LETTER

Humphrey Borkum *(JSE Chairman)*

Dear Stakeholder

The JSE posted strong results for 2013 – the best since our listing in 2006. Moreover, what a difference a year can make in the life of a stock exchange. Last year at this time, we reported a 1% increase to Group revenue of R1.38 billion. This year revenue has increased 14% to R1.58 billion. I am proud that, as the JSE is cash-strong at present, we were able to increase our dividend from 250 cents to 350 cents per share as well as to declare a special dividend of 50 cents per share. For more details on our financial performance as well as our future plans, please look at what our CEO Nicky Newton-King has to say in her CEO's review.

I am particularly pleased that, during 2013, we made real progress towards the vision of providing integrated trading and clearing across all markets by 2017, while continuing to expand our range of innovative products and services.

Global change

Global change has forced exchanges to refine their value proposition to issuers, members and investors, and to communicate this change clearly. The JSE is no exception and, in so doing, has focused its offshore communication efforts on groups with African assets or operations.

JSE issuers we visited during 2013 indicate that they believe they are extracting value from their JSE listings. A notable case in point is Ivan Glasenberg, GlencoreXstrata CEO, who highlighted his group's confidence in Africa as an investment destination and the JSE as a listing venue during his speech at GlencoreXstrata's listing.

Technology

The celebration of the first anniversary of the implementation of the Millennium Exchange Equity Market platform in July 2013 marked a major success in our technology delivery record. Since implementation, which was on time and on budget and with minimal disruption to the market, this platform has had zero downtime, a notable achievement in the industry.

In the post-trade space, technology has also had a major impact. When I first became a member of the JSE, a manual system of back office desks and white boards was adequate to clear trades. The global business of clearing has changed dramatically since then and is still changing, enabled by technological innovations.

Previously seen as an unglamorous part of the market, post-trade risk management is moving to centre stage and a growing number of exchanges are looking to expand their clearing and settlement services rather than offering purely traditional trading.

However, when it comes to risk management, regulatory pressures have made even more significant changes to the way things are done than technology and this pressure is also unlikely to ease soon.

The JSE is currently investigating the introduction of an integrated risk management and clearing process, which will enable us to identify and manage risks centrally and holistically across markets. The consolidation of clearing operations should result in simplified and integrated operational processing.

The operating environment in 2013

2013 continued to be challenging for the global economy, but improved conditions in leading developed markets helped lift global sentiment. However, a more sombre mood prevailed in some developing economies, including those of the BRICS countries (Brazil, Russia, India, China and South Africa). In South Africa, economic growth remained low, knocked by a deterioration in industrial relations and in consumer and business confidence.

For the fourth consecutive year, South Africa and, by implication, the JSE and our regulator, the Financial Services Board, was placed first in terms of regulation of securities markets, number one in the protection of minority shareholders' interests and number two in financing through the local equity market in the WEF Global Competitiveness Report 2013-2014. In the soundness of our banks, South Africa remains at number three and in the availability of financial services, we came in at number two (from seventh in 2010). It is important that we should maintain these high standards to strengthen our country's ability to compete for a share of foreign investment flows.

The operating environment for 2014

The flood of global capital towards emerging markets that we have become accustomed to in the past few years is beginning to subside, ushering in a period of uncertainty and more fragile exchange rates, as already seen in the past few months. In an environment of higher inflation risk and vulnerable growth, policy responses are likely to remain measured and tentative.

The JSE supports government moves to create a more business-friendly climate in South Africa. In the long term, South Africa needs policy certainty and a regulatory policy environment that is conducive to sound business decision-making if we wish to grow this country at the rate at which it is capable.

There is no doubt that collaboration with all our stakeholders will remain a critical feature of the development of our market.

Celebrating former President Nelson Mandela

As 2013 drew to a close, we mourned former South African President Nelson Mandela, who passed away on 5 December. As a sign of respect, all JSE markets were paused for five minutes at 11:00 on 6 December 2013. This reminded me of the impact that he made with his visit to the old trading floor. All trading activity simply came to a halt.

Madiba's passing drew South Africans from all walks of life together. Our country needs to find new ways to cherish his ideals as we move forward.

Welcome to our new Chairman

My retirement after the JSE's 2014 annual general meeting (AGM) gives me the opportunity to welcome Nku Nyembezi-Heita, whom the Board has proposed as the JSE's new independent non-executive Chairman from the day after the AGM. I'm delighted to welcome Nku on behalf of the Board. She joined the JSE's Board in June 2009 as a non-executive director, having been chairman of the Bond Exchange of South Africa, which the JSE acquired that year.

As Chairman of the JSE, Nku will bring a sharp, analytical mind and rigorous attention to the value of potential new projects, as well as the ability to ask the tough questions. I am certain that she is the right person for the job.

Appreciation

My family's involvement in the stock exchange has lasted almost 70 years. My father was a co-founder of the brokerage firm Davis Borkum Hare. I was a founder member of the JSE Board in 2000, when the JSE became an incorporated company, and I became Chairman in 2002.

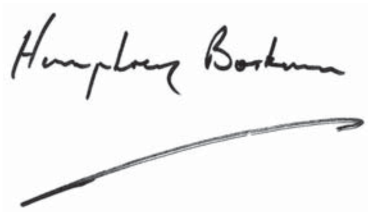
I would like to thank my wife, Cheryl, for her unstinting support over my years in the industry. I also wish to acknowledge the roles that the two previous CEOs of the JSE, Roy Andersen and Russell Loubser, played in completely transforming the Exchange. The JSE today is vastly different from what it was 20 years ago.

In addition to this, I want to express my appreciation to the Board, the JSE executive and the staff as a whole. 2013 was a year of hard work in a challenging external environment. As a team, the JSE used 2013 to lay a sound foundation for the exciting period ahead.

Finally, I must thank our CEO, Nicky Newton-King, for her leadership.

She became CEO at the start of a very difficult period for the Exchange and has proved to be a strong and capable leader.

As I leave the JSE, which has been an important part of my life for over 50 years, I am happy that its future is in good hands.



Humphrey Borkum
JSE Chairman

CEO'S REVIEW

Nicky Newton-King *(Chief Executive Officer)*

Introduction

The JSE delivered a very pleasing corporate performance during 2013, underpinned by strong financial results. This performance resulted from an improvement in financial market sentiment as well as the hard work of all the Group's teams, which directly influenced revenue lines and maintained costs. Most divisions performed well, with standout revenue performance from the Equity Market, Post-Trade Services and Market Data divisions.

This report reviews the Group's corporate performance during 2013, assessing this against what we set out to achieve during the year. The Group's 2017 strategic vision, reflected on page 10 in the report and discussed in more detail on page 11, sets the long-term vision and focuses on strengthening the foundational elements of our business (people, technology and regulation), diversifying revenues (particularly in the data and post-trade services areas) and driving enhanced capital and cost efficiencies.

Each year, we measure ourselves against a corporate scorecard that reflects a number of key performance indicators (KPIs) across four pillars, approved by the Board. The four KPI pillars are:

- Financial performance.
- Strategy and new business.
- Technology.
- Stakeholder focus.

Cumulatively, the KPI deliverables in the corporate scorecards in each of the years 2012 to 2017 are intended to ensure that we will achieve the 2017 strategic vision.

Financial review

Strong financial performance

Group earnings after tax for 2013 increased by 68% to a high of R507 million (2012: R302 million). This follows strong operating revenue growth from most of our products and services and tightly controlled operating costs (up 5% to R1.08 billion; 2012: R1.03 billion).

Group earnings before interest and tax (EBIT) increased by 42% to R578 million (2012: R406 million.) The earnings per share (EPS) and headline earnings per share (HEPS) statistics are also pleasing at 592 cents (up 68%) and 645 cents (up 36%) respectively, despite the impact of the impairment of legacy technology (2013: R48 million; 2012: R75 million) and net of the rebate to Equity Market clients of R84 million.

This performance has enabled us to declare a total dividend of R348 million (2012: R217 million) or 350 cents per share (2012: 250 cents) and a special dividend of 50 cents per share.

Expenses tightly controlled

Total operating expenses increased by 5% to R1.08 billion (2012: R1.03 billion).

Personnel, technology and technology related costs (depreciation) are the principal components of our cost base. These account for 64% of our largely fixed cost base.

Staff costs increased by R45 million (12%) to R405 million following a flat headcount, annual salary increases of R17 million (6%), a reduction of R18 million in the amount of staff costs capitalised and a larger bonus pool following significantly better financial results than in 2012. These, together with the IFRS impact of all the LTIS allocations since 2010, resulted in total personnel expenses, as reported, increasing to R427 million (2012: R354 million).

Other expenses declined by 3% to R650 million (2012: R672 million). This includes an impairment expense of R48 million following the impairment of the last portion of the software developed to replace our back office accounting system once we had concluded that it was unlikely to be brought into use as intended. Technology costs were up 19% (reflecting the work on T+3 Phase I) and depreciation charges were up 8% (reflecting the first full year of depreciation of the equity trading engine solution, implemented in mid-2012).

Keeping the cost base under control demands ongoing attention. Over the past four years, other expenses have increased by only 7% (excluding impairments) annually, a positive reflection of these efforts. Management remains committed to keeping the business at an optimum size from an operational perspective and to enable it to take advantage of opportunities for new business growth.

Financial strength and cash-generating ability

The stronger-than-expected revenues and tight expenditure management have translated into strong cash flow, with a net increase in cash of R250 million for 2013 (2012: R88 million).

At year-end, our cash and cash equivalents stood at R1.38bn (2012: R1.1bn), net of our R100 million contribution to the Safcom Default Fund (represented in the JSE balance sheet) and third party capital expenditure of R81 million. We have almost no debt, bar a loan (balance of R19 million) used to fund the 2011 acquisition of the Nautilus Managed Account Platform (2012: R23.7 million).

Ongoing investment in the business remains crucial. Looking forward to 2014, our capital expenditure programme for business-as-usual activities amounts to about R21 million.

A series of other strategic and technology investments remains under consideration by executive management and the Board. Such investments must, of course, contribute to the future profitability of the Group. The capital expenditure for these 2014 investments is projected at about R170 million.

Dividend

The Board and management remain confident of the underlying strength of the JSE's operations and its continued strong cash flows. All currently planned investments and capital requirements for 2014 can be funded from the JSE's own resources. Accordingly, the Board has decided to declare an ordinary and a special dividend for the year ended 31 December 2013 at 350 cents and 50 cents per ordinary share respectively.

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 is appropriately capitalised, given the nature of the risks the Group currently faces and given the uncertain nature of future regulatory capital requirements. Although the Board has decided not to retain additional capital at this time, the Group may, in due course, require a further capital injection to meet regulatory capital demands.

Strategy and new business

Our progress in repositioning Safcom, building a comprehensive technology roadmap for the business, and designing and implementing a new, enterprise-wide costing model for the JSE are all significant achievements in 2013.

Equity Market business model

We have also made progress on our Equity Market business model (EMBM), and are in the process of closing out on key internal elements of this project. However, we made a deliberate decision to focus resources in more critical business areas and hence did not progress this as far as was intended when the 2013 corporate scorecard was finalised.

Extensive internal research was undertaken and discussions were held with a wide range of JSE stakeholders during the first half of 2013 and we have a good idea of the choices ahead of us. Finalising these choices will, however, still involve an enormous effort from both the JSE and its clients and so, after a review of resource availability, we have deliberately deferred completing this work to focus on more urgent priorities.

Technology

Technology is a critical enabler for exchanges and, for many, their single largest expense line item. This is true also for the JSE. Therefore, making the correct technology decisions (and implementing those decisions in the right order, effectively and efficiently) is important to our future success.

The JSE and likewise our clients have limited financial and resource capacity to tackle multiple, large-scale, complex technology projects. We must therefore be systematic in choosing which projects to tackle, especially as we are continuing to build on our ability to deliver large-scale projects on time and within budget.

Leveraging our technology investments is likely to be one of the real game-changers that will enable us to make a structural adjustment to our fixed cost base. This places added pressure on the technology choices we make.

To guide our thinking, we developed a technology roadmap for the JSE during 2013. We now have a clear view of our technology path, not only in each market or functional area of the business, but also at a corporate (holistic) level.

Risk management

Changes in risk management disciplines for financial market infrastructures have prompted the JSE to enhance its clearing and related functions for on-exchange derivative instruments. The Safex Clearing Company (Pty) Ltd (Safcom), which is fully owned by the Exchange, is the JSE's appointed central counterparty (CCP) for its derivatives market. It therefore operates as the JSE's clearing house to risk manage all transactions in the JSE's on-exchange derivatives markets as well as listed spot bond transactions executed on the trading platform. The repositioning of Safcom involves enhancing its operational efficiency and improving its risk management and risk reporting.

The JSE recorded a number of important risk management milestones during 2013:

- Formalising and improving Safcom's governance arrangements, including risk;
- Introducing margin enhancements and sophisticated risk and exposure measurement systems for derivatives;

- Setting up and operationalising the R500 million Safcom Default Fund as well as liquidity lines with commercial banks to be used in the event of a clearing member default; and
- Implementing and operationalising rigorous stress testing and back-testing regimes for derivatives.

Costing model

Fixed cost bases are typical of stock exchanges. Therefore managing the JSE's fixed cost base will remain vital to growing the JSE's dividend to shareholders while making it possible to reduce fees to clients. During 2013, time and effort have been devoted to developing a costing model for the JSE that provides greater insight into the costs of delivering the JSE's various products and services. We will use these insights to expand the costing model and examine both the underlying structure of our cost base and the pricing of our products.

Technology

Migration to Millennium IT

The JSE's current Equity Derivatives Market trading platform does not sufficiently enable future market growth and there is a need to leverage our existing technology investments if we are to reduce our cost base. We have therefore decided to migrate all trading on our derivative markets, commencing with equity derivatives, to the Millennium IT Exchange technology, which we successfully deployed for equities trading during 2012. Our experience with the Millennium IT Exchange platform over the past 18 months, with 100% uptime in our Equity Market, has shown the wisdom of this decision. We expect the derivatives transition to take a number of years.

The decision to migrate to a single trading platform for all our markets also necessitates implementing a new clearing solution. The move to an integrated trading platform and an integrated clearing platform, although complex, holds real promise for delivering enhanced trading and market data services to clients, more efficient margin through cross-product offset and unlocking product growth opportunities for the JSE.

T+3

We are working to shorten the settlement window for equity market trades from the current five days after trade date to three days, with a consequent reduction in settlement risk.

Phase 1 of the project, enabling regulatory requirements, including the split between proprietary and controlled accounts, went live in July 2013. All Phase 1 milestones were successfully achieved. Work on Phases 2 and 3 is also progressing. The shorter settlement cycle will reduce the amount of unsettled risk at any point in time and will also free up margin and in so doing, increase the circulation of funds.

Stakeholder focus

During 2013, the executive team again focused attention on client interactions and improving the quality of our business relationships with key stakeholders, including issuers, trading members, investors, market data users and other clients.

Our focus in 2013 was on progressing issues raised by clients, including the underlying cost of executing business on the JSE. Clients canvassed recently are mostly positive about the style of JSE engagement, our willingness to listen and the actions we take in response to concerns. Clients frequently cite the Equity Market trading rebates introduced during 2013 as positive evidence of this new approach. Although this is pleasing feedback, there is more to do in this area.

During 2013, we also spent time with our listed issuers as well as the advisory community (sponsors, audit firms, bank advisory teams and private equity firms). Executives clearly saw a JSE listing as representing real value and serving as a "home" for companies with African assets.

We also recently hosted a successful South Africa Tomorrow Day in New York City with UBS, at which Minister Manuel, Deputy Minister Nene and Deputy Governor Mminele spoke. This roadshow showcased South Africa and its investment potential and was very well received by attendees.

We ended 2013 with 12 new listings in all, offset by about twenty delistings. These were owing to various issues, including regulatory changes and takeovers. Continuing to build a stable listings pipeline will clearly remain a focus area in 2014.

Our ongoing client interactions and relationships with key primary and secondary market clients will always, in a sense, be a work in progress. However, I am pleased with the advances we have made and am confident that relationships have improved during 2013.

Prospects

The JSE is a largely fixed cost business. Costs are tightly controlled and the necessary capital investments are made in areas that will enhance the Group's sustainability. The Group's revenues are variable and largely driven by activity on the various markets the Group operates. For this reason, the Board makes no projections regarding the Group's financial performance in 2014.

However, the JSE team is excited by the opportunities ahead as the Group continues to make good progress towards delivering on its 2017 strategic vision. The Board is confident that, as these efforts advance, the JSE will increasingly be positioned as a growing, formidable and sustainable business.

Appreciation

2013 has challenged us to find new approaches to many aspects of our business: from technology to billing models, from client interactions to the development of new market opportunities. These will, I believe, be critical elements in establishing the long-term sustainability of the JSE.

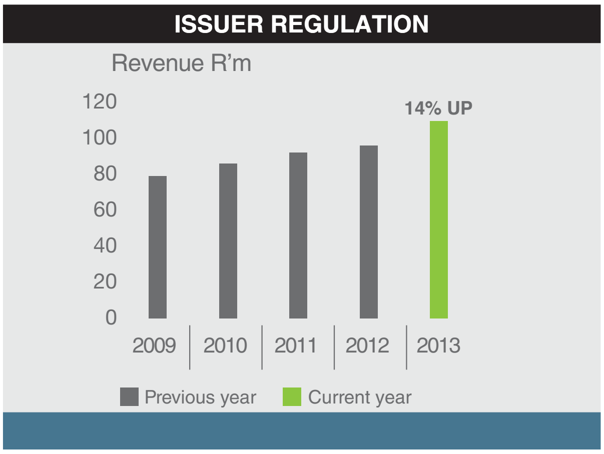
I would like to thank all my colleagues at the JSE and particularly my Exco for their willingness to help chart the JSE's new path. It is such a pleasure to work alongside this team.

As we tackle 2014, I want to pay tribute to the enormous contribution to the evolution of the JSE made by our Chairman, Humphrey Borkum, who retires at our AGM after five decades in the industry and 12 years as the JSE's Chairman. Humphrey's wise counsel, always well informed and always quietly offered, has had a major impact on the architecture of the JSE we know today. Humphrey and his wife Cheryl have been passionate and active supporters of all we do and I know my team at the JSE joins me in thanking them for that support and in wishing them many long and happy years ahead.

Nicky Newton-King
Chief Executive Officer

Operations

Issuer Regulation



Division responsibilities

The JSE's Issuer Regulation division is responsible for regulating issuers that list products on the Equity and Interest Rate Markets. The JSE applies its Listings Requirements in the regulation of companies and securities, whether these are applying to list or already listed.

How we make our money

The division charges fees for new issuances, annual listings fees for all existing issuers, as well as documentation fees for dealing with specific corporate actions undertaken by companies during the year.

2013 in review

R110 million

(2012: R96 million) owing to an increase in corporate activity.

Percentage of total revenue (excluding Strate ad valorem fees): 7%.

Number of new company listings on the JSE remained flat at 12 (2012: 12).

Listings activity in other JSE-listed equity instruments – 3 new ETFs, ETNs and 251 new warrants (2012: 16 ETFs, ETNs; 2012: 170 warrants).

The total nominal listed bond value by year-end December 2013 was R1.8 trillion (2012: R1.6 trillion), with 1 539 listings in total by year-end December 2013 (2012: 1 452).

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

New Listings Requirements enable listings of new corporate structures:

- Real estate investment trusts (REITs) and special-purpose acquisition companies (SPACs) prompt interest from prospective issuers.
- 32 existing listed property companies adopt the REIT structure in 2013.

Listings Requirements introduced to deal with hybrid listed instruments.

The JSE's Issuer Services business development team actively seeks new equity, debt and related listings. The Exchange has a listings pipeline across its five markets, but does not predict future listing numbers.

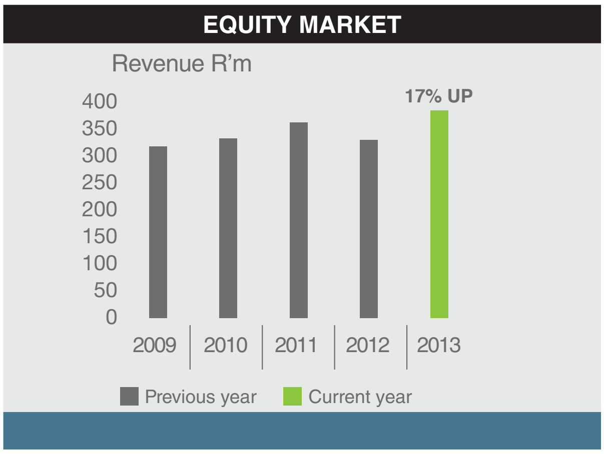
Listings in 2013 were muted, mainly owing to the challenging economic environment. The JSE was delighted that one of the largest global diversified natural resources companies, Glencore Xstrata, listed on the JSE in 2013. A multinational company of GlencoreXstrata's size and stature selecting the JSE for its secondary listing is a major accolade for the Exchange. The listing reflects well on South African financial markets and sends a positive message to potential issuers, both locally and internationally.

During 2013, the team undertook an in-depth review of the JSE's Listings Requirements. The focus of the review was to apply the changes in new legislation and to make the requirements more business friendly. It is expected that these proposed changes will come into effect during the first half of 2014.

Looking ahead for 2014

In line with the strategic focus on innovative product development, there will be continued development of the Listings Requirements, which will enable new product development in 2014 and beyond.

Equity Market



Division responsibilities

The Equity Market's main focus is on providing trading in equities, warrants and exchange-traded products (ETFs and ETNs). It also provides many other ancillary trading services and customer support services.

How we make our money

The Equity Market generates revenue mainly from equity transactions, charged on the value of each transaction leg. A billing model change was implemented on 30 September 2013, which is a 0.0053% value based charge with a maximum fee per transaction leg of R350. The previous methodology was a per transaction leg charge of 0.0055% with a minimum and a maximum. Analysis will be conducted at the end of March 2014 on the effect on trading behaviour (if any) of the new billing model. Other revenue is generated from membership fees and trading services.

The Equity Market remains the JSE's biggest revenue generator. The JSE provided about R84.2 million in rebates to Equity Market members in 2013, of which R32.2 million relates to equity Market fees from 1 January 2013 to 30 September 2013.

2013 in review

Revenue rose by 17% to

R385 million

(2012: R330 million) on the back of strong growth in trade volumes in the Equity Market.

Percentage of total revenue (excluding Strate ad valorem fees): 26%.

The number of transactions year-on-year rose 45% to 39 million (2012: 27 million).

Value traded up 16% from the same period.

Average size per trade continued to fall (2013: 1640; 2012: 2 296).

Since the Millennium Exchange implementation, uptime for trading on the JSE's Equity Market has been 100%. Approximately 76% of the JSE's Equity Market value traded can be attributed to electronic trading, which includes algorithmic trading activity. A peak of 9.2 million orders was received on 20 June 2013. During 2013, average daily trades stood at 156 000, compared with 120 000 per month in the year the JSE implemented its first electronic trading system (1996).

The first upgrade to the Millennium IT trading system took place over the weekend of 9 November 2013 and was implemented successfully on 11 November 2013. This was a significant upgrade as it leapfrogged six versions of the system and added functionality. One of the features added enables market participants to trade at the closing price after the closing auction has been concluded and the closing prices published.

Looking ahead for 2014

The JSE is moving ahead with the construction of its colocation facility and is on track to go live in the second quarter of 2014. The colocation facility will initially provide space, power, cooling, and physical security for 35 racks for clients' trading equipment. There will be ongoing spend, the extent of which will depend on the rate at which the colocation environment is expanded to meet client needs.

Colocation will introduce a new revenue line and significantly increase speed of access to and liquidity across all markets as well as reduce risk for members. This new revenue line forms part of the JSE's strategic focus on innovative services.

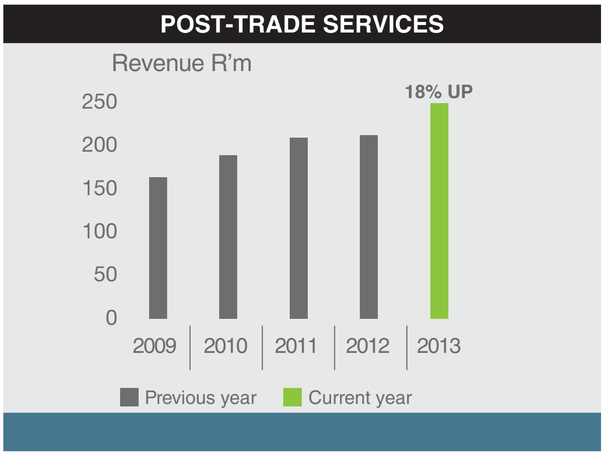
The upgrade implemented in November 2013 also brings about further opportunities to provide continuous improvements and enhanced functionality to equity market participants during 2014.

There will also be focus on revising the existing membership billing models and investigating liquidity provider schemes and other mechanisms to attract liquidity to the JSE.

Post-Trade Services

Division responsibilities

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



How we make our money

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

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

2013 in review

Revenue rose by 18% to

R249 million

(2012: R212 million) owing to the increase in the volume of equities trades. This reflects Equity Market clearing fees only.

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

IOSCO compliance application for equities clearing has been submitted to the regulator.
Implemented Phase 1 of T+3 settlement model for the Equity Market.

Investigating providing OTC clearing service.

