



CONTENTS

NOTICE OF ANNUAL GENERAL MEETING	1
EXPLANATORY NOTES TO RESOLUTIONS	5
BIOGRAPHICAL DETAILS OF DIRECTORS	11
2019 ANNUAL RESULTS COMMENTARY	16
SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS	19
SHAREHOLDER DISCLOSURES	31
FORM OF PROXY	35
NOTES TO THE FORM OF PROXY	36

This document is important and requires your immediate attention

If you are in any doubt regarding the resolutions set out in this notice or the action you should take, please consult your professional advisor.

AVAILABILITY OF OUR REPORTING SUITE

This notice of annual general meeting ("this/the notice") is provided to all registered holders of JSE Limited ("JSE" or "the Company") ordinary shares (as at the relevant record date) and contains the summarised consolidated annual financial statements for the year ended 31 December 2019, together with related information relevant to this annual general meeting ("AGM").

Shareholders may elect to receive all shareholder correspondence electronically or in hard copy and may change this election at any time by contacting the Company's transfer secretaries at the relevant address set out in this notice.

Printed copies of the integrated annual report 2019 and of the audited annual financial statements for the year ended 31 December 2019 may be obtained from the Group Company Secretary at the registered office of the Company, One Exchange Square, 2 Gwen Lane, Sandown, 2196 during normal business hours from Monday, 25 May 2020 up to and including Thursday, 25 June 2020.



Page reference for additional reading in this report



Reference to online data at www.jse.co.za

The following is included in this notice:

- » summarised consolidated annual financial statements for the year ended 31 December 2019;
- » the resolutions to be proposed at the AGM, together with explanatory notes;
- » logistical information should you wish to attend the AGM by electronic means or to vote by proxy;
- » relevant shareholder disclosures; and
- » the proxy form for completion, signature and submission, if required.

This notice forms part of and should be read in conjunction with the integrated annual report 2019.

REPORTING SUITE

Our full reporting suite is available at www.jse.co.za and comprises the following reports:

Integrated annual report

Sets out how the JSE creates value in the context of our business model, strategy, operating context, governance and operational performance.

Annual financial statements

Sets out our financial results, together with the Group Audit Committee report, directors' report and annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

Social value report (Reporting on social value creation)

Sets out details of our journey towards delivering on our sustainability mandate and our impact on society, structured according to six areas of value creation.

Remuneration report (Rewarding value creation)

Sets out the JSE's remuneration philosophy and policy, and how it was implemented in 2019. This report is subject to two non-binding advisory votes at the AGM.

Notice of annual general meeting and form of proxy

Sets out the Notice of the JSE's AGM of shareholders to be held on Thursday, 25 June 2020 together with the summarised report containing the required financial disclosures.



JSE LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 2005/022939/06

Share code: JSE

ISIN: ZAE000079711

LEI: 231800MZ1VUQEBWRF039

("JSE" or "the Company")

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 15th (fifteenth) annual general meeting ("AGM") of shareholders of the JSE will be held on Thursday, 25 June 2020 at 15:00 SA Standard Time (subject to any adjournment, postponement or cancellation) via electronic means as permitted by the JSE Limited Listings Requirements, the provisions of the Companies Act, 71 of 2008 and the Company's memorandum of incorporation, in order to consider, and if deemed fit, pass with or without modification, the resolutions as set out in this notice.

Record dates

The board of directors of the Company has determined, in accordance with section 59(1)(a) and (b) of the Companies Act 71 of 2008, as amended ("Companies Act"), that the record date for shareholders to receive the notice of the annual general meeting (the notice record date) is Friday, 15 May 2020 and the record date for shareholders to be recorded as such in the shareholders' register, maintained by the transfer secretaries of the Company, to be able to attend, participate in and vote at the annual general meeting (the voting record date) is Friday, 19 June 2020.

Therefore, the last day to trade in the Company's shares on the Johannesburg Stock Exchange in order to be recorded in the share register on the voting record date is Monday, 15 June 2020.

Presentation of audited annual financial statements

The audited consolidated annual financial statements of the Group, including the reports of the directors, group audit committee and the independent external auditors, for the year ended 31 December 2019 will be presented to shareholders as required in terms of sections 30(3)(d) and 61(8)(a) of the Companies Act (abbreviated versions have been included in this publication, with the full annual financial statements being available on the JSE website at www.jse.co.za).

Presentation of group social and ethics committee report

A report by the group social and ethics committee for the year ended 31 December 2019 is included in the social value report (available on the JSE website at www.jse.co.za) and will be presented to shareholders as required in terms of regulation 43 of the Companies Regulations 2011 ("Regulations").



Access to the electronic AGM

The board has, in the circumstances, determined that it is necessary and appropriate that the AGM be held by way of electronic participation only, and not by way of a physical meeting. The AGM will accordingly only be accessible through electronic communication.

The Company has retained the services of The Meeting Specialist Proprietary Limited ("TMS") to remotely host the AGM on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders. TMS will also act as scrutineer for purposes of the AGM.

Shareholders who wish to participate electronically in and/or vote at the AGM are required to contact TMS as soon as possible, but in any event no later than 15:00 SA Standard Time on Tuesday, 23 June 2020 either on:

Email at: proxy@tmsmeetings.co.za

Telephone at: +27 11 520 7950/1/2

TMS will assist shareholders with the requirements for electronic participation in, and/or voting at, the AGM, including details of how to access the electronic voting platform.

If shareholders wish to participate electronically in the AGM, they should instruct their CSDP or Broker to issue them with the necessary letter of representation in the manner stipulated in their Custody Agreement. These instructions must be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker, to accommodate such requests.

Shareholders are advised, and encouraged to participate in the AGM electronically and, for administrative ease, to make use of proxy voting as outlined in this notice.

Shareholders are further advised that in terms of section 63(1) of the Companies Act, any person (including proxies) attending or participating at the AGM must present reasonably satisfactory identification before being entitled to attend or participate in and vote at the AGM. TMS is obliged to validate, in consultation with the Company and the Company's transfer secretaries, Computershare Investor Services Proprietary Limited ("Computershare"), and the relevant CSDP, each shareholder's entitlement to participate in and/or vote at the AGM, before providing a shareholder with the necessary means to access the AGM and the associated electronic voting platform.

Whether or not a shareholder proposes to attend the AGM via electronic means, please complete and submit a proxy form in accordance with the instructions printed on it. For administration purposes, proxy forms should be received at the applicable return address as set out on page 36 by no later than 15:00 SA Standard Time on Tuesday, 23 June 2020. Any shareholder who timeously completes and lodges a proxy form will nevertheless still be entitled to attend and participate, via electronic means, in the AGM, and may vote to the exclusion of any proxy instructions already lodged, subject to withdrawing those instructions. Proxy forms may also be submitted electronically to the Chairperson before the start of the AGM, as set out in this notice.



Notice of annual general meeting (continued)

Ordinary resolutions

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions.


For each ordinary resolution to be adopted, the support of more than 50% (fifty percent) of the total number of votes per ordinary resolution, which the shareholders present electronically or represented by proxy at this meeting are entitled to cast, is required.

1. Ordinary Resolution number 1

Election of directors appointed to the Board during the year

"Resolved that the following directors, who were appointed to the Board subsequent to the 2019 AGM and are eligible for election, be and are hereby elected with immediate effect as directors of the Company, each by way of a separate vote:

- 1.1 Dr Leila Fourie, Group Chief Executive Officer and Executive Director, appointed 1 October 2019; and
- 1.2 Ms Siobhan Cleary, Independent Non-Executive Director, appointed 1 February 2020."


Brief biographies in respect of each director are available on page 11 of this Notice. 

2. Ordinary Resolution number 2

Re-election of director who retires in terms of the Company's policy on non-executive director tenure

"Resolved that the following director, who is retiring in accordance with the Company's policy on non-executive director tenure and is eligible for reappointment, be and is hereby re-elected with immediate effect as a director of the Company for the ensuing year:

Ms Nonkululeko Nyembezi, Independent Non-Executive Director and Chairman of the Board"

A brief biography in respect of the director is available on page 12 of this Notice. 

3. Ordinary Resolution number 3

Re-appointment of independent auditors

"Resolved by way of a separate vote that:


- » Ernst & Young Inc be and is hereby reappointed with immediate effect as the independent registered auditor of the Group for the ensuing financial year or until the next AGM, whichever is the later;
- » Mr I Akoodie be and is hereby reappointed with immediate effect as the JSE accredited designated auditor for the ensuing year or until the next AGM, whichever is the later; and
- » the auditors' remuneration be left to the discretion of the Board."

4. Ordinary Resolution number 4

Election of members of the Group Audit Committee

"Resolved that the following independent non-executive directors of the Company be and are hereby reappointed with immediate effect to serve as members of the Group Audit Committee for the ensuing year, each by way of separate vote:

- 4.1 To re-appoint Dr Suresh Kana as member and chairman of the Group Audit Committee;
- 4.2 To re-appoint Ms Zarina Bassa as a member of the Group Audit Committee;
- 4.3 To re-appoint Ms Fatima Daniels as a member of the Group Audit Committee;
- 4.4 To re-appoint Ms Faith Khanyile as a member of the Group Audit Committee."

Brief biographies in respect of each director are available on pages 13 to 14 of this Notice. 


5. Ordinary Resolution number 5

Authorisation to implement resolutions

"Resolved that any one director of the Company or the Group Company Secretary be and are hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement all resolutions passed at the meeting at which this Ordinary Resolution number 5 is considered."


6. Non-binding advisory resolution number 1

Remuneration policy as set out in the remuneration report of the Company

"Resolved that, by way of a separate non-binding advisory vote, the shareholders endorse the remuneration policies of the Company as set out in the remuneration report, available online at www.jse.co.za." 

7. Non-binding advisory resolution number 2

Implementation report as set out in the remuneration report of the Company

"Resolved that, by way of a separate non-binding advisory vote, the shareholders endorse the implementation report as set out in the remuneration report of the Company, available online at www.jse.co.za." 

Special resolutions

To consider and, if deemed fit, to pass, with or without modification, the following special resolutions.

For each special resolution to be adopted, the support of 75% (seventy-five percent) of the total number of votes per special resolution, which the shareholders present electronically or represented by proxy at this meeting are entitled to cast, is required.

