JSE

REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

CONTENTS

REMUNERATION REPORT

This remuneration report covers the period from 1 January 2015 to 31 December 2015, and has been compiled in accordance with the recommendations on remuneration contained in the King Report on Governance for South Africa 2009 (King III). This report should be read in conjunction with the following:

- Notes 22 and 27 of the JSE's audited annual financial statements for the year ended December 2015, which contain various statutory disclosures relating to JSE remuneration. Please refer to the JSE's integrated annual report available at *http://www.jsereporting.co.za/ar2015*.
- Notice of the eleventh annual general meeting of shareholders – this notice is available at *http://www.jsereporting.co.za/ar2015/agm.asp*.

Voting at the annual general meeting to be held on 26 May 2016

At the annual general meeting, shareholders are being requested to consider and approve:

- the JSE's remuneration policy;
- specific financial assistance in connection with the JSE LTIS 2010 share incentive scheme; and
- the proposal in respect of non-executive director emoluments for 2016 and 2017.

The shareholder resolutions and explanatory notes relating to the above matters are set out in PART C of this remuneration report as well as in the notice of the annual general meeting. Shareholders are requested to offer their support by voting in favour of these resolutions at the annual general meeting.

LETTER TO SHAREHOLDERS

Dear Shareholder

This report sets out the JSE's remuneration policy and the details of our remuneration practices for the year ended December 2015.

We have organised this report in three parts:

Part A – Our remuneration policy, which is subject to an advisory vote by shareholders at the annual general meeting to be held on 26 May 2016.

Part B – Our performance for 2015 and the associated reward outcomes, including fees paid to non-executive directors.

Part C – Our remuneration governance, including the text of the shareholder resolutions on remuneration matters for consideration at the annual general meeting.

The year past

For most South African companies 2015 proved to be a challenging year. South Africa's economic growth slowed in tandem with that of other developing economies, adding to the already high levels of unemployment and social discontent. Our weakening economy was further challenged by unexpected national policy uncertainty, severe power shortages, rising inflation, exchange rate volatility and by the impact of widespread drought conditions. Consumer confidence and spending slowed significantly as the year unfolded.

Against this backdrop, the JSE Limited ("the JSE" or "the Group") delivered an excellent financial performance in 2015. This is principally attributable to double-digit revenue growth across all operating divisions driven by significantly higher market activity. Group earnings after tax for 2015 increased by 42% to R899 million (2014: R634 million), with operating revenue growing by 20% to R2.1 billion (2014: R1.8 billion).

Group earnings before interest and tax (EBIT) increased by 45% (2014: 22%) to R1 billion (2014: R704 million). The earnings per share (EPS) and headline earnings per share (HEPS) statistics, at 1 051.0 cents (up 42%) and 1 026.3 cents (up 40%) respectively, reflect the Group's well established commercial momentum.

Taking into account the current economic climate and trading conditions, the JSE continued to focus on its key strategic pillars of cutting edge technology (we have continued to invest in technology projects and delivered a number of technology projects successfully during the past year), stakeholder focus, new business (specifically a diversification of products) and regulatory readiness. Our 2015 performance is evidence that our strategic objectives are sound and drive the right behaviours which benefit all stakeholders.

Remuneration philosophy unchanged

This corporate performance has been delivered within the context of the JSE's well-established remuneration framework. Our remuneration philosophy is founded on enduring principles, which we seek to apply consistently each year. There has been no change to our core philosophy during 2015. In short, this philosophy aims to promote a culture that supports innovation, enterprise and the execution of company strategy and that aligns the interests of staff with attaining profitable (and sustainable) long-term growth for the benefit of all stakeholders. Inherent in this philosophy is the linkage between pay and short- and long-term performance (both at an individual and at a corporate level).