Phase 1 of T+3 was successfully implemented in July 2013.

With regard to the Derivatives Markets, structural improvements were made to risk management, including the introduction of a new mutualised default fund and new liquidity lines to enhance our settlement assurance.

We started working towards achieving compliance with the European Securities and Markets Authority (ESMA) requirements to enable multinational clearing bank members to comply with European extraterritoriality requirements.

Looking ahead for 2014

Phase 2 of the T+3 project will be implemented in 2014 and Phase 3 in 2015. Phase 2 will introduce a new clearing system for the Equity Market. The consultation process to review the clearing and settlement billing model is under way with the aim of implementing this billing change in July 2014.

A new integrated clearing solution for all markets will be implemented over the next four years. This solution will introduce real-time clearing and will enable a central point of risk management across markets. Benefits from this technology include margin offset and cross-collateralisation. The Post-Trade Services division is investigating what services the JSE is able to provide in the over-the-counter clearing space. It is also focusing on various initiatives to strengthen the on-exchange clearing business.

The division continues to make enhancements to the sophistication of post-trade risk and capital management in all markets. All of these initiatives are in line with our strategic focus on integrated clearing and settlement.

Back-Office Services

Division responsibilities

Back-Office Services (called the Broker Deal Accounting (BDA) system) gives the Exchange world-class surveillance capabilities, allowing the JSE to see certain transactions to client level in real time. Equity members are mandated to use the system. The system keeps the securities records and books of individual broking firms and of their clients. It also enables the Exchange to provide settlement assurance for central order book equity transactions. The BDA solution has been in production for nearly 30 years.

BACK-OFFICE SERVICES (BDA)

How we make our money

Revenues for Back-Office Services are somewhat linked to the number of equity transactions that take place on the cash Equity Market. BDA fees are mostly charged on a per BDA transaction basis with connectivity, subscription and dissemination fees being charged differently.

2013 in review

Revenue rose by 16% to

R238 million

(2012: R205 million).

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

Looking ahead for 2014

The BDA solution has been in production for over 30 years. Just prior to 2013, minimal BDA changes were implemented because it was about to be replaced. A number of other JSE strategic initiatives (T+3, Equity Market business model and integrated clearing for equities) necessitate keeping BDA in place until at least 2018. Investigations have been performed on the critical areas and actions identified to ensure BDA's sustainability until 2018.

There will also be a focus on revising the existing BDA billing model for implementation during 2015.

Bonds and Financial Derivatives

Division responsibilities

The Financial Derivatives Market provides a secure and efficient on-exchange market for trading derivatives on financial assets in South Africa. The market provides professional traders and private investors with a platform for trading futures, exchange-traded contracts for difference (CFDs), options and other sophisticated derivative instruments in a liquid and transparent environment.

BONDS AND FINANCIAL DERIVATIVES

The Financial Derivatives Market spans a number of product groups across the equities, currencies and interest rate asset classes. Clients can trade through a transparent central order book or simply report trades to the JSE.

In addition to financial derivatives, the division is responsible for the cash debt markets, trading the full spectrum of cash instruments listed on the JSE Debt Board. This includes bonds, floating rate notes, commercial paper and hybrid instruments.

How we make our money

The Bonds and Financial Derivatives markets make use of a range of fee models, either based on the volume traded or on the market value of transactions. In order to promote on-screen trading, the fee associated with on-screen trading is always lower than that for reported trades. Certain markets have volume-based incentives in the fee model. For markets that require the support of market-makers, the fee model may also include specific incentives for this activity.

2013 in review

Total divisional revenue rose by 15% to

R202 million

(2012: R176 million).

Percentage of total revenue (excluding Strate ad valorem fees): 14%.

Changed pricing mix in interest rate and currency markets to encourage market participation.

Ongoing upgrades to technology and products.

Equity Derivatives Market

Equity derivatives revenue rose by 17% to

R132 million

(2012: R113 million).

Value traded rose to R5.1 trillion (2012: R4.2 trillion).

The number of contracts rose by 58.8% to 217.5 million (2012: R137.0 million).

Open interest as at 31 December 2013 increased by 30.7% to 15.9 million (2012: 12.2 million).

Launched contracts for difference (CFDs) on exchange.

The weakening rand and increased strikes in the South African labour market during the course of 2013 have created volatility, prompting increased trading activity on the Equity Derivative Market.

The weakening rand also contributed to a bigger appetite for the JSE's international derivative (IDX) product range, as investors are interested in investing offshore.

Currency Derivatives Market

Currency derivatives revenue rose by 37% to

R24 million

(2012: R17 million).

The number of contracts traded increased by 81% year-on-year to 34.3 million (2012: 18.9 million).

Open interest as at 31 December 2013 also increased by 60% to 1.8 million (2011: 1.1 million).

The Currency Derivatives Market grew in 2013, largely owing to its new pricing strategy and volatility in the currency as well as asset management companies moving over-the-counter (OTC) derivative trades on-exchange because of a change in investment mandates.

Volatility in the rand and the weakening of the rand against the dollar in 2013 drove growth in the number of contracts traded.

Interest Rate Market

Interest rate cash market revenue rose by 1% to

R46 million

(2012: R45.7 million).

Bond market volumes declined by 10% to a nominal value of R20.6 trillion in 2013 (2012: R23.0 trillion). The decline was mainly owing to the successful equity trading in 2013, which saw foreign bond investors withdrawing from the country and local investors rotating from the cash bond market and investing into the equity markets.

The number of bond derivatives contracts traded rose by 48% from 2.5 million in 2012 to 3.7 million in 2013.

Open interest in bond derivatives as at 31 December 2013 rose by 8% from 353 311 in 2012 to 380 365 in 2013.

Looking ahead for 2014

Volumes in the equity index products continue to grow alongside the underlying cash markets. For the flagship equity index options market, there is now a committed on-screen market. This is the first step towards improving the JSE options market by making it more accessible to retail investors. Options give clients the ability to tailor their directional view. Product innovation remains a driver for growth in all of the financial derivatives markets.

To position the Equity Derivatives market for growth, particularly from international and latency sensitive clients, the equity derivatives trading engine needs to be replaced. The Equity Derivatives Market will be migrated to the same trading engine as the JSE's Equity Market and to a new clearing engine. This will leverage the JSE's investment in advanced trading technology. This decision forms part of the JSE's commitment to an integrated trading and clearing vision. This move will increase speed and is expected to increase liquidity on the market. An investment of R47 million will be made in this project.

Work with the National Treasury and industry participants to implement an electronic trading platform (ETP) for the South African government bond market is gaining momentum. We are excited that the National Treasury has agreed the way forward for an exchange-traded platform for government bonds and we will be looking at how the JSE can deliver this platform for the National Treasury.

In the cash Bond Market, new mark-to-market (MTM) initiatives have been agreed with market participants to provide improved integrity in illiquid bonds and will be implemented in 2014. A new corporate bond strategy has also been agreed to with market participants and it is hoped it will boost trading in corporate bonds.

The division will continue to focus on growing the on-screen market for interest rate derivatives. A key initiative for this market will be to implement swap futures on exchange, which will complement the bond derivatives products and boost liquidity and growth.

New trading strategies for the Currency Derivatives Market will be introduced in 2014. It is hoped that these will further boost growth. Currency volatility will continue to underpin the success of this product.

Commodity Derivatives

Division responsibilities

The Commodity Derivatives Market remains the preferred platform for price risk management and price discovery for the physically settled agricultural grain market in South Africa. In addition to this, an extensive range of cash-settled rand denominated derivatives on various international benchmark commodities, including softs, energy and various metals, under license from the CME Group, is available to the investment community. To further enable trade of the foreign commodities exposed to the impact of the US dollar exchange rate, the division introduced quanto futures fixing the daily dollar rand exchange rate on a one-to-one basis. In the most liquid of the physically settled grain derivatives contracts, the underlying crop is traded 16 times over.

COMMODITY DERIVATIVES

How we make our money

Revenue is earned by charging a fee per contract traded, based on the underlying instrument. In addition to this revenue, a fee per ton of grain physically delivered is also collected.

2013 in review

Revenue down by 13% to

R49 million

(2012: R56 million), largely owing to lower price volatility because of reduced uncertainty in the agricultural grains market.

Percentage of total revenue (excluding Strate ad valorem fees): 3%.

Product range under license from the CME Group continues to increase.

Quanto futures available on 14 different commodities are now gaining traction. The product received an international award for "Most innovative new contract" in the metals category for the introduction of the platinum quanto.

Introduced short-dated crop options to enable efficiencies for maize producers hedging their price risk during the volatile weather season.

Introduced the 10-ton white and yellow maize contracts to enable smallholder maize producers and those with smaller quantities a more efficient hedging mechanism to manage their price risk.

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

Looking ahead for 2014

The Bank of Zambia extended its full support to the proposed Zambian derivative contracts to be traded in US dollars during 2013. The division anticipates that the Zambian Agricultural Credits Act will be signed in the coming year. That will allow the division to finally proceed to list a range of grain derivatives products with specific delivery points in Zambia.

Robust consultation for the introduction of a physically settled coal futures contract was conducted in 2013 and the team aims to conclude the way forward in early 2014. Should a physically settled contract not receive the support of critical clearing members, a cash-settled contract will be considered.

The division will focus on introducing a commodity index, which is based on the quanto future contracts, including a minimum of six commodities. This index could be used by financial players in the market looking to diversify their exposure and include a commodity component.

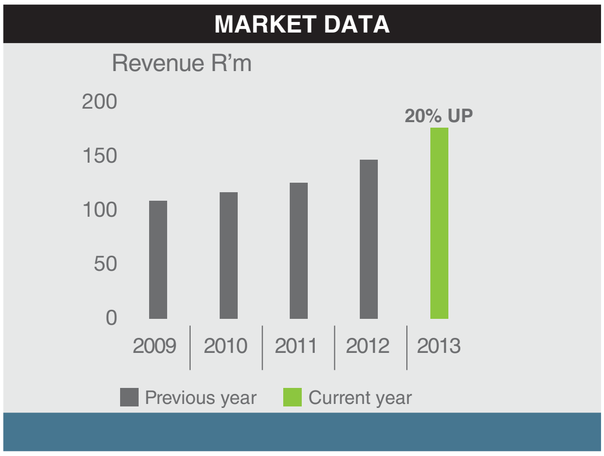
The team will also introduce a product to allow for a diesel hedge, a 5 000 litre contract that increases accessibility to a wider range of market players exposed to the logistics industry and will closely correlate to local diesel pump prices. For the first time, South African participants will have access to an exchange traded and cleared domestic product.

The division will continue with its education programme to expand participants' knowledge of the commodity products available and how these can be referenced, either for hedging or investment purposes. These initiatives all form part of the JSE's strategic focus on innovative product development.

Market Data

Division responsibilities

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



How we make our money

Revenue is earned by charging a fee.

2013 in review

Revenue rose by 20% to

R177 million

(2012: R147 million) owing to international growth in professional indices users as well as algorithmic players and hedge funds subscribing to JSE data.

- Percentage of total revenue (excluding Strate ad valorem fees): 12%.
- Introduced new pricing policy and methodology for Derivatives Markets.
- 54 new clients have signed up to Market Data products (24 local clients and 30 international clients).
- Launched four new Market Data products – two interest rate products and two money market products.
- Licensed additional index tracking products.
- Continued focus on international markets.
- Data usage for algorithmic traders increased.
- Automated Market Data client usage reporting system introduced for domestic and international clients.

During 2013, the division focused on completing the automation of our client interaction as part of the JSE's strategy of providing innovative services. This involves using a new web-based portal through which JSE Market Data clients can report their monthly usage electronically to the JSE (253 clients, both domestic and international, were converted to the new system). This reduces administration and complexity for both the clients and the JSE, enabling JSE sales teams to focus on building the Market Data client base and revenue.

Looking ahead for 2014

To grow revenue, the team will continue to focus on expanding our international client base as well as launch new indices and other market data products. We will also focus on standardising contracts across all markets and reviewing pricing methodologies across all market data products.

TRANSFORMATION IN THE JSE

The JSE has improved its audited BEE status from a Level 5 (2011) to a Level 4 (2012), thus achieving one of the 2013 corporate scorecard objectives. This was verified by a South African National Accreditation System (SANAS) accredited agent in October 2013, under the Financial Sector Charter (FSC) Code, gazetted under Section 9 of the Broad-Based Black Economic Empowerment (BBBEE) Act. This status will apply until 15 October 2014.

Major highlights of 2013

- In March 2013, a black female, Aarti Takoordeen, was appointed to the JSE Board in the capacity of executive director and Chief Financial Officer;
- The second formal JSE mentorship programme, which is overseen by the CEO, was successfully completed. In total, 12 mentees participated in the programme, each paired with a senior manager or a member of the executive management team; and
- 22 learnerships continued in 2013.

Summary of key performance elements for 2013

	Black females	Black
Equity ownership	6.89%	18.35%

Management control and representation at the JSE was as follows as at 31 December 2013:

	Total	Black	%	Black females	%
JSE Board	12	6	50%	4	33%
Executive management	13	2	15%	2	15%
Senior management	46	9	20%	4	9%
Middle management	224	106	47%	48	21%
Junior management	188	151	80%	87	46%

Skills development	Total R'm	Black R'm	%	Black females R'm	%
Skills development spend	4.3	2.4	57%	1.3	30%

Learnerships	Total no. of employees	Black	%	Black females	%
Number of learners on learnerships	497	22	4.4%	9	1.8%

Our challenges

The JSE Board is satisfied with the progress thus far in terms of approved strategies. The areas listed in the table below remain a challenge. Ongoing monitoring of progress in this regard is delegated to the Human Resources, Social and Ethics Committee.

Area	2013 and beyond
Executive and senior management	Recruiting skilled staff at senior levels and retaining talent in the black senior management category remain challenges. Ongoing efforts are concentrated on employment equity. However, we continue to experience the same challenges with regard to senior management that are faced generally in our industry. We mitigate against this by encouraging all employees to continually enhance and develop their skills, knowledge and competencies in their area of expertise. With effect from 1 January 2014, a black female, Njabulo Mashigo, was appointed to the executive management committee. She is responsible for human resources, talent and performance management.
Skills development	Initiatives are in place to support the ongoing development of employees, including learnerships; the JSE mentorship programme; sponsored education; the annual training and development budget; and formal performance management reviews that require any manager-employee agreed learning and development initiatives to be recorded and facilitated by the learning and development area of the HR department in the next or subsequent performance cycles. All employees have access to study and exam leave for approved learning and development.
Procurement	Our challenge in this area remains the procurement of goods and services from 30% black female owned businesses and, to a lesser extent; from qualifying small enterprises (QSEs) and exempted micro-enterprises (EMEs).

GOVERNANCE, ETHICS AND COMPLIANCE

King Code principles (King III)

The Board endorses King III, which prescribes sound corporate best practice principles of accountability, integrity, fairness and transparency. The directors confirm that the company applied the principles as set out in the latest King Code, with explanations, where practical and appropriate. This enables our stakeholders to evaluate how the principles were applied and assess statements of the extent of compliance or non-compliance. This report sets out the key governance principles adopted by the directors in governing the company. The full *King III narrative statement* can be found http://www.jsereporting.co.za/ar2013/king.asp

Ethical leadership and responsibilities

The Board continues to perform its fiduciary duties, to act in good faith, with due diligence and care, and in the best interests of the JSE and all its stakeholders, in terms of the King III principles, the 2008 Companies Act and other codes of good practice. Through these practices, the directors are able to contribute to the future sustainability of the Company; enhance long-term shareholder value creation and ensure that other key stakeholders such as clients, employees, regulators and suppliers, benefit from ongoing success. For a breakdown of these stakeholders and how the Board and the entire organisation engages with them, refer to the online *stakeholder engagement report*, which can be found at http://www.jsereporting.co.za/ar2013/stakeholder.asp

BOARD CHARTER

The Board operates in terms of a Board charter. The relevance and applicability of the charter are assessed from time to time and changes are made where appropriate. Refer to the JSE website at URL for the main duties and responsibilities of the Board covered by the charter. The JSE's philosophy of Board leadership is premised on the principle that the running of the Board and the executive responsibility for the running of the Exchange's business are two separate and distinct tasks.

SEPARATE ROLES

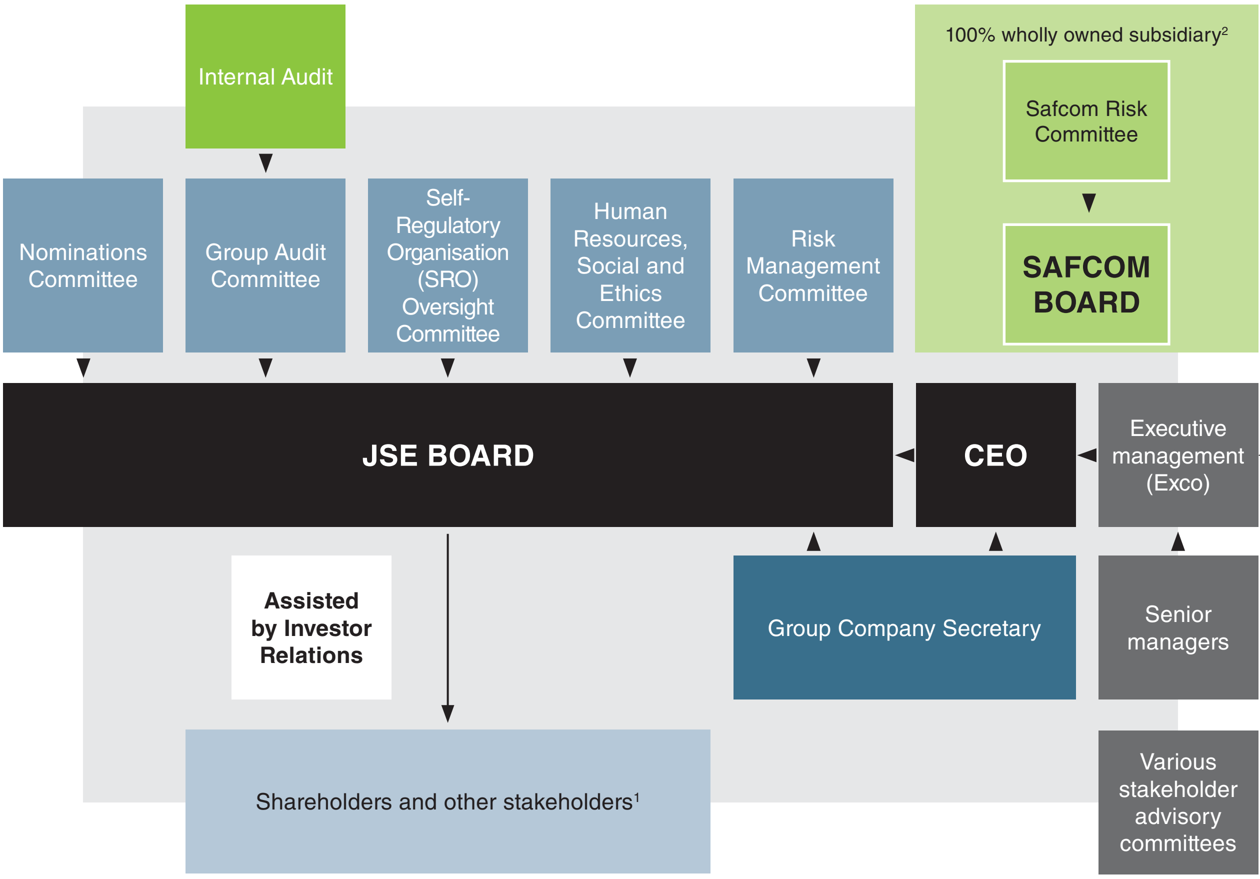
Consistent with this approach, the roles of Chairman and CEO are separate, with specific responsibilities divided between them and there is a clear division of responsibilities between these two roles to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The day-to-day management of the JSE Group has been assigned to the CEO by the Board. The Executive Committee was formed to assist the CEO in discharging her duties and is made up of all heads of divisions and the Group Company Secretary. Refer to the JSE website at http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights for the roles and responsibilities of the Chairman and CEO. Only decisions of the Board acting as a unitary body are binding on the CEO. Decisions or instructions of individual members of the Board, officers or committees are not binding, except in those instances where specific authority is delegated by the Board.

CEO

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

The Board retains full and effective control over all the companies in the Group. The Board assumes overall responsibility for the JSE's compliance with the applicable legislation and governance provisions. It also monitors executive management in implementing Board plans and strategies and remains accountable to shareholders, while balancing the interests of other key stakeholders.

Governance structure



Notes

1. Our regulator, the FSB, is invited to attend any Board, Board committee and Exco meetings.
2. Safcom subsidiary:
   – The Chairman of the Safcom board, who is the CEO of the JSE, reports all Safcom material matters to the JSE Board.
   – In terms of the Safcom board charter, the management of the business of Safcom is outsourced to the JSE and overseen by the Responsible Officer (RO), who also has executive management responsibility for Post-Trade Services.

Composition of the Board

The Board is made up of a majority of independent non-executive directors. The Board is headed by a Chairman who is elected from the non-executive directors. As at December 2013, there were two executive directors: a chief executive officer (CEO), and a chief financial officer (CFO).

Length of service

0-3	4-6	7-10	>10
A Takoordeen	DM Lawrence	AM Mazwai	HJ Borkum
NP Mnxasana	NMC Nyembezi-Heita	NS Nematswerani	AD Botha
MA Matooane		NG Payne	MR Johnston
			NF Newton-King

Composition

- 2 executive directors
- 1 non-executive director
- 9 independent non-executive directors
- 2 alternate directors

Appointment of directors

NOMINATIONS COMMITTEE

The nomination of directors is delegated to the Nominations Committee, which makes recommendations to the Board.

BOARD

The Board considers all recommendations put forward by the Nominations committee before making an appointment.

SHAREHOLDERS

In accordance with article 12.6.2 of the JSE's MOI, The Board tables approved nominations for confirmation at the next annual general meeting of shareholders.

The committee elects directors to the Board on the basis of their skills, knowledge and experience, appropriate to the strategic direction of the JSE. Knowledge of JSE business, gained over time, ensures continuity and enhances the direction that the Board provides to the JSE executive. Refer to the *Nominations Committee chairman's report* on page 35.

Retirement of directors by rotation

In terms of article 12.6.1 of the JSE's memorandum of incorporation (MOI), at least one-third of all directors are required to retire by rotation each year. Retiring directors, if eligible, may be re-elected by shareholders. At the next annual general meeting, to be held on Thursday, 8 May 2014, shareholders will be asked to confirm the reappointments as shown below.

2014	PREVIOUS RETIREMENT BY ROTATION: 2013	2012	2011	2010
Nicky Newton-King	Anton Botha	Nigel Payne	Anton Botha	KK Combi
Andile Mazwai	Bobby Johnston	Nku Nyembezi-Heita	Wendy Luhabe	Bobby Johnston
Nigel Payne	David Lawrence	KK Combi	Andile Mazwai	David Lawrence
Nku Nyembezi-Heita	Sam Nematswerani		Gloria Serobe	Sam Nematswerani
Humphrey Borkum*				

* Humphrey Borkum is not making himself available for re-election.

Independence of the Board of Directors

DEFINITION

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

ASSESSMENT

An assessment of the independence of the directors (and a more rigorous assessment for those directors who have served longer than nine years) was conducted in 2013. The Board is once again satisfied, with the exception of one non-executive director, David Lawrence, that there are no relationships or circumstances likely to affect, or appear to affect, the directors' judgements and that their independence is not impaired by their length of service. The Board also reiterated that one of the outcomes of the Board's 2013 director evaluation of the independence of its directors was that the complexity and specialist nature of the JSE's business created the need for long-serving directors, while acknowledging that there should be a healthy balance between long-serving and new directors.

OUTCOME

With the exception of one non-executive director, the Board considers all of its non-executive directors to be independent. Refer to page 56 of the *directors' report* for non-executive directors' interests in JSE Limited.

During the year under review, it was decided that David Lawrence was no longer independent owing to his representation of a major client. Accordingly, he has been reclassified as a non-executive director.

Independent advice

The Board recognises that there may be occasions when one or more directors feels it necessary to take independent advice at the Company's expense. There is an agreed procedure in terms of which they can do so. This includes directors who serve on the board appointed committees.

Director development/induction

ACCESS

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

JSE BUSINESS

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

Director induction programme

Each director is provided with, among other things, the following:

BACKGROUND

- on the structure of JSE (including its MOI, regulations and applicable laws).
- Board and governance structures, the triple-bottom line approach to sustainability and an overview of its key risks, policies and processes.

GUIDANCE

- on the business of the JSE (business processes, corporate strategies, organisation, management, staff and comparison with international benchmarks).

CLEAR UNDERSTANDING

- of the expectations the Chairman and the Board as a whole have of the director concerned.