8. Special Resolution number 1

General authority to repurchase shares in terms of section 48 of the Companies Act

"Resolved that the Board of directors of the Company is hereby authorised, by way of a renewable general authority, to approve the purchase of its own ordinary shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, upon such terms and conditions as the Board of directors of the Company may from time to time determine, provided that:

- » the general repurchase of ordinary shares in the aggregate in any one financial year by the Company does not exceed 5% (five percent) of the Company's issued ordinary share capital as at the beginning of the financial year;
- » the general repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited); authorisation thereto has been given by the Company's MOI;
- » this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution;
- » general repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected (the JSE should be consulted for a ruling if the applicant's securities have not traded in such five-day business day period);
- » at any point in time, a Company may only appoint one agent to effect any repurchases on the Company's behalf;
- » a resolution has been passed by the Board of directors confirming that the Board has authorised the general repurchase, that the Company passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Group;
- » any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);
- » any such general repurchases are subject to exchange control regulations and approval at that point in time;
- » the number of shares purchased and held by a subsidiary or subsidiaries of the Company shall not exceed 10% (ten percent) in aggregate of the number of issued shares in the Company at the relevant times;
- » the Company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and have been submitted to the JSE in writing prior to the commencement of the prohibited period; and
- » when the Company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made in accordance with paragraph 11.27 of the JSE Listings Requirements."

9. Special Resolution number 2

General authority to provide financial assistance to subsidiaries and other related and inter-related entities in terms of sections 44 and 45 of the Companies Act

"Resolved that the directors of the Company may, to the extent permitted by the Companies Act, and subject to compliance with the requirements of the Company's MOI and the JSE Listings Requirements (each as presently constituted and as amended from time to time), authorise the Company to provide direct or indirect financial assistance, including by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other Company or entity that is or becomes related or inter-related to the Company or any of its subsidiaries, and/or to any shareholder of such subsidiary or related or inter-related Company or entity, all as contemplated in sections 44 and/or 45 of the Companies Act, for such amounts and on such terms and conditions as the directors of the Company may determine."

Notice of annual general meeting (continued)

10. Special Resolution number 3

Specific authority to provide financial assistance to directors in terms of sections 44 and 45 of the Companies Act solely for the purposes of the LTIS 2018 Trust

"Resolved that the Company and its subsidiaries be and are hereby authorised, in terms of sections 44 and 45 of the Companies Act, for a period of two years from the passing of this Special Resolution, to provide direct and/or indirect financial assistance to the JSE LTIS 2018 Trust, and to the directors and prescribed officers of the Company or any of its subsidiaries participating in the LTIS 2018, for the purpose of and/or in connection with the acquisition of ordinary shares of the Company from time to time or otherwise, as may be required for the operation and administration of the LTIS 2018, subject to the provisions of the Companies Act."

11. Special Resolution number 4

Proposed non-executive director emoluments for 2020

"Resolved that the Company be and is hereby authorised, in terms of section 66(9) of the Companies Act, to pay the emoluments, as set out on page 9 of the Notice, to its non-executive directors for their services as directors in respect of the period from 1 January 2020 to the date of the annual general meeting of the Company to be held during 2021, plus any value-added tax (VAT) to the extent applicable."

Majority required for the adoption of resolutions

Unless otherwise indicated, in order for the **Ordinary Resolutions** to be adopted, the support of a simple majority (that is, 50% plus one) of the total number of voting rights exercised on the resolutions is required.

The **Non-binding Resolutions** are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to the existing arrangements. Should 25% or more of the votes exercised on these non-binding resolutions be cast against either or both of these non-binding resolutions, the Board undertakes to engage with identified dissenting shareholders as to the reasons therefore and take appropriate action (as determined at the discretion of the Board) to reasonably address issues raised as envisaged in King IV and the JSE Listings Requirements.

In order for the **Special Resolutions** to be adopted, the support of at least 75% of the total number of voting rights exercised on the resolutions is required.

Votes recorded as abstentions are not taken into account for the purposes of determining the final percentage of votes cast in favour of the resolutions. This is in line with the Companies Act.

Voting and proxy forms

Voting on all resolutions will take place by polling. Every shareholder of the Company present electronically at the AGM or represented by proxy shall have one vote for every share in the Company held by such shareholder.

Voting process by registered shareholders

If you are a registered shareholder (a shareholder who has not dematerialised your shares or who has dematerialised your shares with own-name registration) as at the notice record date, Friday, 15 May 2020, you may attend the AGM electronically. Alternatively, you may appoint a proxy (who need not be a shareholder of the Company) to attend electronically, participate in and vote in your place at the AGM. Any appointment of a proxy may be effected by using the attached proxy form. In order for the proxy to be effective and valid, it must be completed and delivered in accordance with the instructions contained in the attached proxy form.

Voting process by beneficial shareholders

If you are a beneficial shareholder, but not a registered shareholder, as at the notice record date, Friday, 15 May 2020:

- » and wish to attend the AGM via electronic means, you must obtain the necessary letter of representation to represent the registered shareholder of your shares from your central securities depository participant ("CSDP") or broker;
- » and do not wish to attend the AGM via electronic means, but would like your vote to be exercised at the AGM, you must contact the registered shareholder of your shares through your CSDP or broker and furnish them with your voting instructions; and
- » you must not complete the attached proxy form.

By order of the Board



GA Brookes
Group Company Secretary

22 May 2020

EXPLANATORY NOTES TO RESOLUTIONS

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

A summary of the audited financial statements is set out on pages 15 to 30 of this report. Printed copies of the audited annual financial statements for the year ended 31 December 2019 may be obtained from the Group Company Secretary at the registered office of the Company during normal business hours from Monday, 25 May 2020 up to and including Thursday, 25 June 2020.

The audited consolidated annual financial statements for the year ended 31 December 2019, together with the reports prepared by directors and by the Group Audit Committee, and the report of the auditors for the year then ended can be accessed at the Company's website: www.jse.co.za.

RE-ELECTION OF DIRECTOR RETIRING BY ROTATION (TRIENNIAL ROTATION)

The MOI of the Company requires that one third of all directors (inclusive of executive directors) shall retire at every AGM of the Company and that, if eligible, such directors may be re-elected by shareholders.

Dr Michael Jordaan is obliged to retire by rotation at this AGM in accordance with this requirement. Although eligible for re-election, Dr Jordaan has indicated he is not available for a further term owing to other commitments, and accordingly retires from the Board at the AGM.

ELECTION OF DIRECTORS APPOINTED TO THE BOARD OF DIRECTORS DURING THE YEAR

The Board has arrangements in place for the periodic, staggered rotation of non-executive directors so as to introduce, over time, directors with new skills, insights and perspectives as well as to ensure appropriate diversity of gender and race on the Board. This Board renewal programme is an ongoing exercise, and seeks to balance the introduction of new directors while retaining valuable knowledge and experience of the business, and maintaining continuity.

During 2019 and 2020, the following directors were appointed to the Board, subject to shareholder election:

- » Dr Leila Fourie, appointed as Group Chief Executive Officer and Executive Director on 1 October 2019
- » Ms Siobhan Cleary, appointed as Independent Non-Executive Director on 1 February 2020

In accordance with the provisions of the JSE Listings Requirements and article 12.3.4 of the Company's MOI, a director appointed by the Board is obliged to retire at the first AGM after their appointment. The above directors therefore retire for the first time at this AGM and are eligible for election by shareholders.

Based on the recommendations of the Group Nominations Committee regarding the composition of the Board, the Board is recommending the election of the above directors, with immediate effect.

RE-ELECTION OF DIRECTORS WHO RETIRE IN TERMS OF THE COMPANY'S POLICY ON NON-EXECUTIVE DIRECTOR TENURE

The Company's policy on non-executive director tenure provides, *inter alia*, that non-executive directors of the Company:

- » who have served for nine consecutive years shall thereafter stand for annual re-election by shareholders at each subsequent AGM; and
- » shall serve for no more than 12 consecutive years, unless in the opinion of the Board, exceptional circumstances exist for motivating an extended term in office beyond 12 years.

This policy recognises that the Company operates in a specialised niche within the financial services sector, and aims to balance the need to retain knowledge, skills and experience on the Board while adhering to the recommendations of the King IV Report on Corporate Governance regarding independence and diversity.

In motivating the annual re-election of those directors who have served for nine consecutive years, the Board undertakes an assessment of the directors' interests, independence and contribution before recommending such directors for annual re-election.

- » Ms Nonkululeko Nyembezi has served for 10 years as an independent non-executive director, having first been elected by shareholders at the 2010 AGM. She now retires in terms this policy, and is eligible for re-election for the ensuing year.

The Board is satisfied that Ms Nyembezi will continue to exercise independent and objective judgement, and that there is no interest, position, association or relationship which would unduly influence or cause bias in decision-making.

Based on the recommendations of the Group Nominations Committee regarding the composition of the Board, the Board is recommending the re-election with immediate effect of Ms Nyembezi for a further one-year term.

Directors who have served for 12 consecutive years retire from the Board in accordance with this policy on non-executive director tenure. Mr David Lawrence has served for 12 years on the Board and accordingly retires at this AGM.

Explanatory notes to resolutions (continued)

REAPPOINTMENT OF INDEPENDENT AUDITORS

In accordance with the provisions of the Company's policy on audit firm rotation, Ernst & Young Inc was appointed as the new independent auditors of the Group effective from May 2017.

The Group Audit Committee has reviewed the credentials and accreditation information relating to Ernst & Young Inc and to Mr I Akoodie CA(SA), the proposed designated auditor, in order to assess the suitability of Ernst & Young Inc and of Mr I Akoodie for reappointment, as required in terms of paragraph 3.84(g)(iii) of the JSE Listings Requirements. This exercise encompassed a review of, *inter alia*, the relevant IRBA inspection reports, and transparency reports, proof of registration and qualifications report.

The Group Audit Committee has confirmed that:

- » Ernst & Young Inc is suitable for appointment as the independent auditor of the Group for the ensuing year;
- » Mr I Akoodie is suitable for appointment as the designated auditor for the ensuing year; and
- » Ernst & Young Inc remains independent of the Company as required by section 90 of the Companies Act.

The Board agrees with the Group Audit Committee's assessment, and is proposing that Ernst & Young Inc be reappointed as the independent auditors of the Group for the ensuing year, and that Mr I Akoodie be reappointed as the JSE accredited designated auditor for the ensuing year.

The audit fee originally proposed to be paid to Ernst & Young Inc for the independent audit of the Group entities for the year ended 31 December 2019 was R4.25 million and this fee will be finalised by the Group Audit Committee at its meeting to be held in July 2020. Ernst & Young Inc did not provide any non-audit services to the JSE during 2019.

ELECTION OF GROUP AUDIT COMMITTEE MEMBERS

The Board has proposed that shareholders reappoint the following independent non-executive directors as members of the Group Audit Committee for the ensuing year, by way of separate resolutions:

- » Dr Suresh Kana (lead independent director) and to be to be reappointed as the Chairman of the Group Audit Committee;
- » Ms Zarina Bassa, independent non-executive director;
- » Ms Fatima Daniels, independent non-executive director; and
- » Ms Faith Khanyile, independent non-executive director.