Remuneration responsibilities discharged in 2015

During the course of the year the HRSE Committee has:

- reviewed and approved the proposed corporate and CEO scorecards for 2015;
- approved the individual remuneration for JSE executive directors and members of executive management, based on input from the JSE's independent remuneration advisors, PwC;
- approved the aggregate annual salary increases for staff;
- assessed corporate and CEO performance for 2015 against the corporate and CEO scorecards and determined the overall quantum of the discretionary bonus pool;
- assessed corporate performance against LTIS 2010 vesting targets and determined the percentage of corporate performance shares that vest under Allocations 2 and 3 of the scheme;
- ensured that JSE remuneration disclosure is aligned with King III;
- reviewed and approved the JSE's transformation strategy for 2015/2016
- monitored progress regarding employment equity, and ensured that the JSE HR team files the appropriate returns with the Department of Labour; and
- interrogated management's proposals regarding leadership continuity to ensure that JSE operations are supported by an appropriate pipeline of fresh talent.

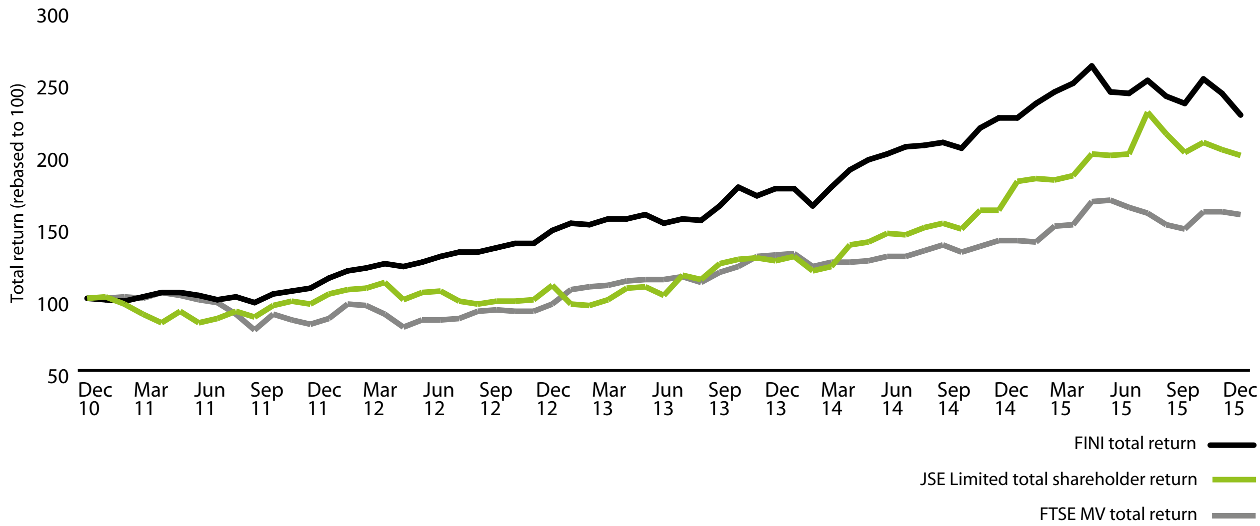
At the JSE, the principal focus of the Human Resources, Social and Ethics Committee (HRSE Committee) is to ensure that remuneration policy and practices directly support the achievement of the Company's business goals, to the ultimate benefit of shareholders and the wider universe of stakeholders. In discharging this mandate, the HRSE Committee is guided by the statutory provisions of the Companies Act, 71 of 2008, the King Code on Corporate Governance (King III) and various guidelines on compensation matters issued by international agencies such as the G20 and the Financial Stability Board.

HRSE Committee mandate
Tone
To ensure that the JSE consistently, throughout the organisation, adheres to a remuneration philosophy based on enduring principles of fairness, transparency, competitiveness and reward for performance actually delivered.
Policy
To determine remuneration policies and practices that are fit-for-purpose for our business and its specific challenges, and which mitigate pay extremes from inappropriate bonus and share plans.
Judgement
To exercise discretion in such a way that the best interests of stakeholders are served and the appropriate calibre of management and staff are attracted, motivated and retained, rather than simply applying formulaic prescriptions.
Oversight
To discharge all statutory obligations with regard to remuneration matters, social and ethics issues, and transformation.