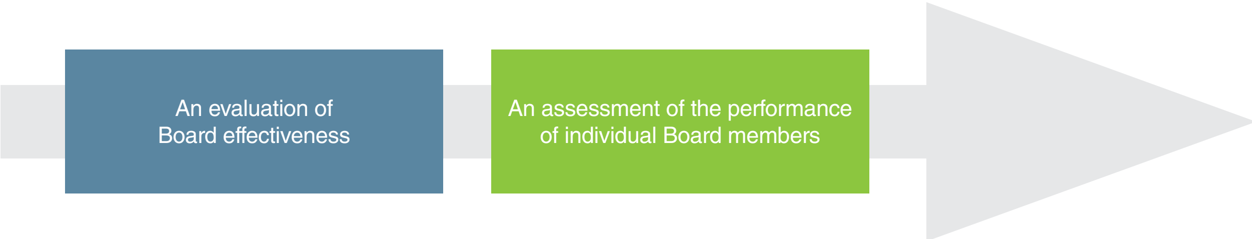
FORMAL INDUCTION AND ONGOING EDUCATION AND AWARENESS

- in terms of directors' fiduciary duties and responsibilities.
- regarding relevant legislation and compliance relevant to the JSE business.
- providing access to subject matter of relevant interest to the JSE business.

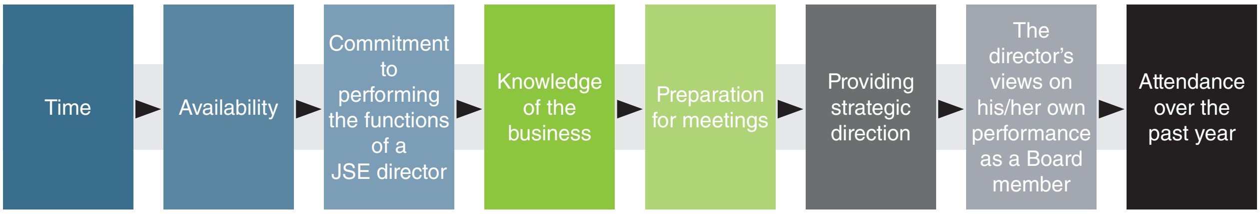
No distinction is drawn between directors and alternative directors and the rights and obligations ascribed to directors in terms of the JSE's Board charter apply equally to alternate Board members duly appointed in terms of the MOI of the JSE. During the year under review, MA Matooane, NP Mnxasana, A Takoordeen and M Jordaan underwent induction. Refer to the *Nominations Committee report* on page 35 for further information.

Evaluation of the performance of the JSE Board and the CEO

The annual evaluation of the Board and its committees was performed during October and November by the Chairman. All directors completed a questionnaire compiled by the Company Secretary in conjunction with the Chairman and a non-executive director, Nigel Payne. The Chairman also provided directors the opportunity to meet with him individually to obtain additional information if required. The process included:



Directors are provided with the results of their performance assessments and, if required, steps are taken to address any needs or concerns raised. Individual director performance is assessed against the following criteria:



The results of the evaluation of performance of the Board members are available to the external auditors, should they be required. No material issues were raised during the course of the assessment conducted in 2013.

Board and Board committee meetings

The Board is required to meet a minimum of four times a year and more frequently, should circumstances require, excluding an annual strategy meeting. Meetings are conducted according to a formal agenda, with supporting documentation delivered to directors at least six days prior to the scheduled meetings. The Board may form, and delegate authority to, committees and may delegate authority to one or more designated members of the committee.

The Board has established a number of committees to facilitate efficient decision-making and to assist the Board in the execution of its duties, powers and authority. Members of each committee and its chairman are nominated by the Board and the committee as a whole must have sufficient qualifications and experience to fulfil the duties of the committee. The duties and responsibilities of the members of each committee are in addition to those assigned to them as members of the Board. Each committee of the Board:

- acts in terms of the delegated authority of the Board as recorded in its terms of reference. It has the power to investigate any activity within the scope of its terms of reference;
- is governed and guided by individual terms of reference, which can be viewed at URL http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights;
- in the fulfilment of its duties, may call upon the chairmen of other committees, any of the executive directors, officers or the Group Company Secretary to provide it with information, subject to following a Board approval process;
- has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities; and
- has the right to obtain independent outside professional advice to assist with the execution of its duties, at the company's cost, subject to following a Board approval process.

A summary of attendance at Board and Board committee meetings during 2013 is shown overleaf.

Director attendance	Status of director*	Board	Board committees: Audit	Risk	HRSE	SRO	Nom
Number of scheduled meetings held during the year		**5**	**3**	**4**	**5**	**2**	**3**
HJ Borkum (Chairman of Board; Nominations)	INED	5/5	3/3[1]	4/4	5/5		3/3
NF Newton-King (CEO)	ED	5/5	3/3[1]	3/4[2]	5/5[1]		2/3[1,2]
A Takoordeen (CFO) – appointed 12 March	ED	4/5[2]	3/3[1]	4/4			
AD Botha (chairman of HRSE)	INED	5/5	3/3		5/5		3/3
NS Nematswerani (chairman of Group Audit)	INED	5/5	3/3	3/4[3]		2/2	
NG Payne (chairman of Risk Management)	INED	5/5	3/3	4/4		2/2	
AM Mazwai (chairman of SRO)	INED	4/5[3]		2/4[3]	1/1[4]	2/2	
MR Johnston	INED	5/5	3/3	4/4			3/3
DM Lawrence	NED	4/5[3]		4/4	4/5[3]		
NMC Nyembezi-Heita	INED	4/5[3]			3/5[3]		3/3
MA Matooane	INED	5/5		3/4[3]			
NP Mxnasana	INED	4/5[3]	3/3				
LV Parsons (alternate)	ED	5/5					
JH Burke (alternate)	ED	4/5[2]					
GC Clarke	Group Company Secretary	5/5	3/3	4/4	5/5	2/2	3/3

*INED = independent non-executive director, NED = non-executive director and ED = executive director.

1. Attendance is by invitation only
2. Away on JSE business
3. Apologies received for not being able to attend
4 Appointed to HRSE committee, effective 13 August 2013 (Prior to this attended as an invitee)

Other attendance	Board committees: Audit	Risk	HRSE	SRO	Nom
Financial Services Board representative*	3/3	4/4	n/a	1/2	n/a
CIO (as member)		3/4			
Head: Internal Audit (as member)	2/3**	4/4		2/2	
Head: Equity Market (as member)		4/4			
Head: Issuer Regulation (as member)				2/2	
Head: Market Regulation (as member)		2/3		2/2	
Head: Post-Trade Services and Responsible Officer (as member) ***		3/3** 1/1			

* Also invited to attend Board Meetings (5/5).
** By invitation
*** Appointed with effect from 8 August 2013 to replace Head of Market Regulation.

GOVERNANCE, ETHICS AND COMPLIANCE (CONTINUED)

Safcom board

The Safcom board has outsourced the management of the business of Safcom to the JSE in terms of an outsourcing agreement. The Responsible Officer as defined in the Safcom board charter is responsible for such management and reports to the Safcom board. The Responsible Officer is also the head of the JSE's Post-Trade Services division. Further information can be found in the *directors' report.*

Prescribed officers

The Board has recognised the members of the executive management team, excluding the two executive directors, as prescribed officers as defined in the Companies Act.

Directors' and officers' insurance

Directors' and officers' liability insurance (D&O) covers the breach of a fiduciary duty by a director or officer of the business. If the director or officer accidentally acted outside the terms of reference, compensation and legal fees will be covered by the D&O insurance. However, if the act was deliberate, it might not be covered.

Company Secretary

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

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

During the year under review, and in compliance with paragraphs 3.84(i) and (j) of the JSE Listings Requirements, the performance of the Group Company Secretary is monitored by the CEO (through, *inter alia,* feedback during the year from the Board) as well as being formally assessed by the Board of directors at their 11 March meeting. Both the Board and the CEO are satisfied that he is competent, suitably qualified and experienced. Refer to his brief CV on page 48 of this integrated annual report. This process will be reviewed and enhanced where possible on an annual basis.

Furthermore, the Company Secretary, whilst part of the Board, is not a director of the JSE, nor is he related to or connected to any of the directors, thereby negating any potential conflict of interest. The Board also confirmed that his ongoing relationship with the Board is an arm's length relationship.

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

Company Secretary key duties

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

Nominations Committee report

Prepared by its independent chairman:

HJ Borkum

Composition:

(i) Independent non-executive directors:

AD Botha

MR Johnston

NMC Nyembezi-Heita

(ii) Attendance by invitation only:

CEO

Group Company Secretary

Refer to the JSE website for more information.

http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights

Three meetings were held

- Required to hold sufficient scheduled meetings subject to a minimum of two meetings per year
- Quorum is a majority of members present.

Brief responsibilities

- Assist the Board to ensure that it has the appropriate composition for it to execute its duties effectively.
- Ensure that directors are appointed through a formal process.
- Ensure that induction and ongoing training and development of directors take place.
- Ensure that formal succession plans for the Board are in place.
- Identify suitable candidates with the appropriate skills for election or co-option to the Board.
- Review the size, structure and composition of the Board and Board committees, one aim being the achievement of demographic equity.
- During the year under review, the committee reconsidered the composition of the Board.
- No authority to appoint directors, but makes recommendations for consideration by the Board and shareholders.

During the year the committee:

- Recommended for appointment to the Board:
  - Aarti Takoordeen as an executive director in the capacity of chief financial officer.
  - Michael Jordaan as a non-executive director with effect from 1 January 2014.
- Reviewed the retirement by rotation of the directors.
  - Accepted that Humphrey Borkum will retire as independent non-executive director and Chairman of the JSE at the AGM on 8 May 2014.
  - At the same time played a role in nominating a successor to Humphrey and recommended to the Board to appoint Nku Nyembezi-Heita as independent non-executive Chairman of the Board, with effect from 9 May 2014.
- Complied with its terms of reference.

All recommendations made by the committee were accepted by the Board.

The chairman attended the annual general meeting to respond to any questions related to the committee.

In the year ahead the committee:

- Will continue to assist the board in ensuring that it has the appropriate composition for it to execute its duties effectively.

Human Resources, Social and Ethics (HRSE) Committee report

The online *remuneration report* constitutes the Committee's formal remuneration report-back to shareholders. The remuneration policies of the JSE as set out in the online report are subject to a non-binding advisory vote by shareholders at the annual general meeting on 8 May 2014.

The HRSE committee recommends that you review the online *remuneration report*, and that you vote in favour of the JSE's remuneration policies at the annual general meeting.

Prepared by its independent chairman:

AD Botha

Composition:

(i) Independent non-executive directors:

HJ Borkum

NMC Nyembezi-Heita

AM Mazwai

(ii) Non-executive director

DM Lawrence

(iii) Attendance by invitation only:

CEO

Director: Human Resources

Professional advisors

Other Board members

Refer to the JSE website for more information.

http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights

Five meetings were held

- Required to hold sufficient scheduled meetings subject to a minimum of three meetings per year.
- Quorum is a majority of members present..
- No members of the HRSE committee have any day-to-day involvement in the management of the JSE.

Brief responsibilities

- **Remuneration oversight role:**
  - Responsible for all strategic human resource issues facing the JSE.
  - Assists the Board in ensuring that the Company remunerates directors, executives and staff fairly and responsibly.
  - Ensures that the disclosure of director remuneration is accurate, complete and transparent.
- **Social and ethics statutory oversight role:**
  - Responsible for the social and ethics mandate prescribed by the Companies Act, 2008.

During the year the committee:

- Reviewed the JSE's remuneration policies and practices to ensure their continued relevance and effectiveness.
- Reviewed independent salary benchmark data, and determined the annual salary increases for the CEO and executive management as well as the overall salary adjustment for staff.
- Assessed corporate and CEO performance for the year, and determined the CEO's annual bonus awards for 2013, as well as the bonus pool for other executives and staff.
- Assessed corporate performance over the past three years in accordance with the pre-set vesting criteria applicable to the JSE's long-term incentive scheme (LTIS 2010) and determined the percentage of the corporate performance shares under LTIS 2010 Allocation 1 that would vest in 2013.
- Granted share awards (LTIS 2010 Allocation 4) to selected senior staff, which awards will vest over three and four years subject to personal and corporate performance over the vesting periods.
- Reviewed compliance with the Financial Sector Charter and noted the JSE's *employment equity report.*
- Reviewed the JSE's code of conduct and ethical standards.
- Reviewed the HRSE committee terms of reference.
- Complied with its terms of reference.

The JSE's *remuneration report* is published in online format only, and can be found at http://www.jsereporting.co.za/ar2013/Remuneration.asp

The committee's compliance with its statutory duties as prescribed by the Act can be found in the social and *ethics report* available online at http://www.jsereporting.co.za/ar2013/social.asp

The chairman attended the annual general meeting to respond to any questions related to the committee.

In the year ahead the committee:

- Will re-examine the JSE's incentive models to ensure their continued relevance and effectiveness.
- Will engage with stakeholders regarding the renewal of LTIS 2010 for a further four-year term, and make recommendations to shareholders at the annual general meeting regarding the renewal of the scheme.
- Will determine the key performance indicators for 2014 for both the corporate and CEO scorecards.
- Will review benchmark data regarding non-executive director emoluments and make recommendations to shareholders at the annual general meeting regarding the emoluments payable for the next two years.

Self-Regulatory Organisation (SRO) Oversight Committee report

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

As an SRO, the JSE is required to fulfil a number of regulatory duties in compliance with the requirements of the Financial Markets Act, 2012 (FMA). The JSE considers it important to ensure and demonstrate its commitment to ensuring that the JSE meets its obligations under the FMA with regard to regulation. The JSE also considers its obligations regarding regulation and its commercial interests to be closely aligned, in that well regulated markets are key to the provision of fair, efficient and transparent markets and the fulfilment of the JSE's commercial objectives.

The FMA, which came into effect in June 2013, places further scrutiny on the management of conflicts of interest. In particular, the Financial Services Board determines certain requirements to be adhered to in relation to the types of arrangements that need to be put in place to ensure that conflicts of interest are handled appropriately.

The SRO Oversight Committee was created as a committee of the JSE Board in 2011. The purpose of the committee is to oversee the SRO activities of the JSE. It serves as an independent check on the appropriateness of the JSE's SRO activities and the manner in which conflicts of interest are managed by the JSE. It also creates a reporting line between the SRO focused divisions of the JSE, Issuer Regulation and Market Regulation, and the Board. The committee reports to the JSE Board at least twice a year and it has broad powers to require input from the heads of the regulatory focused divisions and the JSE staff.

Members of the committee recuse themselves when a matter being discussed involves information that could give rise to a potential conflict of interest. The Company Secretary confirms that there were no such conflicts during the period.

National Treasury has commenced an investigation into the self-regulatory organisation models employed in South Africa. The scope of this work is likely to be far broader than the JSE, and to consider the self-regulatory model at policy level. National Treasury has indicated that, while it is in favour of self-regulation, it is examining ways to strengthen the model.

Prepared by its independent chairman:

AM Mazwai

Composition:

(i) Independent non-executive directors:

NS Nematswerani

NG Payne

(ii) Attendance by invitation only:

FSB representative

Head: Market Regulation

Head: Issuer Regulation

Head: Internal Audit

Refer to the JSE website for more information.

http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights

Two meetings were held

- Required to hold sufficient scheduled meetings subject to a minimum of two meetings per year.
- Quorum is a majority of members present.

Brief responsibilities

- Review the arrangements, resources and infrastructure maintained by the JSE to ensure they are sufficient to fulfil the JSE's obligations under the FMA, as referred to in paragraph 2.1 of the mandate, and to report to the JSE Board on its conclusions.
- Monitor and report to the JSE Board on the implementation of the procedures and measures put in place by the JSE to meet its obligations in respect of its own listing, as referred to in paragraph 2.2 of the mandate above.
- Review the enforcement and disciplinary action undertaken by the JSE and report to the JSE Board on whether the JSE has applied its regulation fairly and consistently to its authorised users and issuers and has imposed appropriate sanctions for non-compliance.
- Report to the JSE Board on whether the JSE has cooperated with the Financial Services Board and other SROs to investigate and enforce the applicable laws and regulations.
- Report to the JSE Board on whether the JSE has appropriately managed actual and perceived conflicts of interest in relation to its SRO functions and has avoided using its regulatory authority to allow itself or any market participant to gain an unfair advantage.
- Report to the JSE Board on whether the JSE has followed professional standards of behaviour on matters such as confidentiality and procedural fairness in performing its SRO activities.

During the year the committee:

- Examined and reviewed the JSE's regulatory function to the extent required to fulfil its statutory obligation as a self-regulatory organisation. It found it to be satisfactory in all material forms.
- Complied with its terms of reference.
- Reviewed its terms of reference.

The chairman attended the annual general meeting to respond to any questions related to the committee.

In the year ahead the committee:

- Will continue to fulfil its responsibilities as set out above with a particular focus on managing conflicts of interest that may result from the JSE fulfilling its regulatory function.

Risk Management Committee report

The Board is ultimately responsible and accountable for the governance of risk, focusing on establishing, maintaining and monitoring the effectiveness of the processes, policies and plans of risk management and systems of internal control. See page 43 for more information on the governance of risk.

Prepared by its independent chairman:

NG Payne

Composition:

(i) Independent non-executive directors:

NS Nematswerani

HJ Borkum

MR Johnston

MA Matooane

Non-executive directors:

DM Lawrence

(ii) Other members:

CEO and CFO

CIO

Head: Internal Audit

Head: Equity Market

Head: Post-Trade Services

(iii) Attendance by invitation only:

FSB representative

AM Mazwai

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

This collaboration has ensured a thorough understanding of the risks accepted by the JSE in pursuance of its objectives.

Refer to the JSE website for more information.

http://phx.corporate-ir.net/phoenix.zhtml?c=198120&p=irol-govHighlights

Four meetings were held

- Required to hold sufficient scheduled meetings subject to a minimum of three meetings per year.
- Additional meetings may be convened at the request of any one of the members of the Committee.
- Quorum is a majority of members present.

Brief responsibilities

- Assist the Board with the identification, assessment, evaluation and monitoring of actual and potential risk areas as they pertain to the JSE and the mitigation of each risk.

During the year:

- independent assurance was obtained on all key risk areas and related systems of internal control through the internal audit process, on a combined assurance basis.
- reviewed its terms of reference.
- the committee complied with its terms of reference.

The committee is comfortable that the overall level of risk management at the JSE is good and continues to improve.

The committee is satisfied with the effectiveness of the system and process of risk management and it believes that appropriate action is being taken to mitigate risk where it is cost-effective to do so.

The chairman attended the annual general meetings to respond to any questions related to the committee.

In the year ahead the committee:

- will continue to assist the Board with the identification, assessment, evaluation and monitoring of actual and potential risk areas as they pertain to the JSE and the mitigation of each.

Ethics and compliance

Culture of ethics

The Board is extremely mindful that JSE management and employees' work ethic and performance must adhere to the highest standards. It is also aware that the JSE's reputation is built on management and employee interactions with all stakeholders and that, when management and employees display the expected behaviour and values, not only is the JSE reputation strengthened, but a healthy workplace is promoted where original and innovative thinking occurs, thus embedding a robust and unquestionable culture of ethics and integrity at the JSE.

In line with the JSE strategy to become a fully integrated exchange and in the context of the results of our 2013 brand audit, we recognise the need to develop new values. The new value system was launched internally to all JSE staff during December 2013 and is based on the following model.

- **DEFINE HOW** we behave internally; and how the brand delivers itself externally.
- **DEVELOP** a clear and compelling purpose statement for the JSE.
- **FOCUS** the organisation internally and assist in breaking down silos.
- **ACT** as a rallying cry for internal alignment and focus.
- **REFLECT** our values in JSE priorities, reinforced by leaders.
- **TRANSLATE** our values into behavioural patterns that begin to transform performance.
- **INFLUENCE** our attitudes, an important driver of behaviour used to make judgements.

Our five values

People processes to drive values

Whistle-blower facility

An independent service provider operates a 24-hour toll-free hotline 365 days a year. Employees are encouraged to participate by reporting any unethical behaviour identified, anonymously, confidentially and in a choice of five languages.

During the year under review, one non-material incident relating to absenteeism from the workplace was reported. The incident was investigated and dealt with in line with our policies and procedures.

POLICY	MITIGATION	WHO AFFECTED
Controls the disclosure of: – interests in contracts to avoid any potential conflicts of interest – other appointments. Where appropriate, persons who disclose the above potential conflicts of interest are required to recuse themselves from the affected discussions and decisions.	This disclosure is critical to assess and mitigate any potential conflict in fiduciary duties.	All directors, executives, senior managers and all employees.

Conflicts of interests and interests in contracts

During the year under review, none of the directors, executives or employees had any significant interest in any material contract or arrangement entered into by the Company or its subsidiaries and associates.

Dealing in Company securities and insider trading

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

In the case of the Chairman of the Board, approval must be obtained from the lead non-executive director or, failing him, the CEO.

A dealing policy is in place for employees and directors dealing in all listed securities other than JSE shares. Prior approval for these transactions is mandatory.

Certain regulatory divisions are prohibited from dealing in any listed securities as a result of their ongoing exposure to company information.

2013 Financial Year				
CLOSED PERIOD	OPEN PERIOD	CLOSED PERIOD	OPEN PERIOD	CLOSED PERIOD
1 Dec 2012 to 12 Mar 2013	12 Mar 2013 to 31 May 2013	1 Jun 2013 to 13 Aug 2013	13 Aug 2013 to 30 Nov 2013	1 Dec 2013 to 11 Mar 2014
Preparation of annual results		Preparation of interim results		Preparation of annual results

2014 Financial Year				
CLOSED PERIOD	OPEN PERIOD	CLOSED PERIOD	OPEN PERIOD	CLOSED PERIOD
1 Dec 2013 to 11 Mar 2014	11 Mar 2014 to 31 May 2014	1 Jun 2014 to 14 Aug 2014	14 Aug 2014 to 30 Nov 2014	1 Dec 2014 to mid-Mar 2015
Preparation of annual results		Preparation of interim results		Preparation of annual results

Corruption, fraud and illegal acts

APPROACH

The JSE does not engage in, accept or condone engaging in any illegal acts, including but not limited to any form of bribery, facilitation payments, political donations or any corruptive practice in the conduct of its business.

The Board's policy is to actively pursue and encourage the prosecution of perpetrators of fraudulent and other illegal activities should it become aware of such acts.

A strict zero-tolerance approach has been adopted.

YEAR UNDER REVIEW

No fraud misdemeanours, bribery or corruptive practices were reported during the period under review.

Ombudsman for JSE complaints and disputes

On 21 February 2007, the JSE was authorised in terms of section 14(a) of the Financial Services Ombud Scheme Act (Ombud Act), to operate a financial services ombud scheme in terms of the Ombud Act.

The rules applicable to the scheme are set out in the Rules of the JSE. The rules regulate the resolution of complaints and disputes between authorised users and clients, and authorised users and authorised users. The Ombud Act requires that a monitoring body be appointed by the scheme to monitor the ongoing compliance of the scheme. The monitoring body of the scheme is the JSE Exco. The ombud of the scheme is Judge E Goldstein, a retired judge. Through the scheme, the JSE is able to facilitate the resolution of complaints that are made by or against clients and authorised users in a timely and cost-effective way that eliminates the need for either party to resort to slow legal proceedings.

In 2013, one matter was referred to the ombud and finalised.

Section 16(1)(b) of the Ombud Act requires the monitoring body of the scheme to confirm that, insofar as it is required to, the scheme has, during the period under review, complied with its constitution and provisions and with the Ombud Act. The monitoring body duly confirms this.

Policy Steering Committee

The Policy Steering Committee's function is to drive policy awareness across the JSE. This means that any new or amended internal policies across the JSE's divisions will be tabled, discussed and approved at a central committee, made up of representatives from each division of the JSE. This will ensure due diligence and appropriate governance and will also allow for increased engagement across all business areas.

Below is a summary of some of the interventions in place and compliance with these:

Intervention	Status	Compliance
Code of ethics	Policy in place.	No incidents reported.
Code of conduct	Policy in place.	No incidents reported.
Whistle-blower facility	Fully implemented.	One non-material incident was reported, investigated and dealt with in line with policies and procedures.
Fraud and illegal acts	Policy in place.	No incidents reported.
Interest in contracts	Policy in place.	No incidents reported.
Dealing in JSE Limited securities	Policy in place. Under review.	No incidents reported.
Dealing in other listed securities	Policy in place. Under review.	No incidents reported.

Compliance statement

Compliance remains a focus area for the JSE.
The JSE has continued with its risk based compliance approach. Key compliance concerns are highlighted, looking at the JSE compliance universe, defined in the JSE risk tools and methodologies. A specific privacy initiative is also under way in the JSE that will enhance not only privacy practices, but also the JSE compliance approach in general.

The risk and governance teams currently assist the various business units with reviewing, monitoring and recording the necessary and required compliance.

Both areas report to the Head: Corporate Services, who is also the Group Company Secretary, who reports to the CEO.

JSE business units remain primarily responsible for compliance with the applicable laws, rules, codes and standards. During the year under review, there were no contraventions or fines.

RISK

Philosophy

Managing risk remains integral to generating sustainable shareholder and stakeholder value. The JSE has succeeded in applying the principles of King III to such an extent as to make risk management not only a reporting and oversight obligation, but a management discipline. In support of this, an executive risk working group was established in 2013 to further support the formal risk reporting structures and to drive risk management into the organisational practice.

Roles and responsibilities

JSE Board and Risk Management Committee

The JSE Board has constituted the Risk Management Committee to help it to discharge its duties and responsibilities with regard to risk management. The committee provides enterprise risk management (ERM) oversight by monitoring the implementation of the JSE risk framework and driving corrective actions based on the risk reporting provided.