The Board is satisfied that the proposals set out in these resolutions will ensure that the Group Audit Committee is constituted in accordance with the provisions of the Companies Act, the requirements of the JSE Listings Requirements and the recommended practices in the King IV Report on Corporate Governance.

The Group Audit Committee, acting as a collective, should be adequately skilled to perform its role having regard to the size and circumstances of the Company. The collective skill set includes an understanding of financial and sustainable reporting practices, internal audit controls, external audit processes, corporate law, risk management, IT governance as it relates to integrated reporting, and the governance processes of the Company.

Individual members of the Group Audit Committee therefore ought to possess appropriate qualifications, skills and experience in order to discharge their responsibilities. However, it is not expected that each member should possess all the required qualifications, skills and experience.

The Board is satisfied that the Group Audit Committee has diligently executed its mandate and responsibilities during 2019 and that no matters of concern have been flagged during the annual review of the Group Audit Committee's effectiveness (which was conducted as part of the Board's annual effectiveness review in January 2020 by an independent service provider to the Company).

AUTHORISATION TO IMPLEMENT RESOLUTIONS

The directors of the Company or the Group Company Secretary are authorised in terms of Ordinary Resolution number 5 to implement the Resolutions adopted at this AGM, and to take all such actions as may be necessary for this purpose.

NON-BINDING ADVISORY RESOLUTION ON THE REMUNERATION POLICY OF THE COMPANY

The King IV Report on Corporate Governance recommends that the remuneration policy of a Company be tabled for a non-binding advisory vote by shareholders at each AGM. This enables shareholders to express their views on the remuneration policies adopted.

Resolution number 6 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

NON-BINDING ADVISORY RESOLUTION ON THE IMPLEMENTATION REPORT AS SET OUT IN THE REMUNERATION REPORT OF THE COMPANY

The King IV Report on Corporate Governance recommends that the implementation of a Company's remuneration policy be reported to shareholders and be subject to a non-binding advisory vote at each AGM to enable shareholders to express their views on the implementation report as set out in the remuneration report of the Company.

The Board will continue to engage with major shareholders prior to the AGM with regard to executive remuneration. The Board will take the outcome of the votes into consideration when considering the Company's future remuneration policy and implementation thereof.

GENERAL AUTHORITY TO REPURCHASE SHARES IN TERMS OF SECTION 48 OF THE COMPANIES ACT

The reason for and effect of Special Resolution number 1 is to provide a general approval and authority in terms of section 48 of the Companies Act and section 5.72 of the JSE Listings Requirements for the Company and/or a subsidiary of the Company to acquire the Company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company, subject to the limitations set out in these notes to Special Resolution number 1.



The directors of the Company currently have no specific intention to act in terms of the authority to be granted by the passing of Special Resolution number 1, but will continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect any repurchases as contemplated in Special Resolution number 1.

The directors undertake that, after considering the effect of the general repurchase of shares as contemplated in Special Resolution number 1, they will not undertake any such general repurchase of shares unless:

1. the Company and the Group will be able to repay their debts as they become due in the ordinary course of business for a period of 12 months following the date of such repurchase;
2. the Company and the Group's assets will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements which comply with the Companies Act;
3. the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the repurchase; and
4. the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months following the date of the repurchase.

This general approval shall endure until the earlier of the following AGM of the Company or the day 15 months from the date of passing of Special Resolution number 1, whereupon this approval shall lapse, unless it is renewed at such AGM.

Disclosure in terms of section 11.26 of the JSE Listings Requirements

- » **Major shareholders:** set out on page 31 of this Notice; 
- » **Share capital and reserves of the Company:** set out on page 31 of this Notice; 
- » **Directors' responsibility statement:** The directors, collectively and individually, accept full responsibility for the accuracy of the information pertaining to all the resolutions set out in this Notice and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these resolutions contain all information required by law and the JSE Listings Requirements; and
- » **Material changes:** Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the Group Audit Committee Report and the date of this Notice.

GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO SUBSIDIARIES AND OTHER RELATED AND INTER-RELATED ENTITIES IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT

The reason for and effect of Special Resolution number 2 is to authorise the provision by the Company of financial assistance to subsidiaries and other related and inter-related entities, specifically and only for the purpose of facilitating the JSE's normal commercial and financing activities within and among Group companies.

This Special Resolution number 2 deliberately excludes from its scope any reference to "any person" (as provided for in section 44 of the Companies Act) and also excludes from its ambit "directors and officers" (as provided for in section 45 of the Companies Act).

In the absence of Special Resolution number 2 the JSE would be unable to undertake its normal day-to-day business and financing operations within the Group.

Explanatory notes to resolutions (continued)

This Special Resolution number 2 is required:

1. in terms of section 44 of the Companies Act, to authorise the directors of the Company to permit the Company to provide financial assistance to the entities reflected in the text of the Special Resolution for the purpose of, or in connection with, the subscription for any securities or options issued or to be issued by the Company or any Company related or inter-related to the Company, or
2. for the purchase of any securities of the Company or a Company related or inter-related to the Company; and in terms of section 45 of the Companies Act, to grant the directors of the Company a general authority to authorise the Company to grant direct or indirect financial assistance, including in the form of loans or the guaranteeing of their debts to (among others) the category of persons set out in the text of the resolution, subject to the Board not authorising any financial assistance to any such persons unless it is satisfied that:
 - » considering all reasonably foreseeable financial circumstances of the Company at that time, the Company will, immediately after providing such financial assistance, satisfy the solvency and liquidity test stipulated in the Companies Act;
 - » the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
 - » any conditions or restrictions in respect of the granting of financial assistance set out in the Company's MOI have been satisfied.

TO AUTHORISE THE PROVISION BY THE COMPANY OF FINANCIAL ASSISTANCE TO THE JSE LTIS 2018 TRUST, SPECIFICALLY AND ONLY FOR THE PURPOSE OF OPERATING THE JSE'S PROPOSED NEW LONG-TERM INCENTIVE SCHEME 2018 (LTIS 2018)

The reason for and effect of Special Resolution 3

Sections 44 and 45 of the Companies Act require, *inter alia*, that the provision of financial assistance:

- » by the Company to the JSE LTIS 2018 Trust and, indirectly, to directors and prescribed officers of the Company or any of its subsidiaries, being related/inter-related persons of the Company;
- » for the purpose of, or in connection with, the acquisition of securities of the Company, and
- » must be approved by a special resolution of shareholders adopted within the previous two years.

By adopting Special Resolution 3 the JSE LTIS 2018 Trust will be able to acquire in the open market, at the then ruling price, the required number of ordinary shares in the Company on behalf of the LTIS 2018 Participants to satisfy the requirements of the LTIS 2018 and to otherwise fund the operations of the JSE LTIS 2018 Trust in administering LTIS 2018.

At a JSE share price of R100 per ordinary share, the estimated cash cost that would be incurred to acquire the maximum total permissible number of shares for allocation to selected JSE staff during 2020 would amount to R54 million, subject to the global scheme limit that the cash cost of any annual allocation under the LTIS 2018 may not exceed ten percent (10%) of the Company's NPAT in the immediately preceding year.

The financial assistance to be provided in terms of this Special Resolution 3 will be funded from the existing working capital of the JSE. The Board will not authorise any such financial assistance unless it is satisfied that:

- » considering all reasonably foreseeable financial circumstances of the Company at that time, the Company will, immediately after providing the financial assistance, satisfy the solvency and liquidity test stipulated in the Companies Act;
- » the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- » any conditions or restrictions in respect of the granting of financial assistance set out in the Company's memorandum of incorporation have been satisfied.

Accordingly, the directors propose for approval this Special Resolution 3 granting the Company and its subsidiaries the authority to provide the required financial assistance for the purposes of the LTIS 2018, which authority shall extend for a period not exceeding two years from the date of the AGM held in 2020.

PROPOSED NON-EXECUTIVE DIRECTORS' EMOLUMENTS FOR 2020

The reason for and effect of Special Resolution number 4 is to authorise the Company to pay emoluments (including any applicable VAT thereon) to its non-executive directors for their services as directors, in accordance with the proposed schedule of emoluments set out below, for the period from 1 January 2020 to the date of the Company's annual general meeting to be held in 2021.

No increases to the non-executive director emoluments are being proposed for 2020, in solidarity with the unusual circumstances facing companies during the COVID-19 pandemic.

	Existing fees for 2019 ZAR	Proposed fees for 2020 ZAR
Board Chairman	2 300 000	2 300 000
Non-executive director	370 000	370 000
Lead independent director	111 000	111 000
Group Audit Committee		
<i>Committee Chairman</i>	400 000	400 000
<i>Member</i>	190 000	190 000
Group Risk Management Committee		
<i>Committee Chairman</i>	330 000	330 000
<i>Member</i>	165 000	165 000
Group Human Resources Committee		
<i>Committee Chairman</i>	300 000	300 000
<i>Member</i>	150 000	150 000
Group Social and Ethics Committee		
<i>Committee Chairman</i>	240 000	240 000
<i>Member</i>	120 000	120 000
Group SRO Oversight Committee		
<i>Committee Chairman</i>	300 000	300 000
<i>Member</i>	150 000	150 000
Group Nominations Committee		
<i>Member</i>	65 000	65 000
<i>Ad hoc fee (per meeting)</i>	25 000	25 000

Average increase for 2020: NIL.

Section 66(9) of the Companies Act requires that remuneration payable to directors of a Company in respect of their services as directors must be approved by special resolution of shareholders, adopted within the previous two years.

The Board is of the view that:

- » the role of a non-executive director, especially within financial services companies, extends substantially beyond attendance at meetings. Emoluments should therefore be a function of Board and Board Committee membership rather than a reward for attending meetings;
- » non-executive director emoluments should be benchmarked against a relevant peer group of companies. The Board confirms that the Group Human Resources Committee has reviewed such independent benchmark analysis in determining the proposals set out in this Special Resolution number 4;
- » this benchmarking exercise indicates that emoluments for 2020 ought to be increased by approximately 8% on average, although the Board has resolved not to seek any increases for 2020. The risks and responsibilities borne by non-executive directors and the level of emoluments to compensate fairly for these risks will be re-assessed by the Company in the year ahead;
- » the role of lead independent director on the Board ought to be formally recognised by shareholders, and that the role should attract a premium of 30% on the basic annual fee paid to non-executive directors, in line with current market practice in South Africa;
- » the annual emoluments payable to a Board Committee chairperson should be reflective of the role and additional time commitment expected of a chairperson. The Board proposes to retain its guideline that a chairperson of a Board Committee receive an annual retainer equal to twice the annual fee earned by a Board Committee member, save for the Group Audit Committee chairperson, who

Explanatory notes to resolutions (continued)

ought to receive a retainer of up to 2.5 times that of a Group Audit Committee member, given the additional responsibilities borne by the Group Audit Committee chairperson; and

- » non-executive directors may not receive short-term incentives, nor may they participate in the JSE's long-term incentive schemes.