Specific refinements to our remuneration policies during 2015 were as follows:

- Introducing a policy for non-executive directors that encourages (on a voluntary basis) all non-executives to build up a shareholding in the JSE equal in value to 100% of their annual Board retainer.
- Introducing malus and clawback provisions in respect of LTIS 2010 share awards and Critical Skills scheme awards.
- Reviewing the performance conditions, targets and LTIS 2010 allocation benchmarks against market best practice, based on input provided by the JSE's independent remuneration advisors, PwC.

Total shareholder return vs FINI and FTSE/MV indices 2011 – 2015



Total personnel costs

As a knowledge-centric business, the JSE relies heavily on its human capital for sustained success. With a staff complement of 506 people and a vertically-integrated business model, total personnel costs (including guaranteed pay, annual incentives and long-term awards) average between 22% and 27% of total revenue. By contrast, many other global exchanges outsource their technology and are responsible for neither issuer regulation (listings) nor market regulation (surveillance) – critical functions that are at the heart of the JSE's business. These different business models make it difficult to draw comparisons between exchanges.

Personnel costs increased by 6% to R496 million (2014: R467 million). This comprised the following:

- Gross remuneration per employee increased by 7%. However, average headcount was 5% lower (excluding 17 learners appointed in August 2015), declining from 494 to 472. This resulted in a net 2 percentage point increase in the payroll bill. Headcount at year-end was 506 (2014: 485).
- The discretionary bonus pool increased by R19 million to R82 million (2014: R63 million) owing to higher profits and represents a further 4 percentage point increase.
- A tertiary education bursary fund for children of JSE staff (excluding senior level staff). This Fund totalled R4 million (2014: NIL) and increased personnel cost growth by 1 percentage point.
- The accounting impact for LTIS increased by R3 million to R30 million (2014: R27 million), contributing 1 percentage point to the total growth.
- Remuneration capitalised to projects increased by R8 million to R18 million (2014: R10 million) as work on strategic projects accelerated. This decreased personnel cost growth by 2 percentage points.

During the year under review pay-outs were made under the JSE's long-term incentive scheme, LTIS 2010. The second tranche of Allocation 2 and first tranche of Allocation 3 under LTIS 2010 vested during the year (these having been granted to senior staff in May 2011 and June 2012 respectively).

The HRSE Committee's assessment of the JSE's financial and strategic performance over the vesting term (against the preset targets) translated into 78% and 78.07% of these two tranches respectively vesting in the hands of scheme participants. Furthermore, a fresh annual allocation (Allocation 6) of JSE ordinary shares was made to 39 senior staff (2014: 38) under LTIS 2010. Allocation 6 is subject only to corporate performance hurdles and will vest in June 2018 and June 2019 (50% in each year) subject to corporate performance over the vesting term.

Shareholder feedback

The JSE values feedback from its shareholders, and we set out below our responses to the feedback on remuneration policy received from shareholders during 2015.

Shareholder feedback	JSE response
Explanations should be given on salary increases for the CEO and Executives.	The factors motivating annual salary increases are explained under "total guaranteed pay" in PART A of this remuneration report.
The mechanics of the deferred compensation bonus scheme, and how performance is assessed for the scheme should be explained.	The mechanics of the deferred compensation scheme are explained in PART A of this remuneration report. Each executive has a detailed performance scorecard which is assessed by the CEO, with oversight by the HRSE Committee. The Board is satisfied with the robustness of this internal process.
The annual performance targets and the actual performance against those targets should be disclosed in respect of the discretionary bonus scheme.	The detailed corporate performance scorecard and how the JSE has performed against that scorecard in 2015 is reflected in PART B of this remuneration report. Performance against this scorecard translates into discretionary bonus awards.

Forward-looking changes to remuneration policy

The JSE's approach is to be proactive in ensuring that its remuneration policy is in line with leading practices. The forward looking changes planned for 2016 and which are set out below should further increase accountability, as well as the alignment between executive and shareholder interests.