JSE management

The JSE executive and its management structures are responsible for applying the defined risk management process across the enterprise. This is done to enable management to identify potential events that, if they occur, will affect the JSE in terms of achieving its enterprise objectives. Risks must be managed within the JSE's set risk appetite.

Corporate Services

The Corporate Services division, specifically the Risk department, is the owner of the JSE risk framework and spearheads implementation and reporting for ERM. This includes:

- defining and implementing the risk process;
- facilitating risk workshops with all organisational areas at least annually;
- ensuring updates to risk reporting at least quarterly;
- ensuring risk actions are updated and tracked;
- compiling and presenting report-backs to line management;
- providing formal risk reporting to the JSE executive committee;
- providing risk reporting to the Risk Management Committee; and
- entrenching risk management as an effective management tool in the enterprise.

Approach

Risk management is conducted using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework guidelines and is in line with principles defined in ISO 31000. Risks are analysed in the context of the JSE risk framework and cover the following categories:

- Operational risk – The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, in the following areas:
  - Human capital;
  - Technology and systems;
  - Information;
  - Fraud and theft;
  - Procurement and third party;
  - JSE site management;
  - Compliance;
  - Business disruption and continuity;
  - Regulation of markets;
  - Market operations;
  - JSE client concentration;
  - Strategic arrangements; and
  - Reputation.
- Finance risk – This is an umbrella term for any risk associated with any form of financial management of the enterprise.
- Strategic risk – This risk is the impact on the organisation arising from adverse business decisions and/or the lack of responsiveness to changes.
- Black swan events – Anticipating and considering low probability (not identified as a possible emerging risk on its risk radar) and catastrophic impact events as part of the enterprise's risk approach.

Risk profile

The 2013 financial year saw a renewed focus on the strategic alignment of risk management in the JSE. Using the existing risk profile, rated according to probability and impact, the executive team specifically identified 20 top risks. The other risks areas were still managed but, at an executive level, the JSE focused specifically on the top 20 risks during 2013. Progress has been made with regard to all the risk areas in terms of implementing mitigating controls and action plans. Using the same cut-off point for residual risks, only 14 risks were in the top category at the end of 2013. The areas that showed most improvement included the possible risk of:

- inadequate cost management,
- client dissatisfaction with fees,
- an inappropriate billing model; and
- insufficient post-trade risk management.

The current focus areas are centred around the possible risks associated with:

- the provision of strategic, competitive world-class offerings;
- regulatory changes negatively affecting the JSE and its clients' business;
- the combined effect of investments in large-scale projects not being sustainable; and
- inefficient project execution.

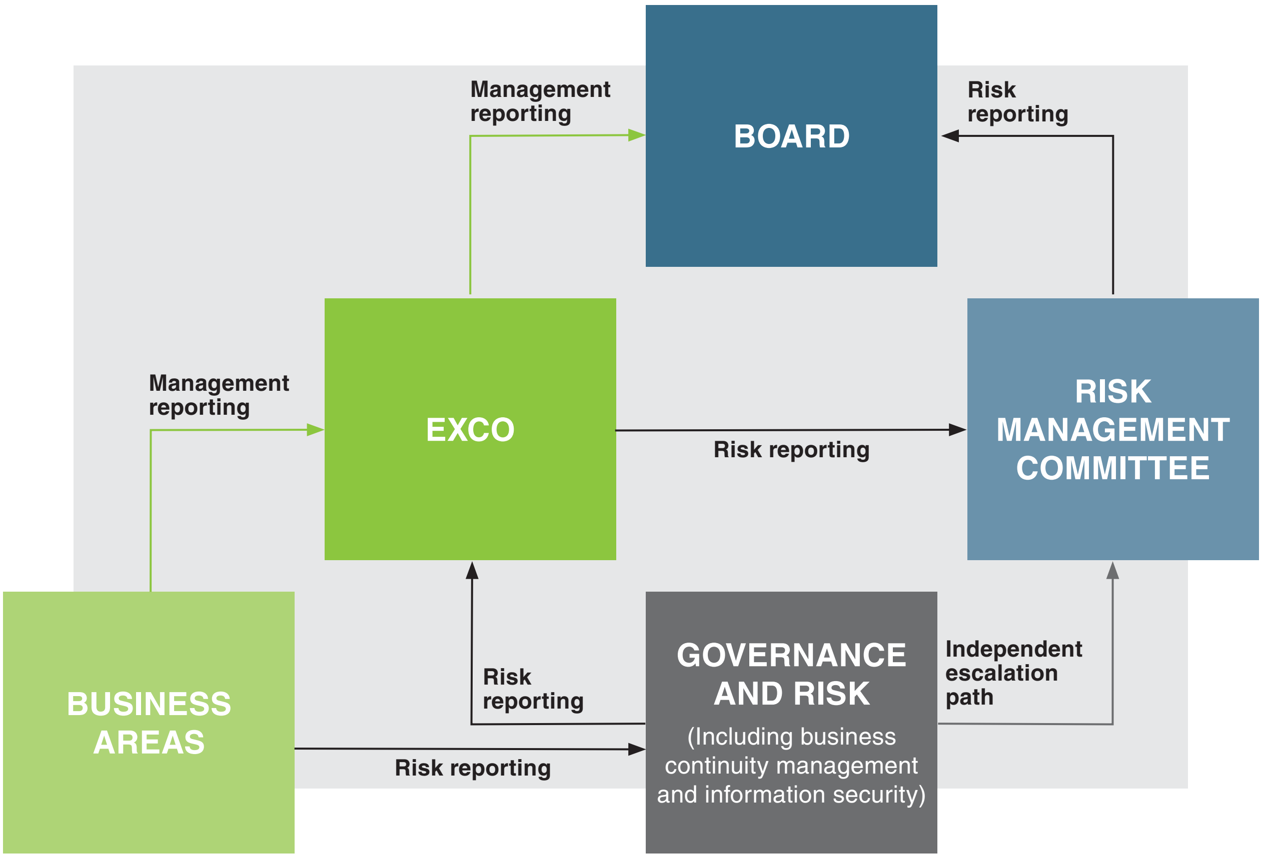
These focus risk areas all relate to the JSE's and its clients' ability to digest and react to substantial changes occurring in the industry.

Risk indicators

The JSE further expanded its risk framework in 2013 to include the use of risk indicators. Indicators are quantifiable values that relate either to the level of risk or to the effectiveness of a control. These are measured at predefined intervals. As part of the risk reporting process, trends will be tracked over time. The focus of indicators was initially on high inherent, low residual risks. This means that, regardless of the fact that the JSE believes it is effectively managing the risk, measurements are in place to indicate cases where the risk profile deteriorates because of a change in circumstances. It is worth noting that not all risks lend themselves to the indicator approach. Such risks will be managed on the basis of the probability and impact methodology only. Some of the risk indicators will be considered for inclusion in the 2014 annual report.

Risk reporting

The figure below depicts the information flows related to the agreed risk reporting structure at the JSE.



In addition, formal risk reporting channels in the JSE can be broken down as follows:

- Business areas are required to provide risk reporting to the risk team in the Corporate Services division;
- An enterprise-wide risk report is then compiled by the risk team and presented to JSE Exco for comment and ratification before the report is submitted to the Risk Management Committee;
- The risk team also has the ability to independently escalate risk issues directly to the Risk Management Committee, if required, to ensure independence of reporting. This escalation would only occur should it not be possible to achieve consensus at Exco level.
- The Risk Management Committee, in turn, provides assurance to the JSE Board on both the acceptability of the JSE's risk profile as well as the effective functioning of the risk process.

The JSE has also formed a Risk Working Group that consists of selected Exco members, based on their divisional responsibilities and the consequential impact of these on the JSE risk profile. This working group directs and guides the risk team in setting robust, appropriate and business focused risk practices.

Risk management reporting is not an isolated reporting process and is not intended to replace management reporting.

Governance of information technology (IT)

In executing the board mandate for IT governance, the JSE successfully built on the foundations set in previous years under the direction of the chief information officer (CIO).

Continuing with the strategic objective alignment done by the IT area in 2013, the JSE has, through collaboration between IT and business, defined a number of technology implementation roadmaps. These roadmaps not only define the strategic direction for IT implementation but also define objectives, timelines and the approach to achieving these objectives.

The IT area has also achieved various improvements in service delivery. One that is specifically worth noting is that an Agile delivery methodology is being pursued for selected projects. This has been implemented with great success.

Continuous improvement in the operation of IT ensures a world class IT operation involving various IT disciplines.

IT risks have been successfully managed and it is worth highlighting that the IT risk focus is moving away from operational issues to more strategic issues, an indicator of greater operational maturity.

BOARD OF DIRECTORS

1

2

3

4

5

6

7

8


1. Humphrey Borkum (69)

Chairman

Number of years in service: 14

Previous executive chairman of Merrill Lynch SA, a subsidiary of Bank of America Corporation.

Appointed to the Board in 2000

Humphrey Borkum will retire at the AGM held on 8 May 2014.

2. Nicky Newton-King (47)

Chief Executive Officer

Number of years in service: 17

BA LLB, University of Stellenbosch, LLM, University of Cambridge.

Director of JSE-related companies.

World Economic Forum Young Global Leader; Yale World Fellow 2006.

Appointed as CEO in January 2012, Appointed to Exco in January 1997

3. Nonkululeko Nyembezi-Heita (54)

Non-executive director

Number of years in service: 5

Non-executive director of Old Mutual plc, Macsteel International Holdings BV. Previous CEO of ArcelorMittal South Africa Ltd.

Appointed to the Board in 2009

Nonkululeko Nyembezi-Heita replaces Humphrey Borkum as the new Chairman with effect from the day after the AGM.

4. Aarti Takoordeen (34)

Chief Financial Officer

Number of years in service: 1

BCompt (Hons), CTA, University of South Africa, (CA) SA.

Appointed in February 2013

5. Anton Botha (60)

Non-executive director

Number of years in service: 14

Director and co-owner of Imalivest; non-executive director of Sanlam Ltd and African Rainbow Minerals Ltd; Chairman of Vukile Property Fund Ltd.

Member of the Council of the University of Pretoria.

Appointed to the Board in 2000

6. Bobby Johnston (65)

Non-executive director

Number of years in service: 14

Previous chairman of the JSE; chairman of Strate (Pty) Ltd; previous chief executive officer of First National Equities Ltd.

Appointed to the Board in 2000

7. David Lawrence (62)

Non-executive director

Number of years in service: 6

Deputy chairman of Investec Bank Ltd; previously chairman and managing director of Citibank NA Ltd and managing director of FirstCorp Merchant Bank Ltd; director of various companies.

Appointed to the Board in 2008

8. Andile Mazwai (42)

Non-executive director

Number of years in service: 10

Chief executive officer of National Stokvel Association of South Africa (NASASA).

Appointed to the Board in 2004

9

10

11

12

13

14

15


9. Sam Nematswerani (52)

Non-executive director

Number of years in service: 9

CEO Aka Capital (Pty) Ltd.

Director of various companies.

Appointed to the Board in 2005

10. Nigel Payne (54)

Non-executive director

Number of years in service: 9

Independent non-executive chairman of Mr Price Group Ltd. non-exective director of Bidvest Group Ltd, Vukile Property Fund Ltd, BSi Steel Ltd and Strate (Pty) Ltd.

Appointed to the Board in 2005

11. Mantsika Matooane (38)

Non-executive director

Number of years in service: 2

Group executive (Information Management) at Transnet SOC Ltd. Non-executive director of NMG Consultants and Actuaries (Pty) Ltd. Former Group CIO of Hollard Insurance Company Ltd.

Appointed to the Board in 2012

12. Nomavuso Patience Mnxasana (57)

Non-executive director

Number of years in service: 1

Non-executive director of Nedbank Group Ltd, Pareto Ltd, Winhold Ltd, Land and Agricultural Development Bank of South Africa, ArcelorMittal South Africa Ltd, Transnet SOC Ltd

Appointed to the Board in 2012

Alternate directors

13. Leanne Parsons (48)

Director: Equity Market

Number of years in service: 28

BCom, University of South Africa.

Chairman of the Equity Trading Advisory Committee; member of the Risk Management Committee.

Appointed in March 1997

14. John Burke (48)

Director: Issuer Regulation (alternate director of the JSE Board)

Number of years in service: 24

BCom (Hons) Investment Management, HDip Corporate Law, RAU (now University of Johannesburg).

Chairman of the Issuer Services Advisory Committee; member of the King Committee on Corporate Governance; Deputy Chairman of the Institute of Directors.

Appointed to the Board in 2001

Group Company Secretary

15. Gary Clarke (47)

Director: Corporate Services and Group Company Secretary

Number of years in service: 16

BA LLB, University of the Witwatersrand.

Director of JSE-related companies.

Appointed as Company Secretary in July 2001

MEMBERS OF THE EXECUTIVE COMMITTEE

1

2

3

4

5

6

7

8


1. Nicky Newton-King (47)

Chief Executive Officer

Number of years in service: 17

BA LLB, University of Stellenbosch, LLM, University of Cambridge.

Director of JSE-related companies.

World Economic Forum Young Global Leader; Yale World Fellow 2006.

Appointed as CEO in January 2012, Appointed to Exco in January 1997

2. Aarti Takoordeen (34)

Chief Financial Officer

Number of years in service: 1

BCompt (Hons), CTA, University of South Africa, (CA) SA.

Appointed in February 2013

3. Leanne Parsons (48)

Director: Equity Market

Number of years in service: 28

BCom, University of South Africa.

Chairman of the Equity Trading Advisory Committee; member of the Risk Management Committee.

Appointed in March 1997

4. Gary Clarke (47)

Director: Corporate Services and Group Company Secretary

Number of years in service: 16

BA LLB, University of the Witwatersrand.

Director of JSE-related companies.

Appointed as Company Secretary in July 2001

5. Shaun Davies (47)

Director: Market Regulation

Number of years in service: 18

B Compt (Hons) CTA, University of South Africa, CA (SA).

Member of the FSB's Directorate of Market Abuse and the IRBA's Committee for Auditor Ethics.

Appointed in November 2007

6. John Burke (48)

Director: Issuer Regulation

Number of years in service: 24

BCom (Hons) Investment Management, HDip Corporate Law, RAU (now University of Johannesburg).

Chairman of the Issuer Services Advisory Committee; member of the King Committee on Corporate Governance; Deputy Chairman of the Institute of Directors.

Appointed in March 1997

7. Ana Forssman (49)

Director: Market Data

Number of years in service: 25

Graduate Diploma in Personnel Management, Graduate Diploma in Marketing Management, Executive Development Programme, University of the Witwatersrand.

Member of the Institute of Directors and International Financial Information Data Association.

Appointed in November 2004

8. Chris Sturgess (40)

Director: Commodity Derivatives

Number of years in service: 16

B Agric Mgt (Economics), University of Natal.

Started his service with the South African Futures Exchange. A board member for the Association of Futures Markets (AFM). Chairman of the Agricultural Advisory Committee.

Appointed in January 2012

9


10


11


12


13


9. Riaan van Wamelen (44)

Chief information officer

Number of years in service: 6

BCom (Hons) (Informatics), University of Pretoria, MBA, Stellenbosch.

Appointed in May 2008

10. Graham Smale (55)

Director: Bonds and Financial Derivatives

Number of years in service: 4

BSc (Chem. Eng.), University of Natal, MBA GSB, University of Cape Town, CFA, CFA Institute.

Institute of Financial Markets (South Africa) (Junior, Ordinary and Compliance).

Director of JSE-related companies.

Chairman of the Bonds and Interest Rate Derivatives Advisory Committee, Chairman of the Currency Derivatives Advisory Committee, Chairman of the Financial Derivatives Committee.

Appointed in October 2009

11. Leila Fourie (45)

Director: Post-Trade Services

Number of years in service: 2

MCom (Economics), University of Johannesburg.

Director of JSE-related companies.

Chairman of Clearing Advisory Committee, Previously MD of Card Division, Standard Bank, Chairman of Diners Club SA board. Member of Diners International Global Advisory Board. Accenture consulting to the JSE for four years.

Appointed in March 2013

12. Siobhan Cleary (40)

Director: Strategy and Public Policy

Number of years in service: 7

BA LLB, University of Cape Town, Masters (International Relations and Economics), School of Advanced International Studies, Johns Hopkins University.

Represents the JSE on the Working Committee of the World Federation of Exchanges. Previously manager for the global consulting firm, Accenture, business law lecturer at the University of Cape Town. Yale World Fellow of 2011.

Appointed in August 2012

13. Zeona Jacobs (50)

Director: Issuer and Investor Relations

Number of years in service: 1

Diploma: Business Management, Damelin; Diploma: Management Advancement Programme, Wits Business School.

Chairman of the Johannesburg Social Housing Company. Experience at the Truth and Reconciliation Commission. Held positions varying from communications to corporate finance in Lobedu Leo Burnett Holdings, Cell C (Pty) Ltd, Telkom Ltd and Altech Ltd. Spent 18 months in Nigeria working as a consult to the CEO of a telecommunications company. Previous board positions include Nestlé (South Africa) (Pty) Ltd, BankservAfrica and the Joburg Theatre.

Appointed in September 2012

Declaration in terms of the Companies Act No. 71 of 2008 (Companies Act)

The preparation of these financial statements has been supervised by Chief Financial Officer Aarti Takoordeen CA(SA) in terms of section 29(1)(e) of the Companies Act. The annual financial statements have been audited in compliance with the applicable requirements of the Companies Act.

2013 FINANCIALS

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of the JSE Limited, comprising the statements of financial position at 31 December 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether owing to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

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

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of the JSE Limited, as identified in the first paragraph, were approved by the Board of Directors on 11 March 2014 and signed by:

HJ Borkum
Chairman

NF Newton King
Chief Executive Officer

DECLARATION BY COMPANY SECRETARY

FOR THE YEAR ENDED 31 DECEMBER 2013

The JSE Limited has complied with all statutory and regulatory requirements in accordance with the Financial Markets Act, and all directives issued by the Financial Services Board. In terms of section 88 of the Companies Act, as amended, I hereby confirm that the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

GC Clarke
Group Company Secretary

REPORT OF THE GROUP AUDIT COMMITTEE

Prepared by its chairman, Sam Nematswerani.

The Audit Committee presents its report for the financial year ended 31 December 2013.

Composition and meeting procedures	Primary roles and responsibilities
• During the year under review, three Audit Committee meetings were held. • The Audit Committee is composed of its chairman, who is an independent non-executive director, and four other independent non-executive directors, including the chairman of the Risk Committee. • The Chairman of the Board, CEO, CFO, Company Secretary, representatives of the external auditors and the head of Internal Audit attend meetings by invitation. • The committee is suitably skilled to perform the role required, as reflected in the table below. The collective skills of the committee include an understanding of financial and sustainable reporting, internal financial controls, the internal audit function, the external audit process, corporate law, risk management, IT governance as it relates to integrated reporting, and the governance processes of the Company. However, it is not expected that each member should possess all the required qualifications, skills and experience.	• The committee acts in accordance with its statutory duties, the delegated authority of the Board as recorded in its terms of reference, and within the guidelines of King III. • The committee must prepare a report describing how it carried out its functions as specified in section 94(7) of the Companies Act. • It has power to investigate any activity within the scope of its terms of reference. • The committee has an independent role with accountability to both the Board and shareholders. • The committee, in fulfilment of its duties, may call upon the chairmen of other Board committees, any of the executive directors, officers or the Company Secretary to provide it with information. The committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities. • The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The committee members who were approved by shareholders at the annual general meeting in April 2013 and who will serve until the next annual general meeting are:

Name	Qualification(s)	Director	Appointed by Board in
Sam Nematswerani	CA(SA)	Independent non-executive	Feb 2003
Bobby Johnston	CA(SA)	Independent non-executive	Dec 2000
Anton Botha	BCom; BProc; BCom(Hons)	Independent non-executive	Dec 2000
Nigel Payne	CA(SA)	Independent non-executive	Aug 2005
Nomavuso Mnxasana	CA(SA)	Independent non-executive	Dec 2012

The Board is satisfied that:

- the Group Audit Committee, acting as a collective, is adequately skilled to perform its role having regard to the size and circumstances of the Company;
- individual members of the committee possess appropriate qualifications, skills and experience to discharge their responsibilities.
- all members shown in the table meet the provisions of the Act and that they are independent, and therefore recommends their appointment at the annual general meeting in May 2014.

The committee has discharged all its responsibilities and carried out all the functions assigned to it. In particular, the committee did the following:

Responsibilities	How discharged
In respect of the finance function:	
Annually assessed and confirmed the appropriateness of the expertise and experience of the chief financial officer (CFO) and the appropriateness of the expertise, resources and experience of the senior members of management responsible for the financial function.	Applied at the meeting of the Audit Committee held on 5 November 2013, where the committee satisfied itself that the finance function was adequately and appropriately resourced.
Undertook the appointment and dismissal of the CFO.	The committee recommended Aarti Takoordeen for appointment as CFO during March 2013.
In respect of the external auditor and the external audit:	
Nominated for appointment as auditor of the Company a registered auditor who, in the opinion of the committee, is independent of the Company and determined their terms of engagement and fee [section 94(7)(a) and (b)].	At the 5 November 2013 meeting, the committee reviewed the independence of the external auditors and recommended them for appointment by shareholders at the AGM in 2014, with Ms Tracy Middlemiss as the designated auditor. It also determined the fees to be paid and the terms of engagement.
Ensured the appointment of the auditor complies with applicable legislation [section 94(7)(c)].	Ensured that the appointment process complied with the statutory requirements. Refer to the 2014 AGM notice.
Evaluated the independence, effectiveness and performance of the external auditors.	The committee satisfied itself at the 5 November 2013 meeting that the auditors are independent.
	External auditors have unlimited access to the chairman of the committee.
Determined the nature and extent of non-audit services that the auditor may provide and pre-approved any agreement for the provision of these services by the auditor to the company, or a related company. Approved the internal and external audit plan of the said services on the basis that the provision of the services does not affect the auditor's independence [section 94(7)(d) and (e)].	Applied at the 5 November 2013 meeting in accordance with the Board-approved non-audit services policy.
In respect of the financial statements:	
Confirmed the going concern as the basis of preparation of the interim and annual financial statements.	Reviewed and recommended to the Board for approval. The Board has subsequently approved the integrated annual report.
Reviewed the accounting policies and procedures adopted by the Group and the JSE and ensured that financial statements were prepared on the basis of appropriate accounting policies and International Financial Reporting Standards [section 94(7)(f)].	Applied.
	The CFO prepares financial statements in accordance with all applicable legislation and submits them to this committee for review. Recommended to the Board for approval.
Reviewed financial reports, which should encompass the annual financial statements, interim reports, preliminary or provisional results announcements, summarised integrated information, any other intended release of price-sensitive financial information and prospectuses, trading statements, circulars and similar documents.	Applied.
	At the first meeting of the year, the committee reviewed the full integrated report and recommended it to the Board for approval.

REPORT OF THE GROUP AUDIT COMMITTEE (CONTINUED)

Responsibilities	How discharged
In respect of internal control:	
Reviewed the effectiveness of management information, the annual audit, the internal audit function and other systems of internal control, ensuring that the internal audit function is independent and has the necessary resources, standing and authority to enable it to discharge its functions.	This role was performed in part by this committee and in part by the Risk Management Committee. The head of Internal Audit is contracted to the JSE to perform this function and reports administratively to the CEO and for all internal audit purposes to the Audit Committee.
Reported on the effectiveness of the internal financial controls and risk management.	This role was performed in part by this committee and in part by the Risk Management Committee.
Monitored the appropriateness of the Company's combined assurance model overseeing risk.	This role was performed in part by this committee and in part by the Risk Management Committee.
Ensured that the combined assurance from both internal and external assurance providers and management was sufficient to cover key risks facing the organisation.	This role was performed in part by this committee and in part by the Risk Management Committee.
Annually evaluated the nature and extent of the formal documented reviews of the design, implementation and effectiveness of the system of internal financial controls, which covered all significant areas of financial reporting.	Applied in consultation with the internal audit function each year.
Other:	
Received and dealt with complaints and concerns from within and outside of the Company relating to accounting practices and internal audit; content or auditing of the financial statements; internal financial controls; or any other related matter [section 94(7)(g)].	Not applicable in the year under review.
Made submissions to the Board on any matter concerning the accounting policies, financial controls, records and reporting [section 94(7)(h)].	Applied.

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

The JSE continues to prepare Group accounts that comply with International Financial Reporting Standards and these responsibilities are completed within an acceptable timeframe.

The committee is satisfied with the way it has discharged its duties as well as complying with its terms of reference.

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

NS Nematswerani
Chairman: Group Audit Committee

DIRECTORS' REPORT

Our business

A description of the JSE's business, its value chain and Group structure is set out on pages 2 and 3.

The Company does not have a controlling shareholder and is managed by its directors for its stakeholders. The JSE Limited has its primary and only listing in South Africa on the securities exchange operated by the JSE.

Regulatory and supervisory structure

The Financial Services Board (FSB) is responsible for supervising the JSE's listing and regulates its ongoing compliance with the JSE Listings Requirements. During the year under review, the JSE complied with all its rules, Listings Requirements and procedures in a manner that warrants its continued listing and there were no conflicts of interest that were required to be referred to the FSB. To further mitigate the possibility of such conflict of interest, an SRO Oversight Board subcommittee was set up in the last quarter of 2011. Its terms of reference have been refined to take into account the requirements of the Financial Markets Act. For more information on its mandate and function, refer to page 37.