There is no requirement for non-executive directors to hold a minimum shareholding in the JSE in order to qualify for Board membership, and there are no provisions for emoluments or other payments in respect of loss of office. Non-executive directors are, however, encouraged to hold shares in JSE Limited equal to their annual Board retainer, in terms of a non-binding policy on non-executive director shareholdings adopted by the Board.

Out-of-pocket expenses, such as travel and accommodation costs, incurred by non-executive directors in the execution of their responsibilities are also reimbursed upon request.

The Board has therefore resolved, on the recommendation of the Group Human Resources Committee, to propose for approval Special Resolution number 4, authorising the payment of emoluments to the non-executive directors of the Company for their services as directors, in accordance with the existing all-inclusive fee model, together with the payment of VAT to the extent applicable.



BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details for Ms Siobhan Cleary (46)	
<i>AGM Ordinary Resolution Number 1</i>	Election of director appointed to the Board during the year
<i>Board classification</i>	Independent non-executive director
<i>Appointed to the Board</i>	1 February 2020
<i>Appointment first ratified by shareholders</i>	June 2020
<i>Tenure as a director</i>	Five months
<i>Qualifications</i>	BA LLB; MA; MBA; Fellowship: Yale World Programme
<i>Board Committees</i>	Member of Group Social and Ethics Committee Member of Group SRO Oversight Committee Invitee to Group Risk Management Committee
<i>Attendance 2020</i>	100% (1/1) Board meetings 100% (1/1) Group Social and Ethics Committee meetings 100% (1/1) Group SRO Oversight Committee meetings
<i>Experience</i>	Extensive experience in strategy, research and policy development. Currently the Director of Capital Markets Engagement at GRI, based in the Netherlands and United Kingdom. Former Head of Research and Public Policy at World Federation of Exchanges (WFE).
<i>Shareholding in own name</i>	5 650 ordinary shares

Biographical details for Leila Fourie (51)	
<i>AGM Ordinary Resolution Number 1</i>	Election of director appointed to the Board during the year
<i>Board classification</i>	Executive director
<i>Appointed to the Board</i>	1 October 2019
<i>Appointment first ratified by shareholders</i>	June 2020
<i>Tenure as a director</i>	Nine months
<i>Qualifications</i>	BA; Hons; MCom; PhD
<i>Board Committees</i>	Member of Group Risk Management Committee Member of Group Deal Committee
<i>Attendance 2019</i>	100% (1/1) Board meetings 100% (1/1) Group Risk Management Committee meetings Attended all other Board Committee meetings by invitation
<i>Experience</i>	Vast experience in capital markets, payments, consulting, investment banking and retail banking. Leila's experience has been acquired in leading multi-national companies in these fields, including Australian Commonwealth Bank, the Australian Payments Network, Accenture, Standard Bank Ltd and the JSE.
<i>Shareholding in own name</i>	12 000

Biographical details of directors (continued)

Biographical details for Nonkululeko Nyembezi (59)	
<i>AGM Ordinary Resolution Number 2</i>	Re-election of director retiring in terms of the Company's policy on non-executive director tenure
<i>Board classification</i>	Independent non-executive chairman
<i>Appointed to the Board</i>	2009
<i>Appointment first ratified by shareholders</i>	April 2010
<i>Tenure as a director</i>	10 years
<i>Qualifications</i>	BSc (EE); MSc (EE); MBA
<i>Board Committees</i>	Chairman of Group Nominations Committee Member of Group Human Resources Committee Member of Group Deal Committee
<i>Attendance 2019</i>	100% (4/4) Board meetings 100% (1/1) Group Nominations Committee meetings 100% (5/5) Group Human Resources Committee meetings 100% (3/3) Group Deal Committee meetings Attended all other Board Committee meetings by invitation
<i>Experience</i>	Non-executive director of Standard Bank Group Ltd and Anglo American plc, Macsteel International Holdings BV, Macsteel Services Centres SA (Pty) Ltd; and CEO of IchorCoal N.V.
<i>Shareholding in own name</i>	2 050 ordinary shares

Biographical details for Dr Suresh Kana (64)	
<i>AGM Ordinary Resolution Number 4</i>	Reappointment as member and Chairman of the Group Audit Committee
<i>Board classification</i>	Lead independent non-executive director
<i>Appointed to the Board</i>	2015
<i>Appointment first ratified by shareholders</i>	May 2016
<i>Tenure as a director</i>	4 years
<i>Qualifications</i>	CA(SA); CD(SA); MCom; PhD (Honorary)
<i>Board Committees</i>	Chairman of Group Audit Committee Chairman of Group Social & Ethics Committee Member of Group Risk Management Committee Member of Group SRO Oversight Committee Member of Group Nominations Committee
<i>Attendance 2019</i>	100% (4/4) Board meetings 100% (3/3) Group Audit Committee meetings 100% (3/3) Group Social and Ethics Committee meetings 100% (4/4) Group Risk Management Committee meetings 100% (1/1) Group Nominations Committee meetings 100% (2/2) Group SRO Oversight Committee meetings
<i>Experience</i>	Extensive experience of auditing, corporate governance and risk, as the retired CEO and Territory Senior Partner of PwC Africa. Chairman of Murray & Roberts Holdings Ltd. Non-executive director of Quilter plc. Chairman of the Audit Committee of the United Nations World Food Programme based in Rome.
<i>Shareholding in own name</i>	None

Biographical details for Ms Zarina Bassa (55)	
<i>AGM Ordinary Resolution Number 4</i>	Reappointment as member of the Group Audit Committee
<i>Board classification</i>	Independent non-executive director
<i>Appointed to the Board</i>	2018
<i>Appointment first ratified by shareholders</i>	May 2019
<i>Tenure as a director</i>	1 year
<i>Qualifications</i>	BAcc; DipAcc; CA(SA)
<i>Board Committees</i>	Chairman of Group SRO Oversight Committee Member of Group Audit Committee Member of Group Risk Management Committee
<i>Attendance 2019</i>	100% (4/4) Board meetings 100% (2/2) Group SRO Oversight Committee meetings 100% (2/2) Group Audit Committee meetings 100% (4/4) Group Risk Management Committee meetings
<i>Experience</i>	Extensive strategic and operational experience in banking and financial services, as well as within audit and advisory services. Previously a partner and Chief Operating Officer of Ernst & Young's sub-Saharan Africa practices. Independent non-executive director of Woolworths Holdings Limited, Oceana Group Limited; Investec Limited and Investec plc. Chairman of Yebo Yethu Limited.
<i>Shareholding in own name</i>	None

Biographical details of directors (continued)

Biographical details for Ms Fatima Daniels (59)	
<i>AGM Ordinary Resolution Number 4</i>	Reappointment as member of the Group Audit Committee
<i>Board classification</i>	Independent non-executive director
<i>Appointed to the Board</i>	2018
<i>Appointment first ratified by shareholders</i>	May 2019
<i>Tenure as a director</i>	1 year
<i>Qualifications</i>	BSc (UCT); CTA; CA(SA)
<i>Board Committees</i>	Member of Group SRO Oversight Committee Member of Group Audit Committee Member of Group Human Resource Committee Member of Group Deal Committee Attended Group Risk Management Committee as an invitee
<i>Attendance 2019</i>	100% (4/4) Board meetings 100% (2/2) Group SRO Oversight Committee meetings 100% (3/3) Group Audit Committee meetings 80% (4/5) Group Human Resource Committee meetings 100% (3/3) Group Deal Committee meetings
<i>Experience</i>	Wide exposure as a non-executive director since 1994 across diverse industries from retail, mining, and agri-processing, to financial services and telecommunications. Independent non-executive director of Clicks Group Limited, MMI Holdings Limited, and various subsidiaries of the MTN Group Limited.
<i>Shareholding in own name</i>	None

Biographical details for Ms Faith Khanyile (52)	
<i>AGM Ordinary Resolution Number 4</i>	Reappointment as member of the Group Audit Committee
<i>Board classification</i>	Independent non-executive director
<i>Appointed to the Board</i>	2018
<i>Appointment first ratified by shareholders</i>	May 2019
<i>Tenure as a director</i>	1 year
<i>Qualifications</i>	BA Economics (Honours); MBA; PhD (Honorary)
<i>Board Committees</i>	Member of Group SRO Oversight Committee Member of Group Audit Committee Attended Group Risk Management Committee as an invitee
<i>Attendance 2019</i>	100% (4/4) Board meetings 100% (2/2) Group SRO Oversight Committee meetings 100% (3/3) Group Audit Committee meetings
<i>Experience</i>	Extensive strategic experience in financial services, corporate and investment banking, strategy development and leadership. CEO of WDB Investment Holdings. Non-executive director Discovery Limited and Safari RSA Investments Limited
<i>Shareholding in own name</i>	None

2019 ANNUAL RESULTS COMMENTARY AND SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS



2019 ANNUAL RESULTS COMMENTARY

Revenue decreased by 1% to R2.19 billion (2018: R2.20 billion). The JSE, along with other global markets, has experienced a reduction in the level of activity in primary markets, with fewer new equity listings than in the comparative period (which were largely the result of corporate actions), which has impacted revenue. The Equity Market has seen net foreign outflows of R114 billion and muted local investor activity. The decrease in value traded, coupled with the pricing impact of the new tiered billing model for equities trading, has translated into lower revenue during the period. The Group saw increased activity in the second half of 2019, with an uptick in value traded in the Equity Market.

The Equity Derivatives market also registered an increase in value traded, for the first time in three years, and the Bond market also recorded increased activity of 23%.

Expenses increased off a low base, by 14% to R1.54 billion (2018: R1.35 billion), largely in four areas:

- technology costs and related depreciation increased following the implementation of the ITaC system in April 2019;
- the JSE recruited additional personnel to reach planned headcount levels (compared with the low base headcount throughout 2018) to ensure the JSE is appropriately resourced to deliver on its key business initiatives;
- the cost base includes one-off expenditures of R37 million relating to the JSE's executive leadership transition; and
- the transaction expenses of R6 million related to the proposed acquisition of Link SA.

As a result of the increase in operating costs, Group earnings before interest and tax (EBIT) decreased by 26% to R687 million (2018: R932 million) and net profit after tax (NPAT) declined by 23% to R695 million (2018: R904 million).

Similarly, basic earnings per share (earnings per share (EPS) for continuing operations) decreased by 22%, to 820.5 cents (2018: 1 056.5 cents) and headline earnings per share (HEPS) decreased by 23% to 814.6 cents (2018: 1 055.4) respectively.

The JSE remains in a healthy position with regard to cash and capital.