- Minimum shareholding requirements – An emerging practice is for executives to hold a material percentage of their wealth in their Company's shares, excluding unvested shares held in any long-term incentive scheme. This ensures that executives share in the Company's risk and reward commensurate to fellow shareholders and provides a natural alignment with shareholders. During the course of 2016 the HRSE Committee will review leading practices regarding the design of a minimum shareholding requirement for executives with a view to introducing such a policy for the JSE.
- Non-executive director emoluments – In light of ever changing regulatory requirements in the financial services industry, the JSE's existing policy on Non-executive director (NED) emoluments will be reviewed (from a design perspective) against market best practice. Management will also conduct a NED fee benchmarking exercise against an appropriate peer group to ensure that the JSE's NED emoluments remain current and competitive in the market. Input on this benchmarking exercise will be provided by the JSE's independent remuneration advisors, PwC. Any changes to the NED emoluments for the 2016/2017 years will be motivated to shareholders for consideration and approval at the forthcoming AGM in May 2016.
- Restraint agreements for essential staff – During 2016 the HRSE Committee will ensure that restraint arrangements are finalised with selected, senior staff members, as part of the JSE's talent retention programme.

Non-executive director emoluments

During 2012, the HRSE Committee proposed a change to the JSE's retainer and meeting fee structure with the introduction of a single-fee model together with inflation increments applicable for a two-year period. Shareholders approved this new model at the annual general meeting in April 2012 and it has been retained in the period since then.

A fresh proposal in respect of NED emoluments for the 2016 and 2017 financial years is being tabled at the AGM to be held on 26 May 2016. Details of this proposal are set out in PART C of this remuneration report and in the AGM Notice.

JSE social and ethics report

The mandate of the HRSE Committee extends to the statutory obligations under the Companies Act for social and ethics matters. A separate report detailing the Committee's oversight role in respect of its social and ethics responsibilities has been prepared and is available online at *http://www.jsereporting co.za/ar2015/social.asp*.

The JSE Board has confirmed that the HRSE Committee has fulfilled its mandate in respect of its statutory obligations regarding social and ethics matters.

JSE remuneration report

This remuneration report covers the period from 1 January 2015 to 31 December 2015 and can be accessed and downloaded at *http://www.jsereporting co.za/ar2015/remuneration.asp*.

I trust that you will find our report clear and understandable, and that it contains the salient information needed to inform your view of the JSE's performance and reward. In addition to the information reflected in this report, various statutory disclosures, which are subject to independent audit, are contained in notes 22 and 27 of the JSE's audited annual financial statements for the year ended December 2015.

For a complete view of JSE remuneration, shareholders are encouraged to reference these notes when reviewing this report.

LETTER TO SHAREHOLDERS (CONTINUED)

May I also urge you to peruse our remuneration policy set out in Part A below, and to offer your support by voting in favour of the policy at the upcoming annual general meeting to be held on 26 May 2016. Although this shareholder resolution is non-binding, the HRSE Committee takes cognisance of shareholder views. I will also be available at the meeting to respond to any questions raised by shareholders in connection with this report.

The HRSE Committee plans to continue this ongoing engagement with shareholders. Your suggestions to improve our remuneration policy and practices can be forwarded to the Group Company Secretary, who will table these at the appropriate meeting of the HRSE Committee.

In closing, I wish to thank my fellow HRSE Committee members for their rigorous engagement on matters of policy and practice, and for their support and wise counsel during the year.

AD Botha
Chairman: Human Resources, Social and Ethics Committee

PART A – REMUNERATION POLICY

The JSE's remuneration policy as set out in Part A is subject to an advisory vote by shareholders at the annual general meeting to be held on 26 May 2016. In Part A we address the following matters:

- Remuneration philosophy
- Remuneration model
- Total guaranteed pay
- Annual incentive schemes
- Long-term incentive schemes
- Service contracts
- Other appointments
- Non-executive director emoluments