Corporate governance

The governance report is set out on pages 27 to 42.

Financial results

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

It should be noted that the JSE maintains the JSE Guarantee Fund Trust, the BESA Guarantee Fund Trust and the JSE Derivatives Fidelity Fund Trust for investor protection purposes, as required under the Financial Markets Act. In view of the control that the JSE exercises over these trusts, the JSE is required to consolidate them into the results of the Group in terms of International Financial Reporting Standards.

Major operating subsidiary: Safcom

Safcom is a licensed associated clearing house in terms of the provisions of the Financial Markets Act, No. 19 of 2012, and subject to an annual review conducted by the FSB. Partly as a consequence of the recent global financial crisis, global financial regulators have issued directives (Basel III) for the capitalisation of bank exposures to central counterparties (CCPs). At the end of 2012, Safcom was deemed a qualifying CCP by the FSB in terms of the Principles for Market Infrastructures issued by these global regulators (IOSCO-CPSS).

Safcom Default Fund

Safcom's objective is to act as an associated clearing house and to operate as a CCP by interposing itself between parties to derivative contracts listed on the JSE. Significant refinements have been implemented with regard to its risk management processes. One of these is the creation of a new fund, the Safcom Default Fund. This default fund reduces systemic risk and, more specifically, clarifies and limits clearing members' exposure to counterparty credit risk when clearing through Safcom. Clearing members that are banks will consequently need to hold less capital for centrally cleared exposures under Basel III regulations.

The Safcom Default Fund policy requires that fund contributions by the clearing members and the JSE must be held in a legal entity, separate and bankruptcy remote from Safcom and the JSE. Thus, in 2013, a new private company, operating as the Safcom Default Fund, was constituted for the purpose of ring-fencing the abovementioned contributions, which are to be used only in the event of a clearing member default.

Authorised users of the JSE (members of the JSE)*

As at 31 December 2013, there were 389 authorised users (2012: 389), broken down as follows:

Category of members	2013	2012
Equities members	**62**	61
Equity derivatives members	**121**	120
Commodities derivatives members	**93**	100
Interest rate members	**103**	99
Clearing members (Safcom)	**10**	9
Total	**389**	389

** These numbers include passive and active members. During 2014 the respective membership liaison teams will embark on a process to clean-up the lists of passive members.*

Ordinary share capital

The Company did not issue any shares during the year under review. Full details of the authorised, issued and unissued capital of the JSE are contained in note 20 to the annual financial statements.

Rights attaching to shares

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

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

DIRECTORS' REPORT (CONTINUED)

Directorate and Company Secretary

The details of the directors of the Company and the Company Secretary are contained on pages 46 to 47.

Aarti Takoordeen, who joined the JSE on 1 February 2013 as the new CFO, was appointed to the JSE Board as an executive director with effect from 12 March 2013.

The shareholders voted in favour of the appointment of Mantsika Matooane and Nomavuso Mnxasana at the annual general meeting (AGM) held on 25 April 2013.

The Board announced on 13 August 2013 that Michael Jordaan, who retired as CEO of First National Bank in December 2013, would join the JSE Board as a non-executive director with effect from 1 January 2014.

The Board also announced on 10 December 2013 that Humphrey Borkum will retire as independent non-executive director and Chairman of the JSE at the AGM to be held on 8 May 2014. Humphrey was appointed to the Board in 2000 as deputy chairman and appointed as Chairman of the JSE in 2002. He has served the JSE with distinction in a number of capacities for many decades.

"Humphrey's role in the evolution of the JSE business over the decades in our industry has been immense. We will miss his quiet wisdom and counsel as we chart the next stage of our journey," said Nicky Newton-King, Chief Executive Officer of the JSE. At the same time, the Board announced that Ms Nonkululeko Nyembezi-Heita, who joined the Board in June 2009 as an independent non-executive director, will succeed Humphrey Borkum as independent non-executive Chairman, with effect from 9 May 2014.

Directors' interests and shareholding

Director	Direct beneficial	Indirect beneficial	Held by associates	Total	%
Directors' interest as at 31 December 2013					
NF Newton-King (CEO)*	**7 905**	–	–	**7 905**	**0.009**
A Takoordeen (CFO)*	–	–	–	–	–
HJ Borkum (Chairman)	**15 000**	–	–	**15 000**	**0.0173**
AD Botha	**25 000**	–	–	**25 000**	**0.0288**
AM Mazwai	**5 000**	–	–	**5 000**	**0.0058**
LV Parsons* (alternate)	**9 887**	–	–	**9 887**	**0.0114**
JH Burke* (alternate)	**7 586**	–	–	**7 586**	**0.0087**
Other directors hold no interests in the JSE	–	–	–	–	–
GC Clarke (Group Company Secretary)*	**1 000**	–	–	**1 000**	**0.0012**
Total	**71 378**	–	–	**71 378**	**0.0822**

Director	Direct beneficial	Indirect beneficial	Held by associates	Total	%
Directors' interest as at 31 December 2012					
NF Newton-King (CEO)*	3 400	–	–	3 400	0.0039
A Takoordeen (CFO)* appointed 12 March 2013	n/a	n/a	n/a	n/a	n/a
HJ Borkum (Chairman)	15 000	–	–	15 000	0.0173
AD Botha	25 000	–	–	25 000	0.0288
AM Mazwai	5 000	–	–	5 000	0.0058
LV Parsons* (alternate)	2 000	–	–	2 000	0.0023
JH Burke* (alternate)	3 200	–	–	3 200	0.0038
Other directors hold no interests in the JSE	–	–	–	–	–
GC Clarke (Group Company Secretary)*	1 000	–	–	1 000	0.0012
Total	55 600	–	–	55 600	0.064

** These directors and officers participate in the LTIS 2010 scheme and are recipients of shares that vested and will vest from 2013 onwards. For further details, refer to note 27.*

Details of transactions in JSE Limited shares by directors and prescribed officers were disclosed on SENS during 2013 and are summarised in the table below:

		Purchase	Sale
NF Newton-King	Executive Director	42 200	3 382
A Takoordeen	Executive Director	15 700	–
LV Parsons	Alternate Director	20 100	–
JH Burke	Alternate Director	18 600	3 293
GC Clarke	Group Company Secretary	14 000	4 389
Remaining 8 members of the executive committee	Prescribed Officers	118 800	8 095

For further details, refer to note 27 of the annual financial statements and the remuneration report which can be found online at http://www.jsereporting.co.za/ar2013/Remuneration.asp

Shareholders other than directors

Information on shareholders is set out on page 112.

Dividend policy

In considering the payment of the dividends, the Board will, with the assistance of the Audit and Risk committees, take the following into account:

- The current financial status of the Company and the payment of a dividend subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act of 2008;
- The future funding and capital requirements of the Company; and
- The intention to pay a dividend and the preference to pay a single dividend in any year.

The Board and management remained confident as to the underlying strength of the JSE's operations and its continued strong cash flows. All planned investments and capital requirements for 2013 were funded from own resources.

Declaration of ordinary and special dividend

The Board has decided to declare both an ordinary and a special dividend for the year ended December 2013 at 350 cents and 50 cents per ordinary share, respectively.

Accordingly, notice is hereby given that the directors have declared the following.

Dividend	Annual gross amount	Withholding tax %	Net amount
Ordinary	350	15%	297.5
Special	50	15%	42.5
	400	–	**340**

The dividend has been declared from retained earnings and no secondary tax on companies (STC) credits are available for use. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt. The dividends are payable to shareholders recorded in the register of members of the Company at the close of business on Friday, 30 May 2014.

In compliance with the Companies Act, the directors of the JSE confirm that the Company will satisfy the solvency and liquidity test immediately after completion of the dividend distribution. The dividend will be noted at the AGM to be held on Thursday, 8 May 2014. In compliance with the requirements of Strate, the following salient dates for the payment of the dividend are applicable:

Ordinary dividend paid in year:	2014	2013
In respect of financial year ended	**31 Dec 2013**	31 Dec 2012
Dividend per share (cents) (350 + 50 = 400 for 2013)	**400**	250
Rand value	**R348 million**	R217 million
Declaration date	**Tue, 11 March 2014**	12 March 2013
Last date to trade JSE shares cum dividend	**Fri, 23 May 2014**	17 May 2013
JSE shares commence trading ex-dividend	**Mon, 26 May 2014**	20 May 2013
Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on	**Fri, 30 May 2014**	24 May 2013
Date of payment of dividend	**Mon, 2 June 2014**	27 May 2013

Share certificates may not be dematerialised or rematerialised from Monday, 26 May 2014, to Friday, 30 May 2014, both days inclusive. On Monday, 2 June 2014, the dividend will be electronically transferred to the bank accounts of certificated shareholders who use this facility. In respect of those who do not use this facility, cheques dated 2 June 2014 will be posted on or about that date. The accounts of those shareholders who have dematerialised their shares (which are held at their central securities depository participant or broker) will be credited on Monday, 2 June 2014. The issued share capital of the Company as at the declaration date was 86 877 600. The tax number of the Company is 9313008840.

Service contracts with directors

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

External audit and external auditor independence

The Group annual financial statements have been audited by independent auditors KPMG Inc. The Audit Committee considered the position of KPMG and resolved that KPMG is independent of the Group and has recommended the reappointment of KPMG as auditors. This view and recommendation were endorsed by the Board on 26 November 2013. The Board believes that KPMG has observed the highest level of business and professional ethics and has no reason to believe that it has not at all times acted with unimpaired independence.

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

The reappointment of the auditors will be a matter for consideration by the shareholders at the AGM to be held on 8 May 2014.

Special resolutions

The following special resolutions were passed in 2013:

Special Resolution number 1: General authority to repurchase shares:

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

Special Resolution number 2: Adoption of new MOI:

"Resolved that the existing memorandum of incorporation (MOI) of the Company (formerly the Company's memorandum and articles of association) be and is hereby abrogated in its entirety and replaced with a new MOI, a draft of which has been tabled at this meeting and signed by the chairman of the meeting on the cover page for identification purposes, which MOI will take effect from the date of filing thereof with the Companies and Intellectual Property Commission."

State of affairs at Company – material matters

Contingent liabilities and commitments:	The JSE's contingent liabilities and commitments are disclosed in note 30.
Impairment loss:	The JSE has recognised a further impairment loss with regard to software development as disclosed under in note 12.7.
Related party transactions:	To the knowledge of the Company, none of the directors or major shareholders of the Company or their families had an interest directly or indirectly in any transaction during the period under review or in any proposed transaction, that has or will materially affect the Company or its subsidiaries, other than the disclosure made in note 29.

Going-concern statement

In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the Board is of the opinion that, after making enquiries, it has reasonable expectation that the Group has sufficient resources to maintain its operational existence for the foreseeable future and that:

- the Group's assets fairly valued exceed its liabilities fairly valued; and
- the Group will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 31 December 2013.

Accordingly, the Board continues to adopt the going-concern basis in preparing the financial statements.

Post-reporting-date events

There have been no changes to the directors' interests in the ordinary share capital of the Company and no material events that would require adjustment or disclosure in the annual financial statements have occurred between 31 December 2013 and the date of this report.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of the JSE Limited

We have audited the consolidated and separate annual financial statements of the JSE Limited, which comprise the statements of financial position as at 31 December 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 60 to 111.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether owing to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of the JSE Limited at 31 December 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2013, we have read the *directors' report*, the *Audit Committee's report* and the *Company Secretary's certificate* for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

KPMG Inc.
Registered Auditor

Per T Middlemiss
Chartered Accountant (SA)
Registered Auditor
Director
11 March 2014

85 Empire Road
Parktown
2193

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Group 2013 R'000	Group 2012 R'000	Exchange 2013 R'000	Exchange 2012 R'000
Revenue	7.1	**1 577 552**	1 384 867	**1 594 041**	1 400 618
Other income	7.2	**76 587**	46 923	**90 275**	65 332
Personnel expenses	8.1	**(426 678)**	(353 896)	**(426 678)**	(353 896)
Other expenses	8.2	**(649 779)**	(672 319)	**(625 310)**	(651 827)
Profit from operating activities		**577 682**	405 575	**632 328**	460 227
Finance income	8.3	**992 304**	861 474	**86 648**	54 514
Finance costs	8.4	**(874 236)**	(781 092)	**(7 332)**	(9 018)
Net finance income		**118 068**	80 382	**79 316**	45 496
Share of profit of equity-accounted investees (net of income tax)	13.2	**39 788**	35 056	**–**	–
Profit before income tax		**735 538**	521 013	**711 644**	505 723
Income tax expense	9.1	**(228 910)**	(218 902)	**(228 189)**	(219 133)
Profit for the year		**506 628**	302 111	**483 455**	286 590
Other comprehensive income					
Net change in fair value of available-for-sale financial assets		**49 987**	41 323	**–**	–
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**(15 875)**	(11 834)	**–**	–
Income tax on other comprehensive income	9.4	**–**	–	**–**	–
Other comprehensive income for the year, net of income tax		**34 112**	29 489	**–**	–
Total comprehensive income for the year		**540 740**	331 600	**483 455**	286 590
Earnings per share					
Basic earnings per share (cents)	10.1	**592.1**	351.8	**565.0**	333.7
Diluted earnings per share (cents)	10.2	**588.6**	349.5	**561.7**	331.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	Group 2013 R'000	Group 2012 R'000	Exchange 2013 R'000	Exchange 2012 R'000
Assets					
Non-current assets		**868 074**	900 862	**575 554**	663 580
Property and equipment	11.3	**162 171**	164 164	**162 171**	164 164
Intangible assets	12.3/6	**259 178**	314 790	**231 844**	286 702
Investments in equity-accounted investees	13.1	**142 169**	119 904	**21 416**	21 416
Investments in subsidiaries	14.1	**–**	–	**104 352**	104 351
Other investments	15	**248 786**	215 059	**1**	2
Loan to the JSE Empowerment Fund Trust	16	**14 022**	14 003	**14 022**	14 003
Deferred taxation	23.1/3	**41 748**	72 942	**41 748**	72 942
Current assets		**20 507 267**	16 177 565	**1 618 041**	1 233 980
Trade and other receivables	17	**216 692**	194 248	**138 769**	140 375
Income tax receivable		**17 108**	16 574	**16 365**	15 817
Due from Group entities	14.3	**–**	–	**15 656**	11 946
Safcom Default Fund collateral deposit	18.3	**516 870**	–	**100 000**	–
Margin deposits	18.1	**18 335 464**	14 834 408	**75 447**	72 174
Collateral deposits	18.2	**42 181**	3 559	**42 181**	3 559
Cash and cash equivalents	19	**1 378 952**	1 128 776	**1 229 623**	990 109
Total assets		**21 375 341**	17 078 427	**2 193 595**	1 897 560
Equity and liabilities					
Total equity	20.3	**2 188 466**	1 871 021	**1 724 408**	1 464 248
Share capital		**8 533**	8 571	**8 533**	8 571
Share premium		**84 671**	102 858	**84 671**	102 858
Reserves		**431 075**	368 902	**44 740**	32 719
Retained earnings		**1 664 187**	1 390 690	**1 586 464**	1 320 100
Non-current liabilities		**120 841**	120 406	**161 838**	173 424
Finance leases	30.2	**11 352**	–	**11 352**	–
Borrowings	21	**19 055**	23 715	**–**	–
Employee benefits	22.1	**–**	5 128	**–**	5 128
Deferred taxation	23.1/3	**12 324**	4 946	**11 549**	3 981
Operating lease liability	30.2	**57 807**	36 985	**57 807**	36 985
Deferred income	28	**20 303**	49 632	**81 130**	127 330
Current liabilities		**19 066 034**	15 087 000	**307 349**	259 888
Trade and other payables	24	**214 541**	163 027	**125 603**	97 846
Due to Safex members	25	**1 286**	1 190	**1 286**	1 190
Employee benefits	22.1	**62 534**	67 860	**62 534**	67 860
Operating lease liability	30.2	**28**	16 956	**28**	16 956
Due to Group entities	14.4	**–**	–	**270**	303
Safcom Default Fund contributions	18.3	**410 000**	–	**–**	–
Margin deposits	18.1	**18 335 464**	14 834 408	**75 447**	72 174
Collateral deposits	18.2	**42 181**	3 559	**42 181**	3 559
Total equity and liabilities		**21 375 341**	17 078 427	**2 193 595**	1 897 560

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

Group	Share capital R'000	Share premium R'000	Total share capital R'000	NDR R'000	BBBEE reserve R'000	JSE LTIS 2010 reserve R'000	Total reserves R'000	Retained income R'000	Total equity R'000
Balance at 1 January 2012	8 605	129 642	138 247	292 593	165 336	18 434	476 363	1 154 458	1 769 068
Profit for the year	–	–	–	–	–	–	–	302 111	302 111
Other comprehensive income	–	–	–	29 489	–	–	29 489	–	29 489
Total comprehensive income for the year	–	–	–	29 489	–	–	29 489	302 111	331 600
Treasury shares (Refer to note 22.6)	(37)	(28 808)	(28 845)	–	–	–	–	–	(28 845)
Treasury shares – share issue costs	–	(70)	(70)	–	–	–	–	–	(70)
Sale of treasury shares	3	2 094	2 097	–	–	–	–	–	2 097
Transfer of BBBEE reserve to retained earnings	–	–	–	–	(165 336)	–	(165 336)	165 336	–
Transfer of profits from Investor Protection Fund	–	–	–	16 967	–	–	16 967	(16 967)	–
Equity-settled share-based payment	–	–	–	–	–	14 285	14 285	–	14 285
Distribution from BESA Guarantee Fund Trust	–	–	–	(2 866)	–	–	(2 866)	2 866	–
Dividends (Refer to note 20.4)	–	–	–	–	–	–	–	(217 114)	(217 114)
Total contributions by and distribution to owners of Company recognised directly in equity	(34)	(26 784)	(26 818)	14 101	(165 336)	14 285	(136 950)	(65 879)	(229 647)
Balance at 1 January 2013	**8 571**	**102 858**	**111 429**	**336 183**	**–**	**32 719**	**368 902**	**1 390 690**	**1 871 021**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**506 628**	**506 628**
Other comprehensive income	**–**	**–**	**–**	**34 112**	**–**	**–**	**34 112**	**–**	**34 112**
Total comprehensive income for the year	**–**	**–**	**–**	**34 112**	**–**	**–**	**34 112**	**506 628**	**540 740**
Treasury shares	**(46)**	**(35 117)**	**(35 163)**	**–**	**–**	**–**	**–**	**–**	**(35 163)**
Treasury shares – share issue costs	**–**	**(104)**	**(104)**	**–**	**–**	**–**	**–**	**–**	**(104)**
Sale of treasury shares	**8**	**5 926**	**5 934**	**–**	**–**	**–**	**–**	**–**	**5 934**
Allocation 1 shares vested (Refer to note 22.6)	**–**	**11 108**	**11 108**	**–**	**–**	**(11 108)**	**(11 108)**	**–**	**–**
Transfer of profits from Investor Protection Fund	**–**	**–**	**–**	**18 797**	**–**	**–**	**18 797**	**(18 797)**	**–**
Equity-settled share-based payment	**–**	**–**	**–**	**–**	**–**	**23 129**	**23 129**	**–**	**23 129**
Distribution from BESA Guarantee Fund Trust	**–**	**–**	**–**	**(2 757)**	**–**	**–**	**(2 757)**	**2 757**	**–**
Dividends (Refer to note 20.4)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(217 091)**	**(217 091)**
Total contributions by and distributions to owners of Company recognised directly in equity	**(38)**	**(18 187)**	**(18 225)**	**16 040**	**–**	**12 021**	**28 061**	**(233 131)**	**(223 295)**
Balance at 31 December 2013	**8 533**	**84 671**	**93 204**	**386 335**	**–**	**44 740**	**431 075**	**1 664 187**	**2 188 466**
Notes	20.3	20.3		20.3		20.3		20.3	

Exchange	Share capital R'000	Share premium R'000	Total share capital R'000	Other NDR R'000	BBBEE reserve R'000	JSE LTIS 2010 reserve R'000	Total reserves R'000	Retained income R'000	Total equity R'000
Balance at 1 January 2012	8 605	129 642	138 247	–	165 336	18 434	183 770	1 085 288	1 407 305
Profit/total comprehensive income for the year	–	–	–	–	–	–	–	286 590	286 590
Treasury shares (Refer to note 22.6)	(37)	(28 808)	(28 845)	–	–	–	–	–	(28 845)
Treasury shares – share issue costs	–	(70)	(70)	–	–	–	–	–	(70)
Sale of treasury shares	3	2 094	2 097	–	–	–	–	–	2 097
Transfer of BBBEE reserves to retained earnings	–	–	–		(165 336)	–	(165 336)	165 336	–
Equity-settled share-based payment	–	–	–	–	–	14 285	14 285	–	14 285
Dividends (Refer to note 20.4)	–	–	–	–	–	–	–	(217 114)	(217 114)
Total contributions by and distributions to owners of the Company recognised directly in equity	(34)	(26 784)	(26 818)	–	(165 336)	14 285	(151 051)	(51 778)	(229 647)
Balance at 1 January 2013	**8 571**	**102 858**	**111 429**			**32 719**	**32 719**	**1 320 100**	**1 464 248**
Profit/total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**483 455**	**483 455**
Treasury shares	**(46)**	**(35 117)**	**(35 163)**	**–**	**–**	**–**	**–**	**–**	**(35 163)**
Treasury shares – share issue costs	**–**	**(104)**	**(104)**	**–**	**–**	**–**	**–**	**–**	**(104)**
Sale of treasury shares	**8**	**5 926**	**5 934**	**–**	**–**	**–**	**–**	**–**	**5 934**
Allocation 1 shares vested (Refer to note 22.6)	**–**	**11 108**	**11 108**	**–**	**–**	**(11 108)**	**(11 108)**	**–**	**–**
Equity-settled share-based payment	**–**	**–**	**–**	**–**	**–**	**23 129**	**23 129**	**–**	**23 129**
Dividends (Refer to note 20.4)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(217 091)**	**(217 091)**
Total contributions by and distributions to owners of the Company recognised directly in equity	**(38)**	**(18 187)**	**(18 225)**	**–**	**–**	**12 021**	**12 021**	**(217 091)**	**(223 295)**
Balance at 31 December 2013	**8 533**	**84 671**	**93 204**	**–**	**–**	**44 740**	**44 740**	**1 586 464**	**1 724 408**
Notes	20.3	20.3	20.3			20.3		20.3	

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

		Group		Exchange	
	Notes	**2013 R'000**	2012 R'000	**2013 R'000**	2012 R'000
Cash flows from operating activities					
Cash generated by operations	26.1	**757 971**	470 403	**790 109**	534 469
Interest received		**965 042**	868 802	**86 616**	54 651
Interest paid		**(850 457)**	(787 867)	**(6 969)**	(9 075)
Dividends received		**3 946**	3 482	**–**	–
Taxation paid	26.2	**(190 871)**	(123 567)	**(189 974)**	(123 182)
Net cash generated by operating activities		**685 631**	431 253	**679 782**	456 863
Cash flows from investing activities					
Proceeds on sale of other investments		**40 935**	32 309	**–**	–
Acquisition of other investments		**(24 675)**	(36 161)	**–**	–
Investment in Safcom Default Fund		**(516 870)**	–	**(100 000)**	–
Dividends from equity-accounted investees		**17 523**	15 950	**17 523**	15 950
Proceeds from disposal of property and equipment		**172**	788	**89**	778
Leasehold improvements		**(32)**	(188)	**(32)**	(188)
Acquisition of intangible assets		**(33 384)**	(74 363)	**(33 384)**	(74 363)
Acquisition of property and equipment		**(48 079)**	(24 143)	**(48 079)**	(24 143)
Net cash used in investing activities		**(564 410)**	(85 808)	**(163 883)**	(81 966)
Cash flows from financing activities					
Distribution from/(by) Investor Protection Funds		**–**	–	**–**	–
Proceeds from issue of new shares		**–**	–	**–**	–
Proceeds from sale of treasury shares		**5 919**	2 097	**5 919**	2 097
Contributions received Safcom Default Fund		**410 000**	–	**–**	–
Borrowings repaid		**(4 660)**	(3 055)	**–**	–
Acquisition of treasury shares		**(35 252)**	(28 915)	**(35 252)**	(28 915)
Dividends paid		**(217 091)**	(217 114)	**(217 091)**	(217 114)
Net cash from/(used in) financing activities		**158 916**	(246 987)	**(246 424)**	(243 932)
Net increase in cash and cash equivalents		**280 137**	98 458	**269 475**	130 965
Cash and cash equivalents at 1 January		**1 128 776**	1 041 089	**990 109**	869 915
Effect of exchange rate fluctuations on cash held		**(29 961)**	(10 771)	**(29 961)**	(10 771)
Cash and cash equivalents at 31 December 2013	19	**1 378 952**	1 128 776	**1 229 623**	990 109

1. Reporting entity

JSE Ltd (the "JSE", the "Company" or the "Exchange") is a company domiciled in South Africa. The registration number is 2005/022939/06. The JSE is licensed as an exchange in terms of the Financial Markets Act, 19 of 2012. The JSE has the following main lines of business: issuer services, trading, clearing and settlement services, technology and other technology related 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 2013 comprise the Company and its subsidiaries and controlled Structured Entities (collectively referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

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

2. Basis of preparation

2.1. Statement of compliance

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

The consolidated financial statements and the separate financial statements were authorised for issue by the Board of Directors on 11 March 2014.