REVENUE STREAMS

Primary markets

Revenue decreased by 5% to R147 million (2018: R155 million) owing to significantly fewer IPOs for the year (six IPOs versus 12 IPOs in 2018) and the impact of IFRS 15 which defers listings revenue over a multi-year period. This followed global trends: IPOs worldwide decreased by 19% in 2019. Although the number of listed entities declined, market capitalisation of all entities listed on the JSE increased by 38% during 2019 and there was also a material increase in structured listings, such as warrants, as well as an uptick in the number of bond listings.

Capital markets

Equity Market: Revenue decreased by 13% to R433 million (2018: R499 million). Revenue declined as a result of two items: first, a decrease in billable value traded of 2% for the full year; and second, the implementation of the tiered billing model in August 2018, which introduced an aggregate discount of 12% to the trading fee line. Colocation activity contributed 42% (2018: 37%) of overall value traded.

Equity Derivatives Market: Revenue was flat at R143 million (2018: R143 million), however, value traded increased by 2%. Activity remained muted, but hedge activity increased, as did the level of the index, which supported higher value traded.

Currency Derivatives Market: Revenue declined by 2% to R47 million (2018: R48 million). Long-term global risk events contributed to uncertainty in the market, which resulted in increased hedging and reduced speculation, with an increase of 7% in open interest. The number of contracts traded declined by 7%.

Bond and Interest Rate Market: Revenue increased by 21% to R68 million (2018: R56 million) as nominal bond value grew by 16% on the back of global uncertainty and foreign sales of emerging market assets, as well as an increase in activity in the repo market. Geopolitical factors have had a material impact on the global yield outlook and have resulted in increased volatility and volumes. However, the JSE has seen a decrease in the trading of interest rate derivative contracts, which were down 6% year-on-year. Revenue from the bond electronic trading platform (ETP) contributed R7 million.

Commodity Derivatives Market: Revenue increased by 5% to R82 million (2018: R78 million) on the back of volatility in the local grains market created by weather uncertainty, as well as heightened activity in international grains products. There was also noticeable speculative activity in local grain contracts.

Company Services: Revenue increased by 16% to R11.9 million (2018: R10.3 million), on the back of solid growth in our AGM, training and event services.

Post-trade services

- » BDA revenue increased by 10% to R333 million (2018: R303 million) following a 10% increase in the number of transactions and smaller transaction sizes.
- » Clearing and settlement revenue decreased by 5% to R385 million (2018: R404 million) owing to the lower billable value traded in the Equity Market.

Information services

- » Revenue increased by 16% to R310 million (2018: R267 million) largely owing to annual price increases, foreign exchange gains on USD-denominated revenue and a prior-year adjustment in 2018.

Other income

- » Other income declined by 50% to R41 million (2018: R82 million), mainly owing to lower forex gains. The JSE held USD9.4 million in cash (2018: USD12 million) at year-end.

OPERATING EXPENDITURE

The major contributors to the increase in operating expenses in this period were as follows:

Personnel costs increased by 15% to R580 million (2018: R506 million), owing to the following:

- Gross remuneration, which increased by 14% to R418 million (2018: R368 million) owing to a planned normalisation of headcount from a low prior-year base. The headcount increase contributes 10 percentage points. The headcount as at 31 December was 392 (2018: 372), while the average headcount for 2019 increased by 9% to 395 (2018: 362)
- The discretionary bonus of R64 million (2018: R82.7 million) or 9.2% of NPAT. This contributes 4 percentage points
- One-off costs of R37 million relating to the executive transition. This contributes 7 percentage points

Technology costs increased by 18% to R285 million (2018: R241 million), largely owing to the following:

- Post-ITaC go-live costs of R28 million, which include contractor costs, and software maintenance and support. This contributes 12 percentage points
- The new master reference data system licences and support of R6 million. This contributes 3 percentage points
- Infrastructure support and risk landscape expenditure of R6 million, contributing 2 percentage points
- Equity clearing system support of R4 million, contributing 1 percentage point

Depreciation and amortisation increased by 84% to R202 million (2018: R110 million). The increased depreciation can be attributed largely to the ITaC project implementation costs from the April go-live. The ITaC project costs are offset by fully depreciated assets of R14 million. There was also the application of IFRS 16 on leases, which included a reclassification between amortisation and rental expenses of R39 million.

General expenses decreased by 4% to R474 million (2018: R492 million). The application of IFRS 16 resulted in the reclassification of rental expenses of R56 million. This is partially offset by:

- non-recurring costs of R36 million for work related to progressing the independent clearing house (ICH) frameworks, the executive transition and transformation to agile ways of work
- R6 million in transaction costs for Link SA

CASH FLOW AND INVESTMENT

The Group continues to be strongly cash generative, with net cash from operations of R880 million (2018: R913 million). Cash and cash equivalents on hand at 31 December amounted to R2.6 billion (2018: R2.6 billion).

Total capital expenditure decreased to R101 million (2018: R174 million), owing to our focus on finalising the ITaC project.

All planned investments and 2020 capital requirements can be funded from the Group's own resources.

REGULATION

The JSE remains the sole shareholder of JSE Clear Proprietary Limited (JSE Clear).

In compliance with the Financial Markets Act, 2012 (FMA), the JSE and JSE Clear are required to hold regulatory capital.

Accordingly, the JSE subscribed for one ordinary share (par value of 12.5 cents) in JSE Clear for a consideration of R100 million on 26 June 2019.

At the reporting date, the Board believes that both the JSE and JSE Clear are sufficiently capitalised.

FUTURE FOCUS

The JSE's strategic priorities for the year focus on three critical points, underpinned by two support pillars (our people and our customers). Our 2020 strategic priorities are as follows:

- Partner to co-create for inclusive and sustainable growth and reduce equity market dependence
- Run trusted markets, products, and services by ensuring market quality, settlement assurance, governance, operational availability, and resilience
- Lead by example on the national agenda and promote #SAInc as a global investment destination by partnering with the public and private sector

Our focus for 2020 will therefore be on the following:

- Driving the Group's inorganic growth strategy
- Integrating Link SA into the JSE (subject to the outcome of the Competition Tribunal decision)
- Delivering new capital markets and information services products and services with the aim of value creation and growth
- Migrating bond repos to electronic trading (this market is currently a report-only market) to enable a more robust technology platform for this product
- Investigating an OTC surveillance and clearing market offering
- Upgrading our equities trading engine, MillenniumIT (MIT)
- Improving market integrity, and improving our operational resilience
- Leading on the sustainability agenda
- Increasing our footprint in Asia
- Partnering with the government on SA Inc. and promoting South Africa as an attractive investment destination

PROSPECTS

The JSE is at an important inflection point. We have set a solid foundation by combining a lower cost base and competitive pricing with the recent implementation of our multi-year ITaC programme. These foundational elements create an enabling platform to grow our markets and add sustainable value to our market participants. The JSE remains confident in its strategic plans to grow and diversify revenues and to continue to invest in key technologies.

These actions are necessary to maintain the long-term sustainability and competitiveness of the JSE as a critical component of the South African financial markets ecosystem.

The company's revenues are variable and largely driven by activity on the various markets that we operate. For this reason, we make no projections regarding the Group's financial performance.

2019 Annual results commentary (continued)

DECLARATION OF ORDINARY AND SPECIAL DIVIDEND

The Board has declared an ordinary and a special cash dividend for the year ended 31 December 2019, as follows:

Dividend	Annual gross amount (cents)	Withholding tax (%)	Net amount (cents)
Ordinary	690	20	552
Special	150	20	120

The JSE's existing dividend policy:

- Aims to pay a single annual ordinary dividend
- Seeks to grow the nominal value of the ordinary dividend progressively over time
- Provides for a pay-out ratio of between 40% and 67% of earnings in respect of the annual ordinary dividend
- Allows for the payment of a special dividend in years where there is surplus cash on hand

In accordance with this policy the JSE's practice has been to return distributable cash to shareholders. After ring-fencing cash for regulatory capital requirements and investment (capital expenditure and inorganic opportunities). During 2019, the JSE concluded an exercise to determine the optimal regulatory capital and has been reporting to the Prudential Authority as per the FMA since April 2019.

The ordinary dividend of 690 cents per share for 2019 represents a progressive 5% in nominal terms although this translates into a pay-out ratio of 87%. The Board notes this exception to the current dividend policy pay-out range and will determine in the year ahead whether a formal change to the dividend policy is required.

The dividends have been declared from retained earnings, and the Group remains sufficiently capitalised.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt. The dividends are payable to shareholders recorded in the register of members of the JSE at the close of business on Friday, 27 March 2020.

In compliance with the Companies Act, the directors confirm that the JSE will satisfy the solvency and liquidity test immediately after completion of the dividend distribution. In compliance with the requirements of Strate, the following salient dates for the payment of the ordinary and special dividend are applicable:

Dividend paid in respect of financial year ended	31 December 2019	31 December 2018
Ordinary dividend per share	690 cents	655 cents
Special dividend per share	150 cents	185 cents
Total rand value	R730 million	R730 million
Declaration date	Monday, 24 February 2020	Thursday, 28 February 2019
Last date to trade JSE shares <i>cum</i> dividend	Tuesday, 24 March 2020	Monday, 18 March 2019
JSE shares commence trading ex-dividend	Wednesday, 18 March 2020	Tuesday, 19 March 2019
Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on	Friday, 20 March 2020	Friday, 22 March 2019
Date of payment of dividend	Monday, 23 March 2020	Monday, 25 March 2019

Share certificates may not be dematerialised or rematerialised from Wednesday, 25 March 2020 to Friday, 27 March 2020, both days inclusive. On Monday, 30 March 2020, 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 on or about Monday, 30 March 2020 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 or about Monday, 30 March 2020. The issued share capital of the JSE as at the declaration date was 86 877 600 ordinary shares. The tax number of the JSE is 9313008840.