Remuneration philosophy

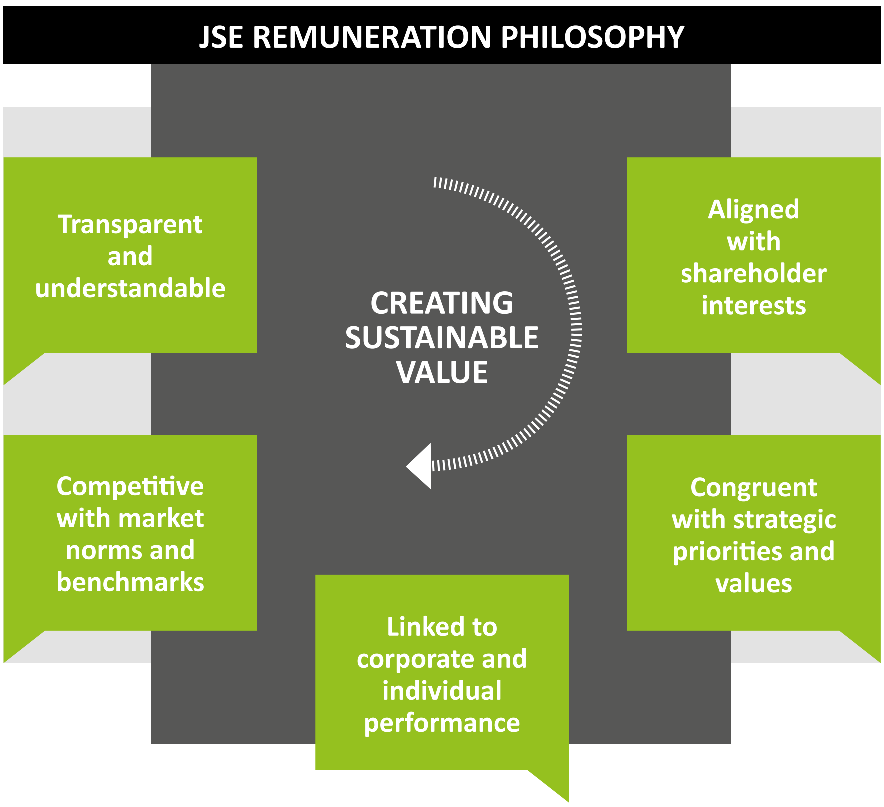
The JSE's remuneration philosophy aims to promote a culture that supports innovation, enterprise and the execution of company strategy and that aligns the interests of staff with attaining profitable (and sustainable) long-term growth of the business for the benefit of all stakeholders.

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

The remuneration philosophy also takes into account the reality of the JSE's size and its significant role in the South African financial sector. The nature of the business, its risk profile, the competitive environment and the issue of financial affordability all serve to shape the overall level of rewards that can be paid to executives and staff. These rewards must be balanced with the funding of capital to maintain and grow the JSE, dividend payments to shareholders and payments to wider society (through taxation and corporate social responsibility).

Key to the JSE's remuneration philosophy is the congruency between corporate strategies and pay models, and the linkage between performance delivered and remuneration awarded.

Remuneration is structured in a fair and reasonable manner, recognising individual contributions and collective results. There is a clear differentiation between executives and staff based on line-of-sight responsibility, accountability, competencies, work performance and scarcity of skills. In order to drive a pay-for-performance approach, there is also an increasing element of variable pay at senior management levels.



Remuneration model

Our philosophy translates into a remuneration model that comprises three core elements, being fixed pay, annual incentives and long-term incentives.

The combination of these three elements, and the clear linkage to performance, is intended to ensure that high levels of pay are achieved only for high performance and where there is sustained value creation for shareholders. This pay mix varies with seniority, with an increasing element of variable pay at senior levels. Executive management and the CEO have the largest proportion of total annual package being subject to performance hurdles, with the targeted mix tending towards 25%/50%/25% (fixed pay vs annual incentives vs long-term incentives). This is intended to create a significant degree of alignment with shareholder interests, with the aim of driving sustainable value creation over a longer-term horizon.