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
- Share-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	– property and equipment
Note 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. Basis of preparation (CONTINUED)

2.5. Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

(a) IFRS 10 Consolidated Financial Statements (2011)

(b) IFRS 12 Disclosure of Interests in Other Entities

(c) IFRS 13 Fair Value Measurement

The nature and effects of the changes are explained below.

(i) Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model which focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees at 1 January 2013. As a consequence, the Group has not changed its control conclusion in respect of its investments in all subsidiaries and continues to account for Strate Limited as an associate using the equity method.

(ii) Fair value measurement

IFRS 13 unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the Group has included additional disclosures in this regard (see Note 32).

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

(iii) Disclosure of interests in other entities

As a result of IFRS 12, the Group has expanded its disclosures about its interest in subsidiaries (see Note 14) and equity-accounted investees (see Note 13).

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 the Safex Clearing Company Pty Limited (Safcom), Newshelf 1252 Proprietary Limited (Safcom Default Fund), the JSE Derivatives Fidelity Fund Trust, the JSE Guarantee Fund Trust, JSE Trustees Pty Limited, BESA Limited, BondClear Limited, BESA Investments 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.

(ii) Structured Entities

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

(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 investments in Strate (Pty) Limited and Indexco Managers 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 equity-accounted investees from the effective date on which the enterprise became an associate until significant influence ceases. The share of associated companies' retained earnings and reserves is determined from the latest audited financial statements.

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

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

3. Significant accounting policies (CONTINUED)

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 Safcom Default Fund.

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, Safcom Default Fund 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.

(ii) Cash and cash equivalents

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

(iii) Share capital

Ordinary shares

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

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. Significant accounting policies (CONTINUED)

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 lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets and leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

• Computer hardware	3 to 10 years
• Vehicles	5 years
• Furniture and equipment	3 to 15 years
• Leased assets	3 years
• Leasehold improvements	15 years

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

3.6. 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 consulting charges and direct labour. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

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

3. Significant accounting policies (CONTINUED)

3.6. Intangible assets (CONTINUED)

(iv) Subsequent expenditure

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

(v) Amortisation

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

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

- Trademarks 5 to 10 years
- Customer relationships 6 to 10 years
- Capitalised development costs 3 to 7 years

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

(vi) Derecognition

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

3.7. 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 is recognised.

Lease payments

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

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

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specifed 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. Significant accounting policies (CONTINUED)

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. Significant accounting policies (CONTINUED)

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.

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

3.10. Revenue

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

3.11. Other income

Other income comprises rental income, net foreign exchange gains, dividend income, profit on sale of financial assets, profit on sale of property and equipment, and other sundry income. Dividend income is recognised in profit or loss when the right to receive payment is established, which is the date the dividend is declared. Rental income is recognised on a straight-line basis over the term of the lease. Gains on disposal of property and equipment are determined by comparing the 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

Investor Protection Funds approved for distribution by the Financial Services Board 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 life of the related assets.

3.12. Finance income and expenses

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

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

3. Significant accounting policies (CONTINUED)

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 withholdings 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, which comprise share options granted to qualifying black shareholders and employees under 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 only effective in future accounting periods, as listed below:

IFRS 9 – Financial Instruments – effective date: to be determined

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.

Amendment to IAS 32 – Financial Instruments: Presentation – effective date: 1 January 2014

This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. This amendment will be adopted by the Group for its financial reporting period ending 31 December 2014. The Group does not anticipate a significant impact in applying the change.

Amendment to IAS 36 – Recoverable amount disclosures for non-financial assets – effective date: 1 January 2014

The amendment addresses the disclosure of information about the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. This amendment will be adopted by the Group for its financial reporting period ending 31 December 2014.The Group does not anticipate a significant impact from adopting the change.

IFRIC 21 – Levies – effective date: 1 January 2014

The interpretation relates to the treatment of levies as an outflow imposed by government in accordance with legislation. This amendment will be adopted by the Group for its financial reporting period ending 31 December 2014. The Group does not anticipate a significant impact from adopting the change.

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 share price on measurement date, exercise price of instrument, expected volatility (based on weighted average historic volatility, adjusted for changes expected owing to publicly available information), weighted average expected life of the instrument, expected dividends, and the interest rate (based on the notional amount compounded annually (NACA) rate). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

6. Operating segments

The Group has five reportable segments, as stated below. Each business unit offers different products and services and is managed separately because each requires different technology and a different marketing strategy. Management makes decisions based on management accounting information, which reflects revenue by business unit and costs at a cost category level without specific allocation to business units.

6. Operating segments (CONTINUED)

Information about reportable segments

	Equity[1] division R'000	Equity and currency derivatives R'000	Commodity derivatives R'000	Interest rate[2] market R'000	Market data R'000	Other[3] R'000	Total R'000
For the year ended 31 December 2013							
External revenues	**965 856**	**155 765**	**48 750**	**61 954**	**176 641**	**168 586**	**1 577 552**
For the year ended 31 December 2012							
External revenues	827 142	130 037	55 939	60 750	146 849	164 150	1 384 867

1. Comprises equities Market fees, risk management, clearing and settlement fees, membership fees, issuer regulation and back-office services (BDA).
2. Includes R16.0m (2012: R15.1m) of issuer regulation listing fees relating to the bond market.
3. Comprises funds under management and Strate ad valorem fees.

	Group		Exchange	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
7. Revenue and other income				
7.1. Revenue comprises:				
Equity Market fees	**374 283**	319 136	**374 283**	319 136
Post-trade services	**249 224**	211 902	**249 224**	211 902
Back-office services (BDA)	**237 556**	204 909	**237 556**	204 909
Issuer regulation	**109 685**	95 827	**109 685**	95 827
Membership fees	**11 108**	10 434	**11 108**	10 434
Equity derivatives fees	**131 907**	112 571	**131 907**	112 297
Currency derivatives fees	**23 858**	17 466	**23 858**	17 466
Commodity derivatives fees	**48 750**	55 939	**48 750**	55 939
Interest rate market fees	**45 954**	45 684	**48 372**	48 199
Market data fees	**176 641**	146 849	**176 641**	146 849
Funds under management	**68 379**	61 255	**82 450**	74 765
Total revenue before Strate ad valorem fees	**1 477 345**	1 281 972	**1 493 834**	1 297 723
Strate ad valorem fees	**100 207**	102 895	**100 207**	102 895
Total revenue	**1 577 552**	1 384 867	**1 594 041**	1 400 618
7.2. Other income comprises:				
Recognised in profit or loss				
Investor protection funds	**19 826**	15 355	**–**	–
– Contributions to BESA Guarantee Fund Trust	**4**	39	**–**	–
– Dividend income	**3 946**	3 482	**–**	–
– Net realised gain on disposal of available-for-sale financial assets	**15 876**	11 834	**–**	–
Rental income	**2 259**	5 702	**2 259**	5 702
Dividends received	**–**	–	**17 523**	15 950
Profit on disposal of property and equipment	**–**	96	**–**	96
Income recognised from deferred income (data centre and disaster recovery)	**–**	–	**16 871**	17 814
Investor Protection Levy	**22 643**	18 950	**22 643**	18 950
Foreign exchange gain	**19 691**	58	**19 691**	58
Sundry income	**12 168**	6 762	**11 288**	6 762
Total other income	**76 587**	46 923	**90 275**	65 332

	Notes	Group 2013 R'000	Group 2012 R'000	Exchange 2013 R'000	Exchange 2012 R'000
8. Profit before taxation comprises:					
8.1. Personnel expenses					
Remuneration paid to employees		339 602	281 656	339 602	281 656
Gross amount paid		351 467	307 263	351 467	307 263
Less: Capitalised to intangible assets		(11 865)	(25 607)	(11 865)	(25 607)
Fixed-term contractors		21 053	18 790	21 053	18 790
Gross amount paid		22 031	23 250	22 031	23 250
Less: Capitalised to intangible assets		(978)	(4 460)	(978)	(4 460)
Contribution to defined contribution plans		13 014	11 466	13 014	11 466
Gross amount paid		13 324	12 446	13 324	12 446
Less: Capitalised to tangible assets		(310)	(980)	(310)	(980)
Directors' emoluments		24 763	22 666	24 763	22 666
– Executive directors	27.1	18 439	17 269	18 439	17 269
– Non-executive directors	27.3	6 324	5 397	6 324	5 397
Long-term incentive schemes		28 246	19 318	28 246	19 318
– Second tranche write-back		–	(415)	–	(415)
– European call option fair value adjustment		–	625	–	625
– Deferred cash bonus 2008 charge		2 867	749	2 867	749
– Deferred cash bonus 2009 charge		2 250	4 074	2 250	4 074
– JSE LTIS 2010		23 129	14 285	23 129	14 285
		426 678	353 896	426 678	353 896

	Group		Exchange	
	2013	2012	**2013**	2012
	R'000	R'000	**R'000**	R'000

8. Profit before taxation comprises: (CONTINUED)

8.2. Other expenses				
Amortisation of intangible assets	**40 681**	36 921	**40 001**	36 399
Auditor's remuneration	**5 492**	5 905	**4 456**	4 549
– Audit fee	**4 587**	4 275	**3 521**	3 562
– Fees for other assurance services	**11**	43	**11**	43
– Fees for other services	**933**	1 475	**924**	839
– Prior year (over)/under accrual	**(39)**	112	**–**	105
Consulting fees	**17 767**	66 065	**16 973**	65 289
Depreciation	**50 080**	47 026	**50 080**	47 026
– Computer hardware	**35 522**	33 899	**35 522**	33 899
– Furniture and equipment	**2 632**	2 408	**2 632**	2 408
– Leased assets	**2 704**	1 496	**2 704**	1 496
– Leasehold improvements	**9 187**	9 183	**9 187**	9 183
– Vehicles	**35**	40	**35**	40
Impairment of other receivables	**248**	231	**248**	231
Impairment of intangible assets	**48 138**	75 017	**48 138**	75 017
Impairment of trade receivables	**356**	569	**356**	569
Investor protection levy expense	**22 643**	18 950	**22 643**	18 950
Operating lease charges	**56 690**	40 731	**56 690**	40 731
– Building	**50 938**	40 523	**50 938**	40 523
– Equipment	**5 752**	208	**5 752**	208
Strate ad valorem fees	**110 123**	108 029	**110 123**	108 029
Technology costs	**170 682**	143 318	**170 187**	143 302
Transaction charges	**–**	12 221	**–**	12 221
Other expenses	**126 879**	117 336	**105 415**	99 514
	649 779	672 319	**625 310**	651 827

8.3. Finance income				
Own funds	**100 323**	48 939	**78 277**	48 460
Investor Protection Funds	**7 004**	7 086	**–**	–
Finance income earned on collateral deposits	**2 045**	2 189	**2 045**	2 189
Finance income earned on margin deposits	**882 932**	803 260	**6 326**	3 865
– Equities	**6 326**	3 865	**6 326**	3 865
– Derivatives	**876 606**	799 395	**–**	–
	992 304	861 474	**86 648**	54 514

8.4. Finance costs				
Finance costs on all funds excluding collateral and margin deposits	**24 618**	6 644	**1 551**	5 154
Finance costs on collateral deposits	**100**	150	**100**	150
Finance costs on margin deposits	**849 518**	774 298	**5 681**	3 714
– Equities	**5 681**	3 714	**5 681**	3 714
– Derivatives	**843 837**	770 584	**–**	–
	874 236	781 092	**7 332**	9 018

9. Income tax expenses

	Group 2013 R'000	Group 2012 R'000	Exchange 2013 R'000	Exchange 2012 R'000
9.1. Taxation				
– Current tax expense				
– Current year	**199 067**	152 869	**198 155**	152 840
– Overprovision in respect of prior year	**(8 730)**	(9 376)	**(8 730)**	(9 376)
– Secondary tax on companies				
– Current year	**–**	20 408	**–**	20 408
– Deferred tax asset				
– Reversal of deductible temporary differences	**31 195**	54 590	**31 195**	54 590
– Deferred tax liability				
– Origination of taxable temporary differences	**7 378**	411	**7 569**	671
	228 910	218 902	**228 189**	219 133
9.2. Reconciliation of effective tax rate	**%**	%	**%**	%
Current tax rate	**28.00**	28.00	**28.00**	28.00
Adjusted for:				
– Non-taxable income	**(2.06)**	(1.44)	**(2.06)**	(2.00)
– Adjustment for prior periods	**(1.23)**	(0.52)	**(1.23)**	(0.52)
– Non-deductible expenses	**7.35**	13.81	**7.35**	13.81
– Secondary tax on companies	**0.00**	4.04	**0.00**	4.04
– Share of profit of equity-accounted investees	**(0.94)**	(1.88)	**0.00**	0.00
	31.12	42.01	**32.06**	43.33

9.3. The Group's consolidated effective tax rate for the year ended 31 December 2013 was 31.12% (2012: 42.01%). The SRP impairment of R48.1m (2012: R75.0m) referred to in note 12.7 below was not deducted for tax purposes. The decrease in the effective tax rate for the year is owing to a smaller deferred tax impact of R12.7m (2012: R41.2m) as a result of a decision to impair the surveillance portion of SRP.

We are currently investigating the tax treatment of software development costs, which may impact the taxation charge in future.

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

JSE Limited	28% (2012: 28%)
Safex Clearing Company (Pty) Limited	28% (2012: 28%)
Strate (Pty) Limited	28% (2012: 28%)
Nautilus MAP Holdings (Pty) Limited	28% (2012: 28%)
Nautilus MAP Operations (Pty) Limited	28% (2012: 28%)
JSE Trustees (Pty) Limited	28% (2012: 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
BESA Limited	28% (2012: 28%)
BESA Investments (Pty) Limited	28% (2012: 28%)
BondClear Limited	28% (2012: 28%)
Safcom Default Fund	28% (2012: n/a)

	Group		Exchange	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
10. Earnings and headline earnings per share				
10.1. Basic earnings per share				
Profit for the year attributable to ordinary shareholders	**506 628**	302 111	**483 455**	286 590
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)	**(1 315 623)**	(1 001 589)	**(1 315 623)**	(1 001 589)
Weighted average number of ordinary shares at 31 December	**85 561 977**	85 876 011	**85 561 977**	85 876 011
Basic earnings per share (cents)	**592.1**	351.8	**565.0**	333.7
10.2. Diluted earnings per share				
Profit for the year attributable to ordinary shareholders	**506 628**	302 111	**483 455**	286 590
Weighted average number of ordinary shares (diluted):				
Weighted average number of ordinary shares at 31 December (basic)	**85 561 977**	85 876 011	**85 561 977**	85 876 011
Effect of share options in issue	**514 487**	556 960	**514 487**	556 960
Weighted average number of ordinary shares (diluted)	**86 076 464**	86 432 971	**86 076 464**	86 432 971
Diluted earnings per share (cents)	**588.6**	349.5	**561.7**	331.6
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	**506 628**	302 111	**483 455**	286 590
Adjustments are made to the following:				
Profit or loss on disposal of property and equipment	**27**	(69)	**27**	(69)
– Gross amount	**38**	(96)	**38**	(96)
– Taxation effect	**(11)**	27	**(11)**	27
Impairment of intangible assets	**60 795**	116 191	**60 795**	116 191
– Gross amount	**48 138**	75 017	**48 138**	75 017
– Taxation effect	**12 657**	41 174	**12 657**	41 174
Net realised gain on disposal of available-for-sale financial assets (no taxation effect)	**(15 875)**	(11 834)	**–**	–
Headline earnings	**551 575**	406 399	**544 277**	402 712
Headline earnings per share (cents)	**644.6**	473.2	**636.1**	468.9
10.4. Diluted headline earnings per share				
Diluted headline earnings per share (cents)	**640.8**	470.2	**632.3**	465.9

	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. Property and equipment								
11.1. Cost								
Group and Exchange								
2013								
Balance at 1 January 2013		**195 627**	**40 311**	**114 066**	**202**	**350 206**	**9 672**	**359 878**
Additions		**16 524**	**895**	**32**	**–**	**17 451**	**30 660**	**48 111**
Disposals		**(81)**	**–**	**–**	**–**	**(81)**	**–**	**(81)**
Balance at 31 December 2013		**212 070**	**41 206**	**114 098**	**202**	**367 576**	**40 332**	**407 908**
Group and Exchange								
2012								
Balance at 1 January 2012		174 129	39 062	113 878	303	327 372	16 112	343 484
Additions		22 699	1 444	188	–	24 331	–	24 331
Disposals		(1 201)	(195)	–	(101)	(1 497)	(6 440)	(7 937)
Balance at 31 December 2012		195 627	40 311	114 066	202	350 206	9 672	359 878
11.2. Accumulated depreciation								
Group and Exchange								
2013								
Balance at 1 January 2013		**108 617**	**27 972**	**49 459**	**144**	**186 192**	**9 522**	**195 714**
Depreciation charge for the year	8.2	**35 522**	**2 632**	**9 187**	**35**	**47 376**	**2 704**	**50 080**
Disposals		**(57)**	**–**	**–**	**–**	**(57)**	**–**	**(57)**
Balance at 31 December 2013		**144 082**	**30 604**	**58 646**	**179**	**233 511**	**12 226**	**245 737**
Group and Exchange								
2012								
Balance at 1 January 2012		73 485	25 734	40 276	205	139 700	14 466	154 166
Depreciation charge for the year	8.2	33 899	2 408	9 183	40	45 530	1 496	47 026
Capitalised depreciation transferred to software under development		2 364	–	–	–	2 364	–	2 364
Disposals		(1 131)	(170)	–	(101)	(1 402)	(6 440)	(7 842)
Balance at 31 December 2012		108 617	27 972	49 459	144	186 192	9 522	195 714
11.3. Carrying amounts								
Group and Exchange								
2013								
At 31 December 2012		87 010	12 339	64 607	58	164 014	150	164 164
At 31 December 2013		**67 988**	**10 602**	**55 452**	**23**	**134 065**	**28 106**	**162 171**
Group and Exchange								
2012								
At 31 December 2011		100 644	13 328	73 602	98	187 672	1 646	189 318
At 31 December 2012		87 010	12 339	64 607	58	164 014	150	164 164

	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							
2013							
Balance at 1 January 2013		**107 709**	**4 078**	**2 217**	**290 037**	**441 797**	**845 838**
Additions		**–**	**–**	**–**	**2 186**	**31 198**	**33 384**
Transfer to computer software		**–**	**–**	**–**	**30 658**	**(30 658)**	**–**
Disposals		**–**	**–**	**–**	**(425)**	**–**	**(425)**
Balance at 31 December 2013		**107 709**	**4 078**	**2 217**	**322 456**	**442 337**	**878 797**
Group							
2012							
Balance at 1 January 2012		107 709	4 078	2 217	245 108	486 580	845 692
Additions		–	–	–	22 754	51 608	74 362
Transfer to computer software		–	–	–	96 391	(96 391)	–
Disposals		–	–	–	(74 216)	–	(74 216)
Balance at 31 December 2012		107 709	4 078	2 217	290 037	441 797	845 838
12.2. Accumulated amortisation and impairment losses							
Group							
2013							
Balance at 1 January 2013		**158**	**1 020**	**1 204**	**176 607**	**352 059**	**531 048**
Amortisation for the year	8.2	**–**	**680**	**366**	**39 635**	**–**	**40 681**
Impairment loss	12.8	**–**	**–**	**–**	**–**	**48 138**	**48 138**
Disposals		**–**	**–**	**–**	**(248)**	**–**	**(248)**
Balance at 31 December 2013		**158**	**1 700**	**1 570**	**215 994**	**400 197**	**619 619**
Group							
2012							
Balance at 1 January 2012		158	340	996	214 204	277 042	492 740
Impairment loss	12.8	–	–	–	–	75 017	75 017
Amortisation for the year		–	680	208	36 033	–	36 921
Disposals		–	–	–	(73 630)	–	(73 630)
Balance at 31 December 2012		158	1 020	1 204	176 607	352 059	531 048
12.3. Carrying amounts							
Group							
2013							
At 31 December 2012		107 551	3 058	1 013	113 430	89 738	314 790
At 31 December 2013		**107 551**	**2 378**	**647**	**106 462**	**42 140**	**259 178**
Group							
2012							
At 31 December 2011		107 551	3 738	1 221	30 904	209 538	352 952
At 31 December 2012		107 551	3 058	1 013	113 430	89 738	314 790

	Notes	Goodwill R'000	Trade names R'000	Computer software R'000	Software under development R'000	Total intangible assets R'000
12. Intangible assets (CONTINUED)						
12.4. Cost						
Exchange						
2013						
Balance at 1 January 2013		**82 987**	**1 829**	**268 524**	**441 800**	**795 140**
Additions		**–**	**–**	**2 186**	**31 198**	**33 384**
Transfer to computer software		**–**	**–**	**30 658**	**(30 658)**	**–**
Disposals		**–**	**–**	**(425)**	**–**	**(425)**
Balance at 31 December 2013		**82 987**	**1 829**	**300 943**	**442 340**	**828 099**
Exchange						
2012						
Balance at 1 January 2012		82 987	1 829	223 595	486 583	794 994
Additions		–	–	22 754	51 608	74 362
Transfer to computer software		–	–	96 391	(96 391)	–
Disposals		–	–	(74 216)	–	(74 216)
Balance at 31 December 2012		82 987	1 829	268 524	441 800	795 140
12.5. Accumulated amortisation and impairment losses						
Exchange						
2013						
Balance at 1 January 2013		**–**	**1 284**	**155 095**	**352 059**	**508 438**
Amortisation for the year	8.2	**–**	**366**	**39 635**	**–**	**40 001**
Impairment loss	12.8	**–**	**–**	**–**	**48 138**	**48 138**
Disposals		**–**	**–**	**(322)**	**–**	**(322)**
Balance at 31 December 2013		**–**	**1 650**	**194 408**	**400 197**	**596 255**
Exchange						
2012						
Balance at 1 January 2012		–	918	192 691	277 042	470 651
Impairment loss	12.8	–	–	–	75 017	75 017
Amortisation for the year		–	366	36 033	–	36 399
Disposals		–	–	(73 629)	–	(73 629)
Balance at 31 December 2012		–	1 284	155 095	352 059	508 438
12.6. Carrying amounts						
Exchange						
2013						
At 31 December 2012		82 987	545	113 429	89 741	286 702
At 31 December 2013		**82 987**	**179**	**106 535**	**42 143**	**231 844**
Exchange						
2012						
At 31 December 2011		82 987	911	30 904	209 541	324 343
At 31 December 2012		82 987	545	113 429	89 741	286 702

12. Intangible assets (CONTINUED)

12.7. Impairment loss

Software under development

The impairment loss of R48m (2012: R75m) relates to the carrying value of the surveillance components of SRP. The functionality of this component was re-assessed in light of the new integrated trading and clearing project. This software component is no longer compatible with the new architecture and therefore the decision to impair.

12.8. 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 functions are 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 holistically across the JSE, with practical difficulties in allocating the assets and liabilities related to these integrated functions on a reasonable and consistent basis to the BESA CGU. For example, the portion of the JSE's overall cash balance attributable to the Interest Rate Market cannot be identified without undue effort. Other assets and liabilities relating to the running of the Interest Rate Market have also been integrated with the JSE. The integration has resulted in effective synergies and therefore using the costs attributable to BESA in the prior periods as an allocation method is unlikely to be an accurate reflection of the corporate costs associated with the Interest Rate Market in the current period.

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

(ii) Goodwill on the acquisition of the business of Nautilus MAP Operations (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 the cash-generating unit. 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 2013: 18.7%; 2012: 18.7%), terminal growth rate (2013: 5.0%; 2012: 5.0%) and management's estimates of future cash flows. Four years of future cash flows have been included in the discounted cash flow model.

The discount rate is a pre-tax measure based on the risk-free rate of an annualised yield on a bootstrapped zero coupon perfect fit government bond curve as at 31 December 2013, adjusted for a risk premium for emerging markets and the systematic risk of the business operations.

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

13. Investments in equity-accounted investees

13.1. Carrying amount

	Group 2013 R'000	Group 2012 R'000	Exchange 2013 R'000	Exchange 2012 R'000
Strate (Pty) Limited				
– Carrying amount at beginning of year	**119 844**	100 745	**21 416**	21 416
– Dividends received	**(17 523)**	(15 950)	**–**	–
– Share of profit	**39 788**	35 049	**–**	–
– Carrying amount at end of year	**142 109**	119 844	**21 416**	21 416
Indexco Managers (Pty) Limited				
– Carrying amount at beginning of year	**60**	53	*	*
– Share of profit	**–**	7	**–**	–
– Carrying amount at end of year	**60**	60	*	*
Total investments in equity-accounted investees	**142 169**	119 904	**21 416**	21 416

*Less than R1 000.