South African Reserve Bank approval applies for the declaration of the special dividend and the finalisation date is Tuesday, 17 March 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	Group	
		2019 R'000	2018 R'000
Continuing operations			
Revenue	8	2 187 247	2 198 479
Other income		41 459	82 288
Personnel expenses	9	(580 200)	(505 901)
Other expenses	10	(961 173)	(842 496)
Expected credit loss reversal		61	–
Profit from operating activities		687 394	932 370
Finance income		2 963 057	2 824 795
Finance costs		(2 749 975)	(2 585 574)
Net finance income		213 082	239 221
Share of profit from associate (net of income tax)		47 683	55 910
Profit before income tax		948 159	1 227 501
Income tax expense	11	(248 180)	(323 219)
Profit for the year from continuing operations		699 979	904 282
Discontinued operations			
Loss after tax for the year from discontinuing operations		(4 867)	(700)
Profit for the year		695 112	903 582
Other comprehensive income			
Change in financial instruments at fair value through other comprehensive income that will not be reclassified to profit and loss (net of income tax)		27 565	(11 280)
Change in financial instruments at fair value through other comprehensive income that may be reclassified to profit and loss in subsequent periods (net of income tax)		555	(89)
Other comprehensive income for the year, net of income tax		28 120	(11 369)
Total comprehensive income for the year		723 232	892 213
Earnings per share for continuing operations			
Basic earnings per share (cents)	12,1	820.5	1 056.5
Diluted earnings per share (cents)	12,2	816.7	1 048.1
Earnings per share for discontinued operations			
Basic earnings per share (cents)		(5.7)	(0.8)
Diluted earnings per share (cents)		(5.7)	(0.8)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group	
		2019 R'000	2018 R'000
Assets			
Non-current assets		1 715 640	1 403 265
Property and equipment		183 541	219 631
Intangible assets	13	593 333	518 473
Investment in associate		292 786	269 898
Other investments		338 759	303 473
Loan to the JSE Empowerment Fund Trust		25 197	25 136
Right-of-use assets		212 559	–
Deferred taxation		69 465	66 654
Current assets		38 511 575	40 521 485
Trade and other receivables		520 339	490 303
Income tax receivable		5 277	29 997
JSE Clear Derivatives Default Fund collateral deposit		500 000	500 000
Margin deposits		34 849 591	36 766 624
Collateral deposits		59 034	160 625
Cash and cash equivalents		2 577 334	2 573 936
Total assets		40 227 215	41 924 750
Equity and liabilities			
Total equity		3 969 631	3 968 441
Stated capital		(17 726)	(18 378)
Reserves		548 267	511 739
Retained earnings		3 439 090	3 475 080
Non-current liabilities		317 506	133 055
Employee benefits		5 436	1 960
Deferred taxation		3 875	22 296
Operating lease straight-line liability		–	106 840
Lease liability		293 101	–
Long-term payables		8 291	–
Deferred income		6 803	1 959
Current liabilities		35 940 078	37 823 254
Trade and other payables		485 586	375 430
Income tax payable		–	25
Employee benefits		109 398	120 550
Lease liability		36 469	–
JSE Clear Derivatives Default Fund collateral contribution		400 000	400 000
Margin deposits		34 849 591	36 766 624
Collateral deposits		59 034	160 625
Total equity and liabilities		40 227 215	41 924 750

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Group	Stated capital R'000	NDR R'000	Share-based payment reserve R'000	Total reserves R'000	Retained earnings R'000	Total equity R'000
Balance at 1 January 2018	11 614	441 398	71 874	513 272	3 101 495	3 626 381
Profit for the year from continuing operations	–	–	–	–	904 282	904 282
Other comprehensive income	–	(11 369)	–	(11 369)	–	(11 369)
Total comprehensive income for the year	–	(11 369)	–	(11 369)	904 282	892 913
Loss for the year from discontinued operations	–	–	–	–	(700)	(700)
LTIS 2010 Allocation 5 – shares vested	17 070	–	(17 070)	(17 070)	–	–
LTIS 2010 Allocation 6 – shares vested	9 819	–	(9 819)	(9 819)	–	–
Distribution from the JSE Debt Guarantee Fund Trust ¹	–	(4 427)	–	(4 427)	4 427	–
Dividends paid to owners	–	–	–	–	(524 999)	(524 999)
Equity-settled share-based payment	–	–	31 727	31 727	–	31 727
Transfer of profit to investor protection funds	–	9 425	–	9 425	(9 425)	–
Treasury shares	(56 494)	–	–	–	–	(56 494)
Treasury shares – share issue costs	(387)	–	–	–	–	(387)
Total contributions by and distributions to owners of the Company recognised directly in equity	(29 992)	4 998	4 838	9 836	(530 697)	(550 853)
Balance at 31 December 2018	(18 378)	435 027	76 712	511 739	3 475 080	3 968 441
Profit for the year from continuing operations	–	–	–	–	699 979	699 979
Other comprehensive income	–	28 120	–	28 120	–	28 120
Total comprehensive income for the year	–	28 120	–	28 120	699 979	728 099
Loss for the year from discontinued operations	–	–	–	–	(4 867)	(4 867)
LTIS 2010 Allocation 6 – shares vested	11 071	–	(11 071)	(11 071)	–	–
LTIS 2010 Allocation 7 – shares vested	20 884	–	(20 884)	(20 884)	–	–
Bonus shares vested	–	–	(5 831)	(5 831)	–	(5 831)
Distribution from the JSE Debt Guarantee Fund Trust ¹	–	(4 484)	–	(4 484)	4 484	–
Dividends paid to owners	–	–	–	–	(728 140)	(728 140)
Equity-settled share-based payment	–	–	43 232	43 232	–	43 232
Transfer of profit to investor protection funds	–	7 446	–	7 446	(7 446)	–
Treasury shares	(30 833)	–	–	–	–	(30 833)
Treasury shares – share issue costs	(470)	–	–	–	–	(470)
Total contributions by and distributions to owners of the Company recognised directly in equity	652	2 962	5 446	8 408	(735 969)	(726 909)
Balance at 31 December 2019	(17 726)*	466 109	82 158	548 267	3 439 090	3 969 631

¹ The JSE Debt Guarantee Fund Trust Deed makes specific provision for the utilisation of excess funds for the purpose of reducing the risk of claims being made against the Trust. To this effect, R4.5 million (December 2018: R4.4 million) before intercompany adjustments was transferred to JSE Limited to defray market regulatory expenditure.

* Debit balance due to own shares held as part of the Long-Term Incentive Schemes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Group	
	2019 R'000	2018 R'000
Cash flows from operating activities		
Cash generated by operations	899 022	1 045 193
Finance income	2 985 866	2 800 775
Finance costs	(2 764 870)	(2 587 269)
Dividends received	4 649	5 110
Taxation paid	(244 223)	(350 597)
Net cash generated by operating activities	880 444	913 212
Cash flows from investing activities		
Proceeds on sale of other investments	22 840	24 522
Acquisition of other investments	(26 919)	(22 906)
Dividends from associate	24 795	18 834
Proceeds from disposal of property and equipment	351	226
Leasehold improvements	(73)	(552)
Acquisition of intangible assets	(72 342)	(83 007)
Acquisition of property and equipment	(32 686)	(90 647)
Net cash used in investing activities	(84 034)	(153 530)
Cash flows from financing activities		
Acquisition of treasury shares	(68 152)	(56 881)
Proceeds on sale of treasury shares	36 849	–
Lease liabilities repaid	(28 835)	–
Dividends paid	(728 140)	(524 999)
Net cash used in financing activities	(788 278)	(581 880)
Net increase in cash and cash equivalents	8 132	177 802
Cash and cash equivalents at 1 January	2 573 936	2 377 464
Effect of exchange rate fluctuations on cash held	(4 734)	18 670
Cash and cash equivalents at 31 December 2019	2 577 334	2 573 936

SELECTED NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. Reporting entity

JSE Limited (the "JSE" or the "Company") is a company domiciled in South Africa. Its registration number is 2005/022939/06. The JSE is licensed as an exchange in terms of the Financial Markets Act of 2012 ("FMA"). The JSE has the following main lines of business: Capital Markets, Post-Trade Services and Information Services. 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 2019 comprise the Company and its subsidiaries and controlled structured entities (collectively referred to as the "Group" and individually as "Group entities") and reflect the Group's interest in associates.

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

2. Basis of preparation

Statement of compliance

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the SAICA financial reporting guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act 2008 ("Companies Act"). The summarised consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

3. Accounting policies

All accounting policies applied by the Group in these summarised consolidated financial statements are in terms of IFRS and are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2019.

All accounting policies are consistent with the prior year except for IFRS 16 and IFRIC 23.

4. Comparative figures

Unless otherwise indicated, comparative figures refer to the 12 months ended December 2018.

5. Use of estimates and judgements

The preparation of financial statements is done in conformity with IFRSs and 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.

6. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2019.

7. Operating segment

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.

Selected notes to the consolidated annual financial statements (continued)

For the year ended 31 December 2019

	Group	
	2019	2018
	R'000	R'000
8. Operating segments and revenue		
Revenue comprises:		
Capital markets		
Bond Electronic Trading Platform (ETP)	7 302	3 380
Colocation fees	19 133	16 016
Commodity derivatives fees	81 925	78 420
Company services fees	11 892	10 294
Currency derivatives fees	46 925	47 931
Equity derivatives fees	142 881	142 930
Equity market fees	432 772	498 616
Interest rate market fees	60 421	52 917
Primary market fees*	146 952	154 522
Post-trade services		
Clearing and settlement fees	384 888	403 564
Back-office services (BDA)	333 313	303 012
Funds under management	75 027	79 365
Information services		
Index fees	49 081	33 288
Market data fees	261 195	233 811
Total revenue excluding Strate ad valorem fees – cash equities and bonds	2 053 707	2 058 065
Strate ad valorem fees – cash equities	118 425	126 733
Strate ad valorem fees – bonds	15 115	13 681
	2 187 247	2 198 479
<i>* An amount of R0.2 million was recognised in primary market fees relating to initial listing fees for the year</i>		
9. Personnel expenses		
Remuneration paid	523 075	474 386
Gross amount paid	531 594	485 784
Less: Capitalised to intangible assets	(8 519)	(11 398)
Long-term incentive schemes*	57 125	31 515
	580 200	505 901
<i>* Includes the accounting impact of accelerated LTIS for good leavers</i>		
	Group	
	2019	2018
	R'000	R'000
10. Other expenses		
Amortisation of intangible assets	93 892	51 340
Auditor's remuneration	4 833	4 162
Consulting fees	5 092	6 907
Depreciation	107 949	58 229
Enterprise development	6 296	7 636
Investor protection levy	37 229	33 004
Other expenses	282 744	300 468
Strate ad valorem fees	132 099	140 050
Technology costs	284 890	240 700
Transaction costs	6 149	–
	961 173	842 496

11. Income tax expense

The Group's consolidated effective tax rate for the year ended 31 December 2019 was 26% (2018: 26%).