Details of each element of the JSE pay model (remuneration mix) are summarised in the table below:

REMUNERATION MODEL

Ensure employees are remunerated in a fair and reasonable manner for the role performed

Attract and retain individuals of the appropriate calibre and motivate staff members to deliver above-target performance while living the JSE values

FIXED PAY	ANNUAL INCENTIVES	LONG-TERM INCENTIVES
Set around median for the specific role and provides a guaranteed level of earnings	Payable for the financial year in question, and linked to corporate financial performance, strategic priorities and personal performance	Payable in respect of sustained corporate performance over three to four years

POOR TO AVERAGE PERFORMERS RECEIVE ONLY FIXED PAY

HIGH LEVELS OF REMUNERATION ARE PAID ONLY FOR HIGH LEVELS OF PERFORMANCE

Remuneration model table

Element	Type	Components	Purpose
Fixed pay (guaranteed)	• Fixed • Structured on a total cost-to-company basis • Benchmarked against independent market data	• **Basic salary, retirement and medical aid benefits**	• Reflects scope and depth of role, experience required and level of responsibility • All staff receive a guaranteed salary
Annual incentives	• Variable • Linked to performance delivered annually as measured against the corporate, CEO and staff member scorecards	• **Deferred compensation bonus scheme**	• Rewards personal performance • Eligible staff are those in mid-level grades through to executive management • Awards are capped at a percentage of fixed pay, the following maximum awards apply: • CEO – 12 months (the CEO does not participate in the Deferred Compensation scheme but is eligible for a contractual bonus) • Executives – 3.74 months • Other – from 1.85 to 3.6 months
		• **Discretionary bonus scheme**	• Rewards corporate performance • Awards are fully discretionary and subject to the successful financial and strategic performance of the Company • All staff eligible, but awarded only to the top-performing contributors to corporate results (40-45% of total staff complement). Awards under this scheme can range from 1.5 months to 16 months guaranteed pay at CEO level.
		• **Bonus Shares**	• Rewards corporate performance • All staff eligible • Seeks to build an ownership culture within JSE • Annual discretionary award of up to approximately 100 shares per staff member • Vesting over 3 years subject to continued employment at the JSE
		• **Company Performance Award *(ex gratia)***	• Recognises all staff not receiving discretionary bonuses for their contribution towards "keeping the JSE lights on" • Fully discretionary award of approximately 0.5 months guaranteed pay, payable only in years where excellent corporate financial performance is achieved • Excludes all staff who did not perform to the minimum standard
Long-term incentives	• Variable • Annual award of JSE equity • Vesting over three- and four-year terms, linked to corporate performance over these vesting periods	• **Performance share scheme (LTIS 2010)**	• To incentivise the senior leadership group to deliver outstanding corporate performance and shareholder value creation over time
	• Annual cash award • Vesting over two years	• **Critical skills scheme**	• To retain senior staff with scarce or critical skills (excluding LTIS 2010 participants)

Total guaranteed pay

The JSE applies a total cost to company approach for its employees, based on the employee's role and performance in the organization. Guaranteed pay includes a defined contribution pension plan and medical aid for all permanent employees.

Guaranteed pay benchmarks

Financial services industry and general corporate benchmarks are used to determine competitive fixed pay levels for all roles in the JSE. The PwC Remchannel database (including both financial services and general market benchmarks) is used together with input from independent specialists to ensure all roles are correctly sized and graded as part of the salary benchmarking process.

As a policy, the aim is to move base salaries towards median, although cost considerations sometimes do not allow this. In limited instances – either for historical reasons or to retain scarce skills – salaries above median are paid. Annual salary increments are informed by the annual benchmark exercise, and where appropriate, take into account expanded individual responsibilities. Individual performance is also factored into a merit adjustment component.

Annual incentive schemes

The JSE operates two annual incentive schemes that apply to permanent staff and vary with seniority:

Deferred compensation bonus scheme

- Specialists and staff from mid-level grades upwards participate in this scheme.
- Awards are granted based on an employee achieving a satisfactory individual performance for the year.
- Awards are capped at a percentage of fixed pay, which percentage varies by grade.
- Maximum award at executive management level is 3.74 month's fixed pay.
- Awarded at year-end and paid in cash with fifty percent deferred for six months, based on continued employment.
- Interest at 5% is paid on the deferred portion.
- The CEO does not participate in this scheme, but is instead eligible for a contractual bonus to a maximum of 1x annual fixed pay, subject to performance (half of which is deferred on the same basis as for the deferred compensation scheme).
- The cost of this incentive scheme is budgeted annually by the Company.
- The HRSE Committee ultimately has the discretion to modify bonus payments in any financial year.