	Strate (Pty) Limited 2013 R'000	Strate (Pty) Limited 2012 R'000
13.2. Group share of post acquisition profit		
Share of opening accumulated profit	**195 796**	160 747
Share of profit after tax	**39 788**	35 049
Share of closing accumulated profit	**235 584**	195 796
13.3. Summarised financial statements at 31 December		
Non-current assets	**115 409**	102 351
Current assets	**271 598**	236 471
Total assets	**387 007**	338 822
Equity	**338 849**	287 179
Non-current liabilities	**13 844**	18 116
Current liabilities	**34 314**	33 527
Total equity and liabilities	**387 007**	338 822
Revenue	**332 579**	308 135
Other income including finance income	**17 257**	9 765
Expenses	**(225 037)**	(203 434)
Taxation	**(35 387)**	(35 792)
Profit for the year	**89 412**	78 674

	Effective holding 2013 %	Effective holding 2012 %	Number of shares held 2013	Number of shares held 2012
13.4. Unlisted associated companies				
Group and Exchange				
Strate (Pty) Limited	**45**	45	**4 346**	4 346
Indexco Managers (Pty) Limited	**33**	33	**50**	50

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

	Issued share capital/ trust capital	Percentage holding 2013 %	Percentage holding 2012 %	Carrying value of shares held 2013 R'000	Carrying value of shares held 2012 R'000
14. Subsidiaries – Exchange					
14.1. Investments in subsidiaries					
14.1.1. Safex Clearing Company (Pty) Limited Ordinary shares of 12.5 cents each	**8 300**	**100**	100	**3 201**	3 201
14.1.2. Safcom Default Fund[1] – Ordinary shares of R1.00 each	**1**	**100**	–	*	–
14.1.3. JSE Trustees (Pty) Limited – Ordinary shares of R1.00 each[1]	**7**	**100**	100	*	*
The Group elected directors to hold shares in their capacity as nominees for the Exchange. The Exchange 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) Ltd					
14.1.5. JSE LTIS 2010 Trust – Trust capital	**1 000**	**100**	100	**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.					
Total				**104 352**	104 351

14. Subsidiaries – Exchange (CONTINUED)

14.1. Investments in subsidiaries (CONTINUED)

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 (JSE Guarantee Fund Trust and BESA Guarantee Fund Trust) that cover the equities and Interest Rate Markets respectively, and a fidelity fund (JSE Derivatives Fidelity Fund Trust) that covers the derivatives markets. The three funds are housed in formalised trusts. The funds are administered in terms of their respective trust deeds and their sets of rules. Certain JSE directors are trustees. As a result of the control exercised over these funds we, are required to consolidate them.

[1] The Safex Clearing Company (Pty) Limited (Safcom) operates as the JSE's appointed clearing house in terms of the Financial Markets Act, 2012.

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.

Safcom has established such a default fund, and has been recognised by the Financial Services Board (FSB) as a QCCP with effect from January 2013.

Newshelf 1252 (Pty) Limited (Safcom Default Fund) is incorporated as a private for profit company wholly owned by JSE Limited with a limited purpose of holding these funds.

** less than R1 000*

14.2. Involvement with unconsolidated structured entities

The table below describes the types of 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.	The provision of administrative services.
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.	The provision of administrative services.
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.

	2013 R'000	2012 R'000
14.3. Due from group entities		
Safex Clearing Company (Pty) Limited	**2 477**	2 166
Safcom Default Fund	**820**	–
JSE Trustees (Pty) Limited	**5 169**	4 413
BESA Guarantee Fund Trust	**273**	230
BESA Investments (Pty) Limited	**55**	37
BondClear Limited	**4**	–
Nautilus MAP Operations (Pty) Limited	**6 858**	5 100
	15 656	11 946

All entities are incorporated in the Republic of South Africa.

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

	2013 R'000	2012 R'000
14.4. Due to group entities		
BESA Limited	**270**	303

BESA Limited is incorporated in the Republic of South Africa. The entity is in the process of being deregistered.

	Group		Exchange	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
15. Other investments				
15.1. Investor protection funds available-for-sale financial assets				
15.1.1. JSE Derivatives Fidelity Fund Trust				
Bonds	**7 696**	8 220	**–**	–
Listed equities	**82 800**	75 229	**–**	–
Foreign unit trusts	**32 329**	22 234	**–**	–
	122 825	105 683	**–**	–
15.1.2. JSE Guarantee Fund Trust				
Bonds	**9 035**	9 634	**–**	–
Listed equities	**80 077**	73 998	**–**	–
Foreign unit trusts	**33 272**	22 883	**–**	–
Local unit trusts	**3 576**	2 859	**–**	–
	125 960	109 374	**–**	–
Total	**248 785**	215 057	**–**	–
15.2. Other				
Open Outcry Investment Holdings Ltd[1]	**–**	1	**–**	1
Stock Exchange Nominees (Pty) Ltd[2]	**1**	1	**1**	1
Total	**1**	2	**1**	2
Total other investments	**248 786**	215 059	**1**	2

[1] This entity has been deregistered.

[2] Fair value is assumed to approximate cost.

16. Loan to the JSE Empowerment Fund Trust	**14 022**	14 003	**14 022**	14 003

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 2013 R'000	Group 2012 R'000	Exchange 2013 R'000	Exchange 2012 R'000
17. Trade and other receivables				
17.1. Trade and other receivables				
Trade receivables	**110 541**	107 645	**108 269**	106 386
Prepaid expenses	**23 564**	28 883	**20 503**	25 773
Interest receivable	**74 012**	46 750	**2 066**	2 034
Other receivables	**8 575**	10 970	**7 931**	6 182
	216 692	194 248	**138 769**	140 375

The age analysis of trade receivables is as follows:

	Group Gross R'000	Group Allowance for impairment losses R'000	Exchange Gross R'000	Exchange Allowance for impairment losses R'000
At 31 December 2013:				
Fully performing: 0–30 days	**104 419**	**–**	**102 147**	**–**
Past due: 31–90 days	**1 759**	**–**	**1 759**	**–**
Past due: More than 90 days	**4 952**	**589**	**4 952**	**589**
Total	**111 130**	**589**	**108 858**	**589**
At 31 December 2012:				
Fully performing: 0-30 days	98 442	–	97 183	–
Past due: 31-90 days	3 548	7	3 548	7
Past due: More than 90 days	6 601	939	6 601	939
Total	108 591	946	107 332	946

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

	Group 2013 R'000	Group 2012 R'000	Exchange 2013 R'000	Exchange 2012 R'000
At 1 January	**946**	2 635	**946**	2 635
Increase in allowance for impairment	**356**	569	**356**	569
Receivables written off during the year as uncollectible	**(714)**	(2 258)	**(714)**	(2 258)
At 31 December	**589**	946	**589**	946

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

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

	Group		Exchange	
	2013 **R'000**	2012 R'000	**2013** **R'000**	2012 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.				
18.1. Margin deposits				
Equities	**75 447**	72 174	**75 447**	72 174
Derivatives funds held by Safex Clearing Company (Pty) Ltd	**18 260 017**	14 762 234	**–**	–
	18 335 464	14 834 408	**75 447**	72 174
18.2. Collateral deposits	**42 181**	3 559	**42 181**	3 559
The JSE acts as an agent in equity securities lending transactions necessary to facilitate electronic settlement in the Strate environment. At year-end, interest-bearing collateral deposits of R42.2m (2012: R3.6m) have been lodged as security against securities lending transactions with a market value of R38.2m (2012: R2.8m).				
18.3. Safcom Default Fund				
Safcom 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 Exchange contribution of the fund is R100m (2012: Nil).				
Call deposits	**516 870**	–	**100 000**	–
Safcom members' contributions	**410 000**	–	**–**	–
19. Cash and cash equivalents				
Cash and cash equivalents comprises:				
Bank balances	**886 188**	537 746	**858 585**	524 094
Call deposits	**492 764**	591 030	**371 038**	466 015
	1 378 952	1 128 776	**1 229 623**	990 109
20. Share capital and reserves				
20.1. Authorised share capital				
400 000 000 ordinary shares with a par value of 10 cents per share	**40 000**	40 000	**40 000**	40 000
20.2. Issued share capital				
Balance at 1 January	**8 571**	8 605	**8 571**	8 605
Ordinary shares issued	**–**	–	**–**	–
Acquisition of treasury shares	**(46)**	(37)	**(46)**	(37)
Sale of treasury shares	**8**	3	**8**	3
Balance at 31 December	**8 533**	8 571	**8 533**	8 571

20. Share capital and reserves (CONTINUED)

20.3. Share capital and reserves

	Group 2013 R'000	Group 2012 R'000	Exchange 2013 R'000	Exchange 2012 R'000
Share capital	**8 533**	8 571	**8 533**	8 571
Share premium	**84 671**	102 858	**84 671**	102 858
Non-distributable reserves made up as follows:	**386 335**	336 183	**–**	–
Strate Limited[1]	**10 058**	10 058	**–**	–
Investor protection funds	**376 277**	326 125	**–**	–
Fair value reserve[2]	**115 168**	81 056	**–**	–
– JSE Derivatives Fidelity Fund Trust	**52 227**	35 102	**–**	–
– JSE Guarantee Fund Trust	**62 941**	45 954	**–**	–
Capital and accumulated funds[3]	**261 109**	245 069	**–**	–
– JSE Derivatives Fidelity Fund Trust	**84 428**	74 223	**–**	–
– JSE Guarantee Fund Trust	**73 658**	69 205	**–**	–
– BESA Guarantee Fund Trust	**103 023**	101 641	**–**	–
JSE LTIS 2010 reserve[4]	**44 740**	32 719	**44 740**	32 719
Retained earnings	**1 664 187**	1 390 690	**1 586 464**	1 320 100
Total	**2 188 466**	1 871 021	**1 724 408**	1 464 248

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

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

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

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

20.4. Dividends declared and paid

	Exchange 2013 R'000	Exchange 2012 R'000
Ordinary dividend of 250.0 cents (2012: 250.0 cents) per share	**217 193**	217 193
Ordinary dividend of 250.0 cents (2012: 250.0 cents) on unallocated treasury shares	**(102)**	(79)
	217 091	217 114

21. Borrowings

	Group 2013 R'000	Group 2012 R'000	Exchange 2013 R'000	Exchange 2012 R'000
Loan from FirstRand Alternative Investment Management (Pty) Limited	**19 055**	23 715	–	–

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

	Notes	2013 R'000	2012 R'000
22. Employee benefits			
22.1. Group and Exchange			
Non-current liabilities		–	5 128
Cash settled liability (Cash LTIS 2008 and 2009)	22.5	–	5 128
Current liabilities		**62 534**	67 860
Contractual bonus (deferred portion only)	22.2	**25 769**	23 212
Leave pay accrual		**18 378**	16 503
Cash-settled liability (Cash LTIS 2008 and 2009)	22.5	**18 387**	28 145

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 R49.8m (2012: R41.9m) of which R7.1m (2012: R5.6m) was awarded to executive management (all amounts inclusive of interest). 50% of these awards are deferred for six months.

The CEO's contractual bonus totalled R3.5m (2012: R3.4m) this being an amount equal to 100% of her annual guaranteed package, with half of this award deferred for six months (this amount being 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. Historically, the maximum award at executive director level has been nine months' guaranteed pay. Special bonuses are awarded and paid in December each year.

The total discretionary bonus pool for 2013 amounted to R47.9m (2012: R19,8m), of which R17.7m (2012: R12.9m) was paid to executive management (including the CEO).

22.4. Retirement benefits

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

22.5. Cash-settled liability (Cash LTIS 2008 & 2009)

For the 2008 and 2009 financial years, the Board implemented a cash-only long-term retention scheme (Cash LTIS 2008 and 2009) as an alternative to a traditional long-term incentive. This retention scheme, which is now closed, was applicable to selected senior employees of the JSE.

Cash LTIS 2008 vested in three annual tranches – 50% at 31 December 2011, 25% at 31 December 2012 and 25% at 31 December 2013. Cash LTIS 2009 also vests in three tranches – 50% at 31 December 2012, 25% at 31 December 2013 and 25% at 31 December 2014.

The unvested portions of both Cash LTIS schemes attract interest at the commercial rate earned by the JSE Trustees on funds under management. 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 R5.1m (2012: R4.8m).

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

22. Employee benefits (CONTINUED)

22.6. Long-term incentive scheme 2010 (LTIS 2010)

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

Scheme objective and design

The main objective of LTIS 2010 is to retain and incentivise selected senior employees of the JSE over rolling three- and four-year time horizons. To this end, LTIS 2010 comprises a personal component and a corporate 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 exposure to JSE shares, these shares having been acquired on an annual basis in the open market by a trust established by the JSE. A scheme participant gets immediate beneficial ownership of the JSE shares from the date of the award, although this beneficial ownership is subject to restrictions, being the participant's continued employment and the JSE achieving certain Group-level performance conditions over the vesting period. Shares awarded under LTIS 2010 may be forfeited if either the employment requirement or performance conditions are not achieved.

The following assumptions, using the Black-Scholes valuation methodology, were used to calculate the profit or loss fair value charge of R23.2m (2012: R14.3m).

Allocation #1 under LTIS 2010

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

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

Under Allocation #1, members of the JSE's Executive Committee, which includes the executive directors and Company Secretary, have been granted 124 100 retention shares and 155 500 corporate performance shares.

Tranche 1	Personal performance shares	Corporate performance shares	Total
Original number of Tranche 1 shares awarded May 2010	163 700	77 750	241 450
Forfeited by bad leavers to date	(26 450)	(10 850)	(37 300)
Forfeited by good leavers to date	(1 167)	(2 182)	(3 349)
Accelerated for good leavers to date	(1 633)	(4 368)	(6 001)
Forfeited for missing corporate performance targets	–	(27 761)	(27 761)
Vested on 1 May 2013	(134 450)	(32 589)	(167 039)
Tranche 1 fully vested	–	–	–
Tranche 2			
Original number of Tranche 2 shares awarded May 2010	163 700	77 750	241 450
Forfeited by bad leavers to date	(30 750)	(10 850)	(41 600)
Forfeited by good leavers to date	(1 167)	(2 182)	(3 349)
Accelerated for good leavers to date	(1 633)	(4 368)	(6 001)
Tranche 2 shares available for vesting in May 2014	130 150	60 350	190 500

22. Employee benefits (CONTINUED)

22.6. Long-term incentive scheme 2010 (LTIS 2010) (CONTINUED)

As at the vesting date of 1 May 2013, all available Tranche 1 retention shares (134 450 shares) vested for those participants still in the employment of the JSE on this date.

In respect of the Tranche 1 corporate performance shares, the Board assessed performance over the three-year vesting term against the preset financial and strategic targets, and determined that 54% of the available Tranche 1 shares (being 60 350 shares) should vest for those participants still in the employ of the JSE on 1 May 2013.

Allocation #2 under LTIS 2010

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

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

Under Allocation #2, members of the JSE's Executive Committee, which includes the executive directors and Company Secretary, have been granted 109 400 retention shares and 109 400 corporate performance shares.

Allocation #3 under LTIS 2010

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

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

Under Allocation #3, members of the JSE's Executive Committee, which includes the executive directors and Company Secretary, have been granted 80 200 personal performance shares (previously known as retention shares) and 103 000 corporate performance shares.

22. Employee benefits (CONTINUED)

22.6. Long-term incentive scheme 2010 (LTIS 2010) (CONTINUED)

Allocation #4 under LTIS 2010

On 22 June 2012, shareholders approved a special resolution authorising financial assistance to the JSE LTIS 2010 Trust for a period of two years, for the purpose of acquiring 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 this resolution, the Board approved a fresh annual allocation of shares (Allocation #4) to selected employees for the 2013 year, and these individual allocations were accepted by scheme participants by 17 May 2013. Allocation #4 comprised a total of 457 100 JSE ordinary shares and these shares were acquired in the open market by 17 May 2013.

	Personal performance shares	Corporate performance shares
Share price at grant date (rands per ordinary share)	76.92	76.92
Total number of shares granted	328 500	128 600
Dividend yield	3.00%	3.00%
Grant date	17 May 2013	17 May 2013
Vesting dates:		
50% of the shares awarded vest on 1 June 2013	164 250	64 300
50% of the shares awarded vest on 1 June 2017	164 250	64 300

Members of the JSE's executive committee, which includes the executive directors and the Company Secretary, have been granted a total of 100 800 personal performance shares and 128 600 corporate performance shares under Allocation #4.

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:

	2013	2012
Allocation #1 (granted in May 2010)	**R4.2m**	R5.8m
Allocation #2 (granted in May 2011)	**R6.2m**	R4.0m
Allocation #3 (granted in June 2012)	**R8.1m**	R4.2m
Allocation #4 (granted in May 2013)	**R4.6m**	Nil
	R23.1m	R14.0m

22.7. Compensation on termination of contract

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

23. Deferred tax assets and liabilities

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

	Assets 2013 R'000	Assets 2012 R'000	Liabilities 2013 R'000	Liabilities 2012 R'000	Net 2013 R'000	Net 2012 R'000
Group						
Property and equipment	**377**	318	**–**	(179)	**377**	139
Intangible assets	**–**	35 333	**(826)**	(1 119)	**(826)**	34 214
Operating lease liability	**16 194**	15 103	**–**	–	**16 194**	15 103
Operating lease asset	**–**	293	**(334)**	(473)	**(334)**	(180)
Employee benefits	**17 509**	20 441	**–**	–	**17 509**	20 441
Derivative financial instruments	**–**	–	**–**	–	**–**	–
Allowance for impairment losses	**124**	247	**–**	–	**124**	247
Prepayments	**–**	–	**(3 139)**	(3 133)	**(3 139)**	(3 133)
Finance lease asset	**–**	–	**(7 869)**	(42)	**(7 869)**	(42)
Finance lease liability	**6 357**	45	**–**	–	**6 357**	45
Loan to the JSE Empowerment Fund Trust	**–**	193	**(156)**	–	**(156)**	193
Income received in advance	**1 187**	969	**–**	–	**1 187**	969
Total	**41 748**	72 942	**(12 324)**	(4 946)	**29 424**	67 996

23.2. Movement in temporary differences during the year

	Balance 1 January 2012 R'000	Recognised in profit or loss R'000	Balance 31 December 2012 R'000	Recognised in profit or loss R'000	Balance 31 December 2013 R'000
Group					
Property and equipment	35	104	139	**238**	**377**
Intangible assets	75 096	(40 882)	34 214	**(35 040)**	**(826)**
Operating lease asset	18 245	(3 142)	15 103	**1 091**	**16 194**
Operating lease liability	(473)	293	(180)	**(154)**	**(334)**
Employee benefits	29 993	(9 552)	20 441	**(2 932)**	**17 509**
Derivative financial instruments	382	(382)	–	**–**	**–**
Allowance for impairment losses	553	(306)	247	**(123)**	**124**
Prepayments	(1 735)	(1 398)	(3 133)	**(6)**	**(3 139)**
Finance lease asset	(460)	418	(42)	**(7 827)**	**(7 869)**
Finance lease liability	442	(397)	45	**6 312**	**6 357**
Loan to the JSE Empowerment Fund Trust	411	(218)	193	**(350)**	**(156)**
Income received in advance	508	461	969	**218**	**1 187**
Total	122 997	(55 001)	67 996	**(38 573)**	**29 424**

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.

23. Deferred tax assets and liabilities

(CONTINUED)

23.3. Deferred tax assets and liabilities are attributable to the following:

	Assets 2013 R'000	Assets 2012 R'000	Liabilities 2013 R'000	Liabilities 2012 R'000	Net 2013 R'000	Net 2012 R'000
Exchange						
Property and equipment	**377**	318	**–**	(179)	**377**	139
Intangible assets	**–**	35 333	**(51)**	(154)	**(51)**	35 179
Operating lease liability	**16 194**	15 103	**–**	–	**16 194**	15 103
Operating lease asset	**–**	293	**(334)**	(473)	**(334)**	(180)
Employee benefits	**17 509**	20 441	**–**	–	**17 509**	20 441
Derivative financial instruments	**–**	–	**–**	–	**–**	–
Allowance for impairment losses	**124**	247	**–**	–	**124**	247
Prepayments	**–**	–	**(3 139)**	(3 133)	**(3 139)**	(3 133)
Finance lease asset	**–**	–	**(7 869)**	(42)	**(7 869)**	(42)
Finance lease liability	**6 357**	45	**–**	–	**6 357**	45
Loan to the JSE Empowerment Fund Trust	**–**	193	**(156)**	–	**(156)**	193
Income received in advance	**1 187**	969	**–**	–	**1 187**	969
Total	**41 748**	72 942	**(11 549)**	(3 981)	**30 199**	68 961

23.4. Movement in temporary differences during the year

	Balance 1 January 2012 R'000	Recognised in profit or loss R'000	Balance 31 December 2012 R'000	Recognised in profit or loss R'000	Balance 31 December 2013 R'000
Exchange					
Property and equipment	35	104	139	**238**	**377**
Intangible assets	76 251	(41 072)	35 179	**(35 230)**	**(51)**
Operating lease asset	18 245	(3 142)	15 103	**1 091**	**16 194**
Operating lease liability	(473)	293	(180)	**(154)**	**(334)**
Employee benefits	29 993	(9 552)	20 441	**(2 932)**	**17 509**
Derivative financial instruments	382	(382)	–	**–**	**–**
Allowance for impairment losses	553	(306)	247	**(123)**	**124**
Prepayments	(1 665)	(1 468)	(3 133)	**(6)**	**(3 139)**
Finance lease asset	(460)	418	(42)	**(7 827)**	**(7 869)**
Finance lease liability	442	(397)	45	**6 312**	**6 357**
Loan to the JSE Empowerment Fund Trust	411	(218)	193	**(350)**	**(156)**
Income received in advance	508	461	969	**218**	**1 187**
Total	124 222	(55 261)	68 961	**(38 763)**	**30 199**

	Group		Exchange	
	2013	2012	**2013**	2012
	R'000	R'000	**R'000**	R'000
24. Trade and other payables				
Trade payables	**112 084**	96 320	**109 468**	94 045
Current portion of finance lease	**11 352**	162	**11 352**	162
Interest payable	**86 865**	63 086	**543**	180
Receipts in advance	**4 240**	3 459	**4 240**	3 459
	214 541	163 027	**125 603**	97 846
25. Due to Safex members				
Current liability	**1 286**	1 190	**1 286**	1 190
Relates to unclaimed funds				
26. Notes to the cash flow statement				
26.1. Cash generated by operations				
Profit for the year before tax	**735 538**	521 013	**711 644**	505 723
Adjustments for:				
– depreciation of property and equipment	**50 080**	49 390	**50 080**	49 390
– amortisation of intangible assets	**40 681**	36 920	**40 001**	36 399
– impairment losses on software development costs	**48 138**	75 017	**48 138**	75 017
– JSE LTIS 2010	**23 129**	14 285	**23 129**	14 285
– share of profit of equity-accounted investees	**(39 788)**	(35 056)	**–**	–
– interest paid	**874 236**	781 092	**7 332**	9 018
– interest received	**(992 304)**	(861 474)	**(86 648)**	(54 514)
– dividend income	**(3 946)**	(3 482)	**(17 523)**	(15 950)
– non-cash items in respect of employee benefits	**(24 119)**	(25 038)	**(24 119)**	(25 038)
– change in fair value of European call options	**–**	625	**–**	625
– loss/(profit) on sale of property and equipment	**38**	(96)	**38**	(96)
– change in fair value of loan to JSE Empowerment Fund	**(19)**	(775)	**(19)**	(775)
– gain on disposal of investment securities	**(15 875)**	(11 834)	**–**	–
Surplus from operations	**695 789**	540 588	**752 053**	594 084
Changes in:				
– decrease/(increase) in trade and other receivables	**45 876**	994	**38 996**	(5 571)
– Increase/(decrease) in trade and other payables	**16 306**	(71 179)	**(940)**	(54 044)
Cash generated by operations	**757 971**	470 403	**790 109**	534 469
26.2. Taxation paid				
Taxation receivable at beginning of year	**(16 574)**	(56 907)	**(15 817)**	(56 507)
Deferred tax effects	**(38 573)**	(55 002)	**(38 763)**	(55 261)
Per statement of comprehensive income	**228 910**	218 902	**228 189**	219 133
Taxation receivable at end of year	**17 108**	16 574	**16 365**	15 817
	190 871	123 567	**189 974**	123 182

27. Directors' and executives' remuneration[4]

27.1. Executive directors – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000
2013			
NF Newton-King	Chief Executive Officer	**3 096**	**204**
A Takoordeen	Chief Financial Officer[5]	**1 591**	**82**
		4 687	**286**
2012			
NF Newton-King	Chief Executive Officer	3 013	198
FM Evans	Chief Financial Officer[6]	1 600	77
		4 613	275

27.2. Other key executives – Current year remuneration

		Basic[1] salary R'000	Defined contribution pension plan R'000
2013			
JH Burke	Director: Issuer Regulation	**1 883**	**133**
GC Clarke	Director: Corporate Services and Group Company Secretary	**1 445**	**125**
S Cleary	Director: Strategy and Public Policy	**1 347**	**87**
SA Davies	Director: Market Regulation	**1 669**	**90**
A Forssman	Director: Market Data	**1 408**	**73**
L Fourie	Director: Post-Trade Services	**1 857**	**119**
Z Jacobs	Director: Issuer and Investor Relations	**1 751**	**84**
LV Parsons	Director: Equity Market	**1 726**	**478**
G Smale	Director: Bonds and Financial Derivatives	**1 857**	**77**
C Sturgess	Director: Commodity Derivatives	**1 298**	**102**
R van Wamelen	Chief Information Officer	**1 806**	**83**
		18 047	**1 451**
2012			
JH Burke	Director: Issuer Services	1 872	128
GC Clarke	Director: Corporate Services and Group Company Secretary	1 398	117
S Cleary	Director: Strategy and Public Policy	1 202	78
SA Davies	Director: Market Regulation	1 519	79
A Forssman	Director: Market Data	1 294	67
L Fourie	Director: Post-Trade Services[7]	1 488	95
Z Jacobs	Director: Issuer and Investor Relations[8]	356	27
LV Parsons	Director: Equity Market	1 683	455
G Rothschild	Director: Government and International Affairs[9]	407	25
G Smale	Director: Bonds and Financial Derivatives	1 788	74
C Sturgess	Director: Commodity Derivatives	1 158	91
R van Wamelen	Chief Information Officer	1 744	78
		15 909	1 314

Footnotes (1)-(9) below are applicable to Notes 27.1-27.3

(1) Represents short-term employee benefits.