	Group	
	2019 R'000	2018 R'000
12. Earnings and headline earnings per share		
12.1 Basic earnings per share for continuing operations		
Profit for the year attributable to ordinary shareholders	699 979	904 282
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	86 877 600	86 877 600
Effect of own shares held (JSE LTIS 2010)	(1 564 972)	(1 283 102)
Weighted average number of ordinary shares at 31 December	85 312 628	85 594 498
Basic earnings per share (cents)	820.5	1 056.5
Total earnings per share (cents)	814.8	1 055.1
12.2 Diluted earnings per share for continuing operations		
Profit for the year attributable to ordinary shareholders	699 979	904 282
Weighted average number of ordinary shares (diluted):		
Weighted average number of ordinary shares at 31 December (basic)	85 312 628	85 594 498
Effect of LTIS Share Scheme	400 855	681 891
Weighted average number of ordinary shares (diluted)	85 713 483	86 276 389
Diluted earnings per share (cents)	816.7	1 048.1
The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the year.		
12.3 Headline earnings per share		
Reconciliation of headline earnings:		
Profit for the year attributable to ordinary shareholders for continuing operations	699 979	904 282
Adjustments are made to the following:		
– Gross amount	(189)	(114)
Profit or loss on disposal of property and equipment	(262)	(158)
– Taxation effect	73	44
Headline earnings for continuing operations	699 790	904 168
Headline earnings for discontinued operations	(4 867)	(7 000)
Headline earnings per share (cents) for continuing operations	820.3	1 056.2
Headline earnings per share for discontinued operations	(5.7)	(0.8)
Total headline earnings per share (cents)	814.6	1 055.4
12.4 Diluted headline earnings per share		
Diluted headline earnings per share (cents) for continuing operations	816.4	1 048.0
Diluted headline earnings per share for discontinued operations	(5.7)	(0.8)
Total diluted headline earnings per share (cents)	810.8	1 047.2

13. Intangible assets

Included in the intangible asset of R593 million (2018: R518 million), is software under development of R26.8 million (2018: R319 million), mainly in respect of Golden Source and MIT upgrades.

Selected notes to the consolidated annual financial statements (continued)

For the year ended 31 December 2019

14. Share-based payments**(i) Vesting of Allocation 6 Tranche 2 shares during the period under review**

The sixth award ("Allocation 6") under LTIS 2010 was granted in June 2015, with the following vesting profile:

Tranche 2: 50% of the total award, vested on 30 April 2019

In respect of Tranche 2, the Board assessed performance over the four-year vesting term against pre-set financial and strategic targets and determined that 69.07% of these Tranche 2 shares should vest for those participants still in the employ of the JSE on 30 April 2019. The remainder of Tranche 2 (being 37 685 shares) was forfeited by participants.

As at 31 December 2019, details of Tranche 2 were as follows:

	Corporate performance shares
Tranche 2 – fully vested	
Original number of Tranche 2 shares awarded in June 2015	151 170
Forfeited by leavers to date	(29 330)
Tranche 2 shares forfeited for missing performance targets	(37 685)
Accelerated for good leavers to date	(25 977)
Tranche 2 shares vested in April 2019	(58 178)
Tranche 2 shares outstanding	–

(ii) Vesting of Allocation 7 Tranche 1 shares during the period under review

The seventh award ("Allocation 7") under LTIS 2010 was granted in October 2016, with the following vesting profile:

Tranche 1: 50% of the total award, vested on 1 March 2019

Tranche 2: 50% of the total award, vesting on 1 March 2020

In respect of Tranche 1, the Board assessed performance over the three-year vesting term against the pre-set financial and strategic targets and determined that 50.15% of these Tranche 1 shares vested for those participants still in the employ of the JSE on 1 March 2019.

As at 31 December 2019, details of Tranche 1 were as follows:

	Corporate performance shares
Tranche 1 – fully vested	
Original number of Tranche 1 shares awarded in October 2016	171 045
Forfeited by leavers to date	(23 155)
Tranche 1 shares forfeited for missing performance targets	(73 723)
Accelerated for good leavers to date	(17 655)
Tranche 1 shares vested on 1 March 2019	(56 512)
Tranche 1 shares outstanding	–
Original number of Tranche 1 shares awarded in November 2016	4 842
Tranche 1 shares forfeited for missing performance targets	(2 414)
Tranche 1 shares vested on 1 March 2019	(2 428)
Tranche 1 additional shares outstanding	–

14. Share-based payments (continued)

(ii) Vesting of Allocation 7 Tranche 1 shares during the period under review (continued)

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:

	2019	2018
Allocation #5 (granted in May 2014)	–	R6.3m
Allocation #6 (granted in June 2015)	R0.4m	R2.2m
Allocation #7 (granted in October 2016)	R1.8m	R9.5m
Allocation #8 (granted in March 2017)	R7.5m	R6.1m
	R9.7m	R24.1m

Allocation #2 under LTIS 2018

The second award ("Allocation 2") under LTIS 2018 was granted in March 2019, with the following vesting profile:

	Corporate performance shares
Share price at grant date (rands per share)	159.8
Total number of shares granted	359 595
Dividend yield (%)	3
Grant date	7 March 2019
Vesting profile:	
50% of the shares awarded vest on 1 March 2022 (Tranche 1)	179 798
50% of the shares awarded vest on 1 March 2023 (Tranche 2)	179 798

The shares forfeited by leavers to date are 10 652 (Tranche 1 and Tranche 2). The total shares outstanding at year-end are 348 942.

The profit or loss charge for the period, calculated using the Black-Scholes valuation methodology, in respect of allocations granted under LTIS 2018 is as follows:

	2019	2018
Allocation #1 (granted in September 2018)	R20.1m	R4.6m
Allocation #2 (granted in March 2019)	R15.1m	–
	R35.2m	R4.6m

Selected notes to the consolidated annual financial statements (continued)

For the year ended 31 December 2019

15. Leases

Impact on the statement of financial position as at 31 December 2019	2019	2018
Assets		
Right-of-use assets	251 564	–
Accumulated depreciation	(39 005)	–
Total assets	212 559	–
Lease liability		
Current portion	36 469	–
Non-current portion	293 101	–
Operating lease liabilities	–	106 840
Total liabilities	329 570	106 840
Impact on the statement of comprehensive income for the year ending 31 December 2019		
Depreciation	(39 005)	–
IAS 17 rent expense	59 519	–
Profit from operating activities	20 514	–
Finance cost	(30 685)	–
Impact on income tax expense	2 848	–
Impact on profit for the year	(7 323)	–
Changes in liabilities arising from financing activities		
Opening balance 1 January 2019	–	–
Adoption of IFRS 16	358 404	–
Loan repayment for the year	(59 519)	–
Interest charges for the year	30 685	–
Balance 31 December 2019	329 570	–

IFRS 16 supercedes the previous standards relating to the accounting treatment of leases (IAS 17, Leases, and IFRIC 4, Determining whether an Arrangement contains a Lease). The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application being 1 January 2019, using the incremental borrowing rate as opposed to the interest rate implicit to the lease, across all leases. As part of modified retrospective transition approach, the Group has elected to use a single discount rate, applied to a portfolio with similar characteristics. Therefore, the comparative information for 2018 is reported under IAS 17 and not comparable to the information presented for 2019.

There is no material impact on other comprehensive income or the basic and diluted earnings per share.

16. 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.

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
2019				
Assets				
Other investments				
– Equity securities (financial instruments)	121 045	184 220	–	305 265
– Debt investments (financial instruments)	–	33 493	–	33 493
Total assets	121 045	217 713	–	338 758
2018				
Assets				
Other investments				
– Equity securities (financial instruments)	124 418	161 051	–	285 469
– Debt investments (financial instruments)	–	18 003	–	18 003
Total assets	124 418	179 054	–	303 472

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 fair value through OCI.

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. Level 2 is made up of debt instruments and protective cell funds, measured at the clean price and the foreign currency respectively.

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.

17. Contingent liabilities and commitments

17.1 Contingent liabilities

There are no contingent liabilities in the current year.

17.2 Commitments

The JSE Limited concluded a Share Sale Agreement with Link Market Services Limited ("LMS") on 26 August 2019, in terms of which the JSE Limited shall acquire from LMS 74.85% of all the shares in Link Market Services South Africa Proprietary Limited ("Link SA"), subject to the fulfilment of certain suspensive conditions, one of which is the approval of the Competition Authorities as indicated in the SENS Announcement dated 26 August 2019. The process of obtaining the approval of the Competition Authorities is under way. The purchase price agreed is R224 550 000 plus cash and in relation to this the JSE Limited reflects R224 550 000 as committed cash as at 31 December 2019.

Selected notes to the consolidated annual financial statements (continued)

For the year ended 31 December 2019

18. Events after reporting date

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 2019 and the date of this report.

19. Audit opinion

Ernst and Young Inc, the Group's independent auditor, has audited the consolidated annual financial statements of the JSE Limited from which the summarised consolidated results contained in this report have been derived, and has expressed an unmodified audit opinion on the consolidated annual financial statements. The summarised consolidated financial results comprise the statements of financial position at 31 December 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes. A copy of the auditor's report is available for inspection at the JSE's registered office.

The auditor's report (with Key Audit Matters) issued on the Consolidated Annual Financial Statements ("AFS") and the actual Consolidated Annual Financial Statements can be accessed at www.jse.co.za. This announcement itself is not audited and therefore the audit report does not cover this announcement.

Registered office

One Exchange Square, 2 Gwen Lane, Sandown, South Africa

Private Bag X991174, Sandton, 2146, South Africa

Tel: +27 11 520 7000, Fax +27 11 520 8584

Sponsor: Rand Merchant Bank (A division of FirstRand Bank Limited)

24 February 2020

SHAREHOLDER DISCLOSURES

SHARE INFORMATION

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

Share code:	JSE
ISIN:	ZAE000079711
LEI:	231800MZ1VUQEBWRF039
Sector:	Financial Services
Subsector:	Investment Services

	Authorised Share Capital ⁽¹⁾	Shares in issue	Closing price (R)	Market capitalisation (R)
31 December 2018	400 000 000	86 877 600	165,56	13.1 billion
30 June 2019	400 000 000	86 877 600	140,00	12.2 billion
31 December 2019	400 000 000	86 877 600	119,52	10.4 billion

¹ Number of ordinary shares with par value of R0.10 each

Further details of the stated capital for the period under review are disclosed in note 20 of the Company's audited annual financial statements, available at www.jse.co.za.

SHAREHOLDER SPREAD AS AT 31 DECEMBER 2019

Number of shareholders	Shares held	%
Public		
Institutional shareholders	70 807 824	81,5
Non-institutional shareholders	6 587 427	7,6
Total	4 945	77 395 251
Non-public		
JSE Empowerment Fund Trust	43	2 169 599
JSE LTIS Trusts	36	1 775 967
JSE Bonus Share holdings	436	57 473
Directors and Company Secretary	8	87 552
Total	480	4 090 591
Total identified shares	81 485 842	93,8
Miscellaneous (below threshold)	5 391 758	6,2
Total share capital	5 468	86 877 600
Geographic ownership		
South Africa	36 953 658	42,5
United States	16 091 975	18,5
United Kingdom	15 498 445	17,8
Sweden	1 466 433	1,7
Finland	246 012	0,3
Rest of Europe	466 681	0,5
Rest of world	84 620	0,1
Total	70 807 824	81,5

The following registered shareholders also indirectly hold shares on behalf of non-public shareholders:

Shareholder disclosures (continued)

BENEFICIAL SHAREHOLDINGS

Pursuant to the Companies Act the following beneficial shareholdings equal to or exceeding 4% as at 31 December 2019 were disclosed or established from enquiries:

Names	% of total issued ordinary shares	Number of ordinary shares held
Public Investment Corporation (SOC) Limited	10.6%	9 215 139
Allan Gray Proprietary Limited	8.7%	7 517 688
PSG Asset Management (Pty) Ltd	7.7%	6 718 430
Investec Asset Management (Pty) Ltd.	6.5%	5 674 090
Somerset Capital Management, L.L.P.	6.1%	5 277 356

No individual shareholder's beneficial shareholding in any JSE employee incentive scheme is equal to or exceeds 5%.