Discretionary bonus scheme

- All staff members (including the CEO) are eligible to participate in this scheme.
- Awards are granted based on individual contribution to JSE corporate performance, assessed against the corporate scorecard for the year, as determined by the Board.
- Although all staff members are eligible for this bonus, in practice, awards are limited to the top-performing contributors to JSE corporate performance (this tends to be approximately 40-45% of the total staff complement).
- JSE's financial performance and profit growth for the year are considered by the Board when determining the size of the discretionary bonus pool.
- Maximum award at executive management level excluding the CEO, has historically been approximately nine-month's guaranteed pay.
- Awarded at year-end and paid in cash with no deferral.

Link between performance targets for STIs and company performance

The following table links the balanced scorecard for the STI with the JSE's strategic objectives.

STI balanced scorecard	Company strategic objectives
Meet the annual group budget	Deliver financial performance in line with the annual Group budget approved by the Board
Identifying initial JSE Group capital requirements Implementation of the Tax Free Savings Account Implementation of a technology solution and business model Improve the JSE's current broad-based transformation performance Completion of the RFI for the government bond market ETP	Meeting the JSE's strategy and new business targets for the JSE's expansion
Progress the 3+T Phase 3 against timelines and budget agreed by the Board Progress the Integrated Trading and Clearing project	Increase the JSE's technological reach
Improving staff morale Reducing operational vulnerabilities Retain strong relationships with regulatory bodies and government	Improve the JSE's stakeholder focus

Bonus shares

Bonus shares are awarded to all staff members in the employ of the Group on 1 March of each year, as a recognition of the overall contribution of each staff member to the financial performance of the JSE. These are discretionary awards and not guaranteed in any year. For 2015, each staff member was awarded 52 JSE ordinary shares, which vest over three years, subject to continued employment with the JSE.

Long-term incentive schemes

The JSE operates two long-term incentive schemes that apply to permanent staff and vary with seniority:

- **LTIS 2010 performance share scheme:** Senior leadership group involved in strategic decision-making.
- **Critical skills cash scheme:** Key staff with scarce or critical skills (not including the senior leadership group).

LTIS 2010

LTIS 2010 is a full-value, performance share scheme, approved by shareholders in 2010, which provides selected senior JSE employees with exposure to JSE shares. The intention has been to create a "share ownership class" among JSE staff and an improved alignment of management interests with those of shareholders.

To achieve this, each invited participant receives an annual share allocation, which is in line with the King III recommendation to make regular awards under long-term incentive schemes so as to reduce the risk of unanticipated outcomes and cyclical factors. Participants receive immediate beneficial ownership, although full vesting is subject to both time and performance measured over the vesting periods.

In order to make the share awards, the LTIS 2010 Trust acquires a specific number of JSE shares in the open market. The Trust is funded by the JSE in accordance with the scheme rules. There is no fresh issue of shares (nor any gearing) under LTIS 2010. The Board is mindful of the dilutive effect of the scheme and that it represents a transfer of value from shareholders to employees (as would any incentive scheme). Accordingly, various limits and guidelines apply to the scheme in order to limit the size of awards, both in aggregate and to individual participants.

LTIS 2010 limit or guideline	Comment
Aggregate award limit	**Limit is hard-coded in scheme rules and requires shareholder approval for any change**
0.625% of JSE's issued share capital (per annum)	Over any rolling four-year period, dilution may not be more than 2.5% of issued share capital
	Well within annual guideline of 1% per annum as recommended by Association of British Insurers (ABI), an authoritative source for UK-listed companies
Aggregate award cash cost guideline	**Guideline only**
Aggregate annual award usually no more than 10% of prior year's NPAT	The Board is mindful of the cash cost of the scheme, and exercises discretion on the cash cost of each aggregate annual allocation
Annual individual limit	• CEO allocation limit of 125% of guaranteed pay • Exco allocation limit of 80% of guaranteed pay

LTIS 2010 comprises only corporate performance shares (previously the scheme also included a personal performance component). These corporate performance shares are subject to corporate performance targets, and a participant must, of course, remain in the JSE's employ (or be a "good leaver" as defined) in order for share awards to vest.