(2) Contractual bonuses are subject to personal performance and are calculated according to a fixed percentage of basic salary (which percentage varies on a sliding scale based on grade). 50% of all contractual bonuses are subject to six-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.

Medical aid[1], UIF and other	Total guaranteed pay	Contractual bonus[1, 2] *(includes deferral)*	Discretionary bonus[1, 3]	Total annual incentives	Total current year remuneration	Total long-term and other benefits	Total number of shares granted in the LTIS 2010 scheme
R'000	R'000	R'000	R'000	R'000	R'000	R'000	
101	3 401	3 484	3 000	6 484	9 885	4 931	105 787
43	1 716	597	1 310	1 907	3 623	–	15 700
144	5 117	4 081	4 310	8 391	13 508	4 931	121 487
91	3 302	3 383	1 800	5 183	8 485	4 754	77 500
25	1 702	–	–	–	1 702	2 328	43 300
116	5 004	3 383	1 800	5 183	10 187	7 082	120 800
123	2 139	707	1 552	2 259	4 398	1 586	60 879
96	1 666	532	1 020	1 552	3 218	878	42 589
23	1 457	465	893	1 358	2 815	390	28 900
113	1 872	597	983	1 580	3 452	902	45 289
46	1 527	488	1 203	1 691	3 218	829	38 981
2	1 978	631	1 385	2 016	3 994	–	31 200
39	1 874	598	1 312	1 910	3 784	–	15 800
144	2 348	764	1 571	2 335	4 683	1 550	64 087
44	1 978	631	1 038	1 669	3 647	762	52 421
58	1 458	465	893	1 358	2 816	453	29 100
90	1 979	631	1 558	2 189	4 168	1 174	51 313
778	20 276	6 509	13 408	19 917	40 193	8 524	460 559
111	2 111	687	575	1 262	3 373	1 414	55 800
86	1 601	511	428	939	2 540	763	35 600
21	1 301	415	377	792	2 093	311	18 800
103	1 701	543	455	998	2 699	789	36 600
41	1 402	447	449	896	2 298	725	32 700
1	1 584	506	712	1 218	2 802	–	14 500
6	389	192	80	272	661	–	–
120	2 258	735	861	1 596	3 854	1 375	57 900
16	448	–	–	–	448	1 745	22 800
40	1 902	607	508	1 115	3 017	628	44 700
53	1 302	415	405	820	2 122	367	19 100
79	1 901	607	712	1 319	3 220	1 035	43 100
677	17 900	5 665	5 563	11 228	29 127	9 152	381 600

(5) Appointed 1 February 2013.

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

(7) Appointed 1 March 2012.

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

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

27. Directors' and executives' remuneration[4] (CONTINUED)

27.3. Non-executive director emoluments[1]

		Total	Board member fees	Committee member fees	Other services
		R'000	R'000	R'000	R'000
2013					
HJ Borkum	Board Chairman, Chairman of Nominations Committee	1 600	1 600	–	–
AD Botha	Chairman of Human Resources, Social and Ethics Committee	713	353	360	–
NP Mnxasana [4]		382	272	110	–
MR Johnston		531	272	259	–
DM Lawrence		472	272	200	–
MA Matooane[3]		360	272	88	–
AM Mazwai	Chairman of SRO Committee	451	272	179	–
NS Nematswerani	Chairman of Audit Committee	721	272	449	–
NMC Nyembezi-Heita		422	272	150	–
NG Payne	Chairman of Risk Committee	672	272	400	–
		6 324	4 129	2 195	–

		Total	Board & Committee member retainers	Board & Committee meeting fees	Other services
		R'000	R'000	R'000	R'000
2012					
HJ Borkum	Board Chairman, Chairman of Nominations Committee	1 500	1 500	–	–
AD Botha	Chairman of Human Resources, Social and Ethics Committee	673	353	320	–
ZL Combi [2]		68	68	–	–
MR Johnston		515	272	230	13
DM Lawrence		452	272	180	–
MA Matooane [3]		91	68	23	–
AM Mazwai	Chairman of SRO Committee	422	272	150	–
NS Nematswerani	Chairman of Audit Committee	647	272	375	–
NMC Nyembezi-Heita		412	272	140	–
NG Payne	Chairman of Risk Committee	617	272	345	–
		5 397	3 621	1 763	13

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

(2) Appointed April 2009. Resigned April 2012.

(3) Appointed August 2012.

(4) Appointed December 2012.

	Group		Exchange	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
28. Deferred income				
Investor Protection Levy	**20 303**	49 632	**20 303**	49 632
Distribution from the JSE Guarantee Fund Trust	**–**	–	**60 827**	77 698
	20 303	49 632	**81 130**	127 330

Investor Protection Levy

This amount represents unexpended levies received from investors in terms of the Investor Protection Levy together with interest thereon. These levies are raised to finance the market regulatory activities of the Financial Services Board and are committed to this purpose. These funds are included in the cash and cash 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 R1.1bn (2012: R910.7m) 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 prior 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	R82.5m (2012: R74.8m)

The JSE provides secretarial services to all the Group entities (excluding Strate 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 (2012: R0,7m) issued to the Financial Services Board.

30.1.2. A summons was served on the JSE during December 2011 in terms of which Pinnacle Point Holdings (Pty) Ltd (PPG) and four other plaintiffs have instituted action against the JSE for payment of R1 387 451 336.30. These losses were allegedly suffered as a result of the transaction concluded between the Acc-Ross group of companies and PPG. The JSE has lodged an exception against the plaintiff's particulars of claim to dismiss the action against the JSE, which exception will be heard in due course.

30.2. Commitments

30.2.1. On 3 June 2013, the JSE entered into an extension to the operating lease on the building from which it conducts business. The lease has been extended on revised terms and conditions and will now terminate on 30 August 2025. On termination of the lease, the JSE has the right to extend the lease for an initial five-year period and thereafter for five-year periods ad infinitum. The operating lease payments escalate at 8.25% per annum.

	Group		Exchange	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
Total future minimum lease payments under a non-cancellable operating lease:				
Not later than one year	**37 466**	46 702	**37 466**	46 702
Between one and five years	**183 431**	88 844	**183 431**	88 844
Later than five years	**469 261**	–	**469 261**	–
	690 158	135 546	**690 158**	135 546

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

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

	Group		Exchange	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
Total future minimum payments:				
Not later than one year	**11 195**	170	**11 195**	170
Between one and five years	**11 195**	–	**11 195**	–
	22 390	170	**22 390**	170

	Group		Exchange	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
Total present value minimum payments:				
Not later than one year	**10 318**	162	**10 318**	162
Between one and five years	**9 509**	–	**9 509**	–
	19 827	162	**19 827**	162

30. Contingent liabilities and commitments (CONTINUED)

30.2. Commitments (CONTINUED)

30.2.3. The JSE has entered into an operating lease contract for the disaster recovery site.

	Group		Exchange	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
Total future minimum payments:				
Not later than one year	**427**	5 122	**427**	5 122
Between one and five years	**–**	427	**–**	427
	427	5 549	**427**	5 549

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

	Group		Exchange	
	2013 R'000	2012 R'000	**2013 R'000**	2012 R'000
Total future minimum lease receipts				
Not later than one year	**2 185**	1 205	**2 185**	1 205
Between one and five years	**8 542**	3 618	**8 542**	3 618
	10 727	4 823	**10 727**	4 823

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; and
- 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 Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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

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

31.1. Operational risk

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 requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

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

Operational risks are those risks of a non-speculative nature with no potential of showing a profit. The objective of operational risk processes is therefore to mitigate the downside impact of these risks as far as possible, thereby ensuring the optimal application and protection of physical assets, while ensuring the continuity of the Group's business.

Operational risk elements can be classified as follows:

- Process risk;
- Employee risk; and
- Systems risk.

Risk management controls are in place to lower the probability of operational risk occurring and the seriousness thereof. These include, inter alia, disaster recovery processes, power back-up, succession plans and diagnostic tests.

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

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. The JSE's Finance department monitors the net foreign currency exposure, which is primarily represented by USD-denominated cash and cash equivalents, ensuring that it remains within acceptable levels as set out in the Group's risk management policies and procedures. Note that no foreign currency balances were held in the investor protection funds.

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

	Group			Exchange		
2013	USD R'000	GBP R'000	EUR R'000	USD R'000	GBP R'000	EUR R'000
Financial assets	**168 036**	**11**	**–**	**168 036**	**11**	**–**
Trade receivables	**8 786**	**–**	**–**	**8 786**	**–**	**–**
Cash and cash equivalents	**159 250**	**11**	**–**	**159 250**	**11**	**–**
Financial liabilities	**(1 465)**	**(274)**	**–**	**(1 465)**	**(274)**	**–**
Trade payables	**(1 465)**	**(274)**	**–**	**(1 465)**	**(274)**	**–**
Net exposure	**166 571**	**(263)**	**–**	**166 571**	**(263)**	**–**
2012						
Financial assets	57 123	9	–	57 123	9	–
Trade receivables	10 524	–	–	10 524	–	–
Cash and cash equivalents	46 599	9	–	46 599	9	–
Financial liabilities	(6 345)	(501)	(1 220)	(6 345)	(501)	(1 220)
Trade payables	(6 345)	(501)	(1 220)	(6 345)	(501)	(1 220)
Net exposure	50 778	(492)	(1 220)	50 778	(492)	(1 220)

As at 31 December 2013:

Bank buying rates

USD – 10.2627 (2012: 8.2771)

GBP – 16.9627 (2012: 13.4188)

EUR – 14.1159 (2012: 10.8918)

Bank selling rates

USD – 10.6848 (2012: 8.6717)

GBP – 17.7395 (2012: 14.1123)

EUR – 14.7319 (2012: 11.4374)

Sensitivity analysis

A 10% (2012: 10%) strengthening of the rand against the USD and a 5% (2012: 5%) strengthening of the rand against the GBP and EUR respectively, at 31 December, would have increased profit or loss by R16.6m (2012: R5.0m) and equity by Rnil (2012: Rnil). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2012.

31. Financial risk management (CONTINUED)

31.2. Market risk (CONTINUED)

31.2.1. Currency risk (CONTINUED)

	Group		Exchange	
2013	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000
USD	16 657	–	16 657	–
GBP	(13)	–	(13)	–
EUR	–	–	–	–
Net impact	16 644	–	16 644	–
2012				
USD	5 078	–	5 078	–
GBP	(25)	–	(25)	–
EUR	(61)	–	(61)	–
Net impact	4 992	–	4 992	–

A 10% (2012: 10%) weakening of the rand against the USD and a 5% (2012: 5%) weakening of the rand against the GBP and EUR respectively, at 31 December, would have had an equal but 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:

	Group		Exchange	
2013	Fixed rate R'000	Floating rate R'000	Fixed rate R'000	Floating rate R'000
Assets	12 471 731	7 818 467	455 000	992 251
Investments	16 731	–	–	–
Safcom Default Fund collateral deposit	–	516 870	–	100 000
Margin and collateral deposits	12 000 000	6 377 645	–	117 628
Cash and cash equivalents	455 000	923 952	455 000	774 623
Liabilities	(12 000 000)	(6 806 700)	–	(117 628)
Borrowings	–	(19 055)	–	–
Safcom Default Fund contribution	–	(410 000)	–	–
Margin and collateral deposits	(12 000 000)	(6 377 645)	–	(117 628)
Net exposure	471 731	1 011 767	455 000	874 623
2012				
Assets	4 172 854	11 938 302	455 000	737 401
Investments	17 854	–	–	–
Margin and collateral deposits	3 700 000	11 264 525	–	202 292
Cash and cash equivalents	455 000	673 777	455 000	535 109
Liabilities	(3 700 000)	(11 288 240)	–	(202 292)
Borrowings	–	(23 715)	–	–
Margin and collateral deposits	(3 700 000)	(11 264 525)	–	(202 292)
Net exposure	472 854	650 062	455 000	535 109

Floating rate assets yield interest at call rates.

31. Financial risk management (CONTINUED)

31.2. Market risk (CONTINUED)

31.2.2. Cash flow and fair value interest rate risk (CONTINUED)

Sensitivity analysis

A change of 100 (2012:100) basis points on the fixed rate bonds and 100 (2012:100) 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 2012.

	Group		Exchange	
2013	Profit or loss R'000	Equity R'000	Profit or loss R'000	Equity R'000
Fixed-rate bond: +100 bps	**–**	**(594)**	**–**	**–**
Fixed-rate bond: -100 bps	**–**	**636**	**–**	**–**
Floating-rate instruments: +100 bps	**9 431**	**–**	**7 746**	**–**
Floating-rate instruments: –100 bps	**(9 431)**	**–**	**(7 746)**	**–**
2012				
Fixed-rate bond: +100 bps	–	(759)	–	–
Fixed-rate bond: -100 bps	–	810	–	–
Floating-rate instruments: +100 bps	6 975	–	5 351	–
Floating-rate instruments: –100 bps	(6 975)	–	(5 351)	–

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 its other market price risk arising from the available-for-sale financial assets, the investments are managed by a reputable asset manager according to approved guidelines. The JSE's Finance department monitors the investments in unit trusts and equity instruments by review of the monthly reports from the asset manager. The portfolio of instruments held is regularly reviewed and amended to manage the Group's exposure to market risk.

Sensitivity analysis – other market price risk

The available-for-sale financial assets considered in the sensitivity analysis below exclude the listed bonds as management believes that the majority of the sensitivity of these instruments lies within their exposure to interest rates, which are included in the interest rate sensitivity analysis in note 31.2.2.

The equity investments are listed on JSE Limited, with the majority of the investments included in the JSE All Share Index. A 4% (2012: 4%) increase in the JSE All Share Index at the reporting date, with all other variables held constant, would have increased equity by R6.5m (2012: R6.0m) and profit or loss by Rnil (2012: Rnil) (in respect of the options on the JSE shares); an equal change in the opposite direction would have decreased equity by R6.5m (2012: R6.0m) and profit or loss by Rnil (2012: Rnil) (in respect of the options of the JSE shares). This analysis is performed on the same basis as 2012.

The unit trusts are predominantly benchmarked against the MSCI World Index. A 5% (2012: 5%) increase in the MSCI World Index at the reporting date, with all other variables held constant, would have increased equity by R3.3m (2012: R2.3m); an equal change in the opposite direction would have decreased equity by R3.3m (2012: R2.3m). The analysis is performed on the same basis as 2012.

31. Financial risk management (CONTINUED)

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.

	Group			Exchange		
2013	Up to 3 months R'000	3 to 12 months R'000	1 to 5 years R'000	Up to 3 months R'000	3 to 12months R'000	1 to 5 years R'000
Financial assets	**20 715 380**	**–**	**14 023**	**1 581 172**	**–**	**14 023**
Other investments	**248 785**	**–**	**1**	**–**	**–**	**1**
Loan to the JSE Empowerment Fund Trust	**–**	**–**	**14 022**	**–**	**–**	**14 022**
Trade and other receivables (excluding payments in advance)	**119 116**	**–**	**–**	**116 200**	**–**	**–**
Interest receivable	**74 012**	**–**	**–**	**2 066**	**–**	**–**
Due from group entities	**–**	**–**	**–**	**15 656**	**–**	**–**
Margin and collateral deposits	**18 377 645**	**–**	**–**	**117 628**	**–**	**–**
Safcom Default Fund collateral deposit	**516 870**	**–**	**–**	**100 000**	**–**	**–**
Cash and cash equivalents	**1 378 952**	**–**	**–**	**1 229 623**	**–**	**–**
Financial liabilities	**(19 003 472)**	**–**	**(30 407)**	**(240 277)**	**–**	**–**
Finance leases	**–**	**–**	**(11 352)**	**–**	**–**	**(11 352)**
Borrowings	**–**	**–**	**(19 055)**	**–**	**–**	**–**
Due to Safex members	**(1 286)**	**–**	**–**	**(1 286)**	**–**	**–**
Trade payables	**(127 676)**	**–**	**–**	**(120 820)**	**–**	**–**
Interest payable	**(86 865)**	**–**	**–**	**(543)**	**–**	**–**
Due to group entities	**–**	**–**	**–**	**–**	**–**	**–**
Safcom Default Fund contribution	**(410 000)**	**–**	**–**	**–**	**–**	**–**
Margin and collateral deposits	**(18 377 645)**	**–**	**–**	**(117 628)**	**–**	**–**
Net exposure	**1 711 908**	**–**	**(16 384)**	**1 340 895**	**–**	**14 023**
2012						
Financial assets	16 347 166	–	14 005	1 192 390	–	14 005
Other investments	215 057	–	2	–	–	2
Loan to the JSE Empowerment Fund Trust	–	–	14 003	–	–	14 003
Trade and other receivables (excluding payments in advance)	118 616	–	–	112 568	–	–
Interest receivable	46 750	–	–	2 034	–	–
Due from group entities	–	–	–	11 946	–	–
Margin and collateral deposits	14 837 967	–	–	75 733	–	–
Cash and cash equivalents	1 128 776	–	–	990 109	–	–
Financial liabilities	(14 997 534)	–	(24 905)	(170 422)	–	(1 190)
Borrowings	–	–	(23 715)	–	–	–
Due to Safex members	–	–	(1 190)	–	–	(1 190)
Trade payables	(96 481)	–	–	(94 206)	–	–
Interest payable	(63 086)	–	–	(180)	–	–
Due to group entities	–	–	–	(303)	–	–
Margin and collateral deposits	(14 837 967)	–	–	(75 733)	–	–
Net exposure	1 349 632	–	(10 900)	1 021 968	–	12 815

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 through ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions, with no concentration of funds in one specific banking institution. Segregation of duties, multiple signatories, third party confirmation of investments and monitoring of compliance with investment mandates are applied 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 legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

During 2013 Safcom 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 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 from operating activities divided by total shareholders' equity. The JSE Board also monitors the level of dividends declared to ordinary shareholders.

The Group considers capital risk to reside in three main areas:

- Settlement guarantee;
- Operating costs; and
- Capital or opportunity needs.

Settlement guarantee is the money that would be required to settle a failed trade by replacing the defaulting party. This would either entail a settlement in cash or the acquisition of equities required to settle a trade. If it is the latter, the risk is one of the price of the equities moving against the JSE. (Although the cash would be forthcoming, it may be less than the original transaction).

Operating costs: Globally, the prudential requirements for operating reserves are between two and six months of operating costs. The JSE Board considers four months to be appropriate.

Capital or opportunity needs: 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 without exposing the JSE to risks higher than the JSE Trustees' funds.

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

The Group is not subject to externally imposed capital requirements.

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
2013					
Assets					
Other investments					
– Equity securities (available-for-sale)	15.1/2	**162 877**	**69 177**	**–**	**232 054**
– Debt investments (available-for-sale)	15.1/2	**16 731**	**–**	**–**	**16 731**
Total assets		**179 608**	**69 177**	**–**	**248 785**
2012					
Assets					
Other investments					
– Equity securities (available-for-sale)	15.1/2	149 227	47 976	–	197 203
– Debt investments (available-for-sale)	15.1/2	17 854	–	–	17 854
Total assets		167 081	47 976	–	215 057

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 (Proprietary) Ltd

JSE Trustees (Proprietary) Limited (JSE Trustees) acts as an agent for all funds placed by members of the JSE on behalf of their clients and other counterparties. JSE Trustees invests and administers the funds on behalf of the members for the account of their clients. JSE Trustees charges an administration fee for this service.

	Year ended 31 December 2013	Year ended 31 December 2012
	R'000	R'000
Assets under administration		
Interest receivable	**95 898**	91 532
Fixed deposits	**16 207 000**	14 727 000
Current and call accounts	**13 557 177**	10 881 309
Total assets under administration	**29 860 075**	25 699 841

In terms of rule 2.100.7 of the JSE Rules, the JSE Trustees acts as an agent on behalf of members, who in turn, act as agents on behalf of their clients. JSE Trustees' principal activities while acting as agent are acceptance of monies on deposit for account of clients of members of the Exchange and the later repayment of such monies. These monies are invested in various interest-earning bank accounts. JSE Trustees earns an administration fee for the services rendered. Funds so deposited or invested neither form part of the assets of JSE Trustees nor of any member acting on behalf of a client.

Credit risk on assets under administration is minimised by ensuring funds are only placed with F1/A1 and F1+/A1+ rated banking institutions.

To monitor liquidity risk, duration limits have been set and authorised for JSE Trustees. The authorised duration limits have been tailored to the liquidity requirements of JSE Trustees and the weighted average duration of funds invested may not exceed 40 (2012: 40) days.

33.2. Total assets under management on the Nautilus Managed Account Platform

Nautilus MAP (Pty) Ltd 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) Ltd 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 2013, the combined assets under management on the Nautilus MAP platform amounted to R4.4bn (2012: R3.5bn).

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) Ltd 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.

SHAREHOLDER INFORMATION

Shareholder diary

Events or reports in relation to the 2013 financial year

Summarised interim report for the six months ended 30 June 2013	13 August 2013
Summarised annual financial statements with the declaration of a dividend	11 March 2014
Annual results presentation	Week of 11 March 2014
Publication of integrated annual report	Not later than 31 March 2014
Annual general meeting	8 May 2014
Dividends payable	2 June 2014
Summarised interim report for the six months ended 30 June 2014	14 August 2014

Dividend

A gross ordinary dividend of 350 cents per share and a special dividend of 50 cents per share was declared and approved by the Board on 11 March 2014. Refer to page 57 of the *directors' report*.

Share information

The JSE Ltd has a primary listing on the Johannesburg Stock Exchange. There are no secondary listings.

Sector: Financial Services Subsector: Investment Services

	Shares in issue*	Closing price (R)	Market Capitalisation (R)
31 December 2013:	86 877 600	89.73	7 795 527 048
30 June 2013:	86 877 600	71.00	6 168 309 600
31 December 2012:	86 877 600	78.25	6 698 172 200

Free float is 100%.

Shareholder spread as at 31 December 2013

Shareholder spread	Number	Shareholding	%
Public shareholders	3 927	85 331 994	98.22
Non-public shareholders	72	1 545 606	1.78
Directors	6	70 378	0.08
Prescribed officers (executive management)	5	20 170	0.02
Employee share scheme	60	84 770	0.1
LTIS 2010 – allocations 1 – 4	1	1 370 288	1.58
Total		86 877 600	100.00

Holdings in excess of 5%* as at 31 December 2013

Rank Investor	Shares held	% held
1. GOVERNMENT EMPLOYEES PENSION FUND	10 621 213	12.2
2. NORTHERN TRUST GLOBAL SERVICES CLIENT ACCOUNT	10 388 711	12.0
3. BP2S LUXEMBOURGARBEDEEN GLOBAL	4 823 523	5.6

** To the best of their ability, the directors have identified the above disclosed beneficial shareholder groups, in accordance with sections 56 and 122 of the Companies Act, No.71 of 2008.*

CORPORATE INFORMATION AND DIRECTORATE

Administration

JSE Limited (Incorporated in the Republic of South Africa)
Registration number: 2005/022939/06
Share code: JSE
ISIN No: ZAE000079711

Group Company Secretary and registered office	Gary Clarke One Exchange Square 2 Gwen Lane Sandown Sandton 2196
Postal address	Private Bag X991174 Sandton 2146
Telephone	+27 (0) 11 520 7000
Web	www.jse.co.za
IR email	ir@jse.co.za
Transfer secretary	Computershare Investor Services (Proprietary) Limited Ground Floor 70 Marshall Street Johannesburg 2001
Telephone	+27 (0) 11 370 5000
Auditors	KPMG Inc, 85 Empire Road, Parktown, 2193
Sponsor	Rand Merchant Bank, 1 Merchant Place, Corner Fredman and Rivonia Road, Sandton, 2196
Bankers	First National Bank of SA Ltd, Corporate Account Services, 4 First Place, Bank City, Simmonds Street, Johannesburg, 2001
Directors	HJ Borkum (Chairman: Board; Chair: Nominations) – retires on 8 May 2014 NMC Nyembezi-Heita – replaces HJ Borkum as Chairman on 9 May 2014 NF Newton-King (CEO) A Takoordeen (CFO) AD Botha (Lead independent director; Chair: HRSE) NS Nematswerani (Chair: Audit) NG Payne (Chair: Risk) AM Mazwai (Chair: SRO) MR Johnston DM Lawrence MA Matooane NP Mnxasana M Jordaan – appointed 1 January 2014
Alternate Directors	LV Parsons
Group Company Secretary:	GC Clarke

All investor queries received directed to ir@jse.co.za will be attended to and, where applicable, redirected to the Chairman or CEO for an appropriate response.