FUND MANAGERS

The directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers. At 31 December 2019, the following fund managers were responsible for managing investments of 2.5% or more of the share capital of the JSE:


Names	% of total issued ordinary shares	Number of ordinary shares held
Public Investment Corporation (SOC) Limited	10.6%	9 215 139
Allan Gray Proprietary Limited	8.7%	7 517 688
PSG Asset Management (Pty) Ltd	7.7%	6 718 430
Investec Asset Management (Pty) Ltd.	6.5%	5 674 090
Somerset Capital Management, L.L.P.	6.1%	5 277 356
Neuberger Berman, LLC	3.9%	3 404 965
The Vanguard Group, Inc.	3.2%	2 816 623
Oldfield Partners LLP	3.1%	2 660 807
Abax Investments (Pty) Limited	3.0%	2 574 286
JPMorgan Asset Management U.K. Limited	2.4%	2 116 252

SHAREHOLDER DIARY

Events or reports in relation to the 2019/2020 financial year:

Release of summarised annual financial statements with the declaration of a dividend	Monday, 24 February 2020
Annual results presentation	Tuesday, 25 February 2020
Record date to determine which shareholders are entitled to receive the AGM notice	Friday, 15 May 2020
Publication of 2019 integrated annual report	Friday, 22 May 2020
Last day to trade in order to be eligible to attend and vote at the AGM	Monday, 15 June 2020
Record date to determine the registered holders of JSE shares to participate in the AGM	Friday, 19 June 2020
For administrative purposes, forms of proxy for the AGM to be lodged by 15:00 on	Tuesday, 23 June 2020
Annual general meeting at 15:00 on	Thursday, 25 June 2020
Release of results of AGM	Friday, 26 June 2020

ORDINARY AND SPECIAL DIVIDEND

A gross ordinary and special dividend ("dividend") of 690 cents and 150 cents per share, respectively, was declared and approved by the Board on 24 February 2020. Refer to the annual financial statements available online at www.jse.co.za. 

Dividend declaration date	Monday, 24 February 2020
Last day to trade JSE shares cum dividend	Tuesday, 24 March 2020
JSE share commence trading ex-dividend	Wednesday, 25 March 2020
Record date to participate in the dividend	Friday, 27 March 2020
Payment date of dividend	Monday, 30 March 2020

Share certificates may not be dematerialised or rematerialised from Wednesday, 18 March 2020 to Friday, 20 March 2020, both days inclusive.

PROXY FORM

JSE Limited

(Incorporated in the Republic of South Africa)

Registration number 2005/022939/06

Share code: JSE

ISIN: ZAE000079711

LEI: 231800MZ1VUQEBWRF039

("JSE" or "the Company")

To be completed by registered certificated shareholders and shareholders who have dematerialised their shares with own name registration.

All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance via electronic means at the Annual General Meeting (AGM).

This proxy form relates to the fifteenth (15th) AGM of shareholders of the JSE to be held via electronic means only on Thursday, 25 June 2020 at 15:00 (South African Standard Time) and is for use by registered shareholders whose shares are registered in their own names by the record date, Friday, 19 June 2020.

Terms used in this proxy form have meanings given to them in the notice of AGM to which this proxy form is attached ("Notice").

For administrative purposes only, the completed proxy forms must be lodged with:

- » The Meeting Specialist Proprietary Limited, One Exchange Square, 2 Gwen Lane, Sandown, Johannesburg, 2196.
- » Completed proxy forms can also be posted to The Meeting Specialist, PO Box 62043, Marshalltown, 2107 or emailed to proxy@tmsmeetings.co.za to reach them at least 48 hours before the AGM, that is by Tuesday, 23 June 2020 at 15:00. Any proxy forms not received by this time must be provided electronically to the chairperson of the AGM immediately prior to the AGM.

Please print clearly when using this form and see the instructions and notes at the end of this form for an explanation of the use of this proxy form and the rights of the shareholder and the proxy.

I/We _____ (Name in block letters)

Of _____ (Address)

being holders of _____ JSE ordinary share, hereby appoint (see notes overleaf)

or failing him/her the chairman of the AGM, as my/our proxy to attend and speak for me/us on my/our behalf and to vote or abstain from voting on my/our behalf at the AGM of the Company and/or any adjournment or postponement thereof. We desire to vote as follows:

	For	Against	Abstain
Ordinary Resolutions			
1.1 To Elect Dr Leila Fourie as a director			
1.2 To Elect Ms Siobhan Cleary as a director			
2. To re-elect Ms Nonkululeko Nyembezi as a director for the ensuing year			
3. To reappoint Ernst & Young Inc as the independent auditors of the Company for the ensuing year and Mr I Akoodie as the designated auditor for the ensuing year			
4.1 To reappoint Dr Suresh Kana to serve as a member and chairman of the Group Audit Committee			
4.2 To reappoint Ms Zarina Bassa to serve as a member of the Group Audit Committee			
4.3 To reappoint Ms Fatima Daniels to serve as a member of the Group Audit Committee			
4.4 To reappoint Ms Faith Khanyile to serve as a member of the Group Audit Committee			
5. Authorisation for a director or Group Company Secretary of the Company to implement resolutions			
Non-binding advisory resolutions			
6. Non-binding advisory vote on the remuneration policy of the Company			
7. Non-binding advisory vote on the implementation report as set out in the remuneration report of the Company			
Special resolutions			
8. Special Resolution number 1: General authority to repurchase shares			
9. Special Resolution number 2: General authority to provide financial assistance to subsidiaries in terms of sections 44 and 45 of the Companies Act			
10. Special Resolution number 3: Specific authority to provide financial assistance to directors in terms of sections 44 and 45 of the Companies Act solely for purposes of the LTIS 2018 Trust			
11. Special Resolution number 4: Non-executive directors' emoluments for 2020			

Insert an "X" in the relevant spaces above as to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares which you desire to vote (see note 6).

Signed at _____ on _____ 2020

Signature

(Authorised representative of shareholder) or (individual shareholder)

Please read the notes to the proxy as set out overleaf.

NOTES TO THE PROXY FORM

JSE Limited

(Incorporated in the Republic of South Africa)

Registration number 2005/022939/06

Share code: JSE

ISIN: ZAE000079711

LEI: 231800MZ1VUQEBWRF039

("JSE" or "the Company")

SUMMARY OF THE RIGHTS OF A SHAREHOLDER TO BE REPRESENTED BY PROXY IN TERMS OF SECTION 58 OF THE COMPANIES ACT, READ WITH THE COMPANY'S MEMORANDUM OF INCORPORATION

1. At any time, a shareholder may appoint any individual, including an individual who is not a shareholder of the Company, as a proxy to:
 - participate in, and speak and vote at a shareholders' meeting on behalf of the shareholder; or
 - give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60 of the Companies Act.
2. A shareholder of the Company may not appoint two or more persons concurrently as proxies.
3. A proxy may not delegate the proxy's authority to act on behalf of the shareholder to another person.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder; the appointment is revocable unless the proxy appointment expressly states otherwise; and if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder.
5. A registered shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided overleaf, with or without deleting "the chairman of the AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the chairman of the AGM. The person whose name appears first on the proxy form and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
6. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
8. **For administrative purposes only, the completed proxy forms must be lodged with The Meeting Specialist Proprietary Limited, One Exchange Square, 2 Gwen Lane, Sandown, Johannesburg, 2196.** Completed proxy forms can also be posted to The Meeting Specialist PO Box 62043, Marshalltown 2107 or emailed to proxy@tmsmeetings.co.za to reach them 48 hours before the AGM, that is by Tuesday, 23 June 2020 at 15:00. Any proxy forms not received by this time must be provided electronically to the chairperson of the AGM immediately prior to the commencement of the AGM. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to the proxy form prior to the proxy exercising a shareholder's right at the meeting, unless previously recorded or waived by the chairman of the AGM.
9. The proxy form must be dated and signed. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.
10. The proxy appointment in terms of the proxy form shall remain valid only until the end of the AGM held on Thursday, 25 June 2020 or at any adjournment thereof.

ADMINISTRATION AND CONTACT INFORMATION

JSE Limited

(Incorporated in the Republic of South Africa)
Registration number: 2005/022939/06
Share code: JSE
ISIN: ZAE000079711
LEI: 213800MZ1VUQEBWRF039

Registered office

One Exchange Square
2 Gwen Lane
Sandown, 2196

Postal address

Private Bag X991174 Sandton, 2146

Contacts

Telephone: +27 (0) 11 520 7000
Web: www.jse.co.za
Investor relations: ir@jse.co.za
Group company secretary: GroupCompanySecretary@jse.co.za

Directors as at 31 December 2019

N Nyembezi¹ (Chairman)
Z Bassa¹
F Daniels¹
VN Fakude¹
Dr M Jordaan¹
Dr SP Kana¹
FN Khanyile¹
BJ Kruger²
DM Lawrence²
Dr MA Matookane¹
Dr L Fourie (Group CEO)^{3,4}
A Takoordeen (CFO)³

Alternate director

JH Burke⁵

Changes to the Board

NF Newton-King (former CEO)^{3,6}
S Cleary^{1,7}

¹ Independent non-executive director

² Non-executive director

³ Executive director

⁴ Appointed effective 1 October 2019

⁵ Resigned effective 1 February 2020

⁶ Resigned effective 30 September 2019

⁷ Appointed effective 1 February 2020

Group Company Secretary

GA Brookes

Transfer secretary

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)
1 Merchant Place
Corner Fredman and Rivonia Road
Sandton, 2196

AGM scrutineers

The Meeting Specialist Proprietary Limited
One Exchange Square
2 Gwen Lane
Sandown, 2196

Auditors

Ernst & Young Inc
102 Rivonia Road
Sandton, 2196

Bankers

First National Bank of SA Limited Corporate Account Services
4 First Place
Bank City
Simmonds Street
Johannesburg, 2001

Investor queries should be directed to ir@jse.co.za and will be redirected where necessary to the appropriate Board member or executive for a response.

Governance and secretarial queries should be directed to GroupCompanySecretary@jse.co.za