Each share award vests in two tranches – 50% over three years and 50% over four years. Performance metrics applicable to the corporate performance shares are clearly identified (and disclosed) at grant date, with automatic forfeiture should targets not be achieved, and with no re-testing in subsequent periods. Vesting takes place on a straight-line basis between the threshold and full performance target levels. The Board remains satisfied that a three- to four-year vesting horizon is appropriate for the JSE business and is in line with competitive practice in South Africa.

With regard to corporate performance metrics, the Board's view is that management ought to be incentivised to pursue balanced, sustainable growth in shareholder value with due regard for the JSE's wider responsibilities to the South African financial markets.

For this reason, the Board has selected a basket of metrics rather than a single metric that might result in hit or miss performance. This basket of four metrics is aimed at driving earnings growth, encouraging an optimal balance sheet structure, generating returns for shareholders as well as focusing management on strategic business development objectives.

The specific targets for earnings growth (EBIT) and return on equity (ROE) are determined by the HRSE Committee and are specifically set at levels that recognise the JSE's wider responsibilities to the financial markets. In addition to these two internal financial metrics, the Board also applies a relative performance measure – total shareholder return (TSR) – which is evaluated against the FINI 15 Index constituents and a selection of global exchange groups. For the full allocation to vest, the JSE is required to achieve top quartile performance over the vesting period for each allocation.

The fourth metric relates to strategy, and in particular, strategic targets that are aimed at transformational business efforts. The strategic target varies for each annual allocation, and this allows the HRSE Committee to focus management's attention on fundamental strategic actions that might not have an immediate financial payoff but are nevertheless critical to future business success, long-term financial performance and value-creation for stakeholders.

Performance metrics	TSR	Return on equity	Ebit growth	Strategic metric
Weighting: Allocation 1	0%	30%	30%	40%
Allocations 2-4	20%	20%	20%	40%
Measured relative to	Selected comparator group	Cost of capital	CPI	Strategic delivery
Threshold Vesting Target: Allocation 1	N/A	15% average pa	CPI compound pa	Develop Interest Rate Market
Allocation 2	Median TSR of comparator group			Technology excellence
				OTC product solution
Allocation 3				Build a post-trade services business/ back-office technology
Allocation 4				2017 vision scorecard
Full Vesting Target: Allocation 1	N/A	21% average pa	CPI+4% compound pa	Develop Interest Rate Market
Allocation 2	Upper quartile TSR of comparator group			Technology excellence
				OTC product solution
Allocation 3		24% average pa		Build a post-trade services business/ back-office technology
Allocation 4				2017 vision scorecard
Weighting: Allocations 5-6	10%	30%	20%	40%
Measured relative to	Selected peer group	Cost of capital	CPI	Strategic delivery
Threshold vesting target: Allocations 5-6	Median TSR of comparator group	15% average pa	CPI+2% compound pa	ITaC technology project
Full vesting target: Allocations 5-6	Upper quartile TSR of comparator group	25% average pa	CPI+6% compound pa	

The maximum annual allocation levels for the LTIs are as follows:

Employee level	Maximum LTI Allocation (as % of TGP)
CEO	125%
Executive Committee members	80%
Senior Staff	45%

The allocation levels for the CEO and Exco are in line with the JSE's comparator group companies.

Review of LTIS 2010
The performance conditions and vesting ranges for the LTIS 2010 were reviewed by our independent remuneration advisors against the practice among the JSE's comparator companies. They were found to be in line with market practice. One of the corporate performance metrics applicable to LTIS 2010 is total shareholder return. The JSE uses a mix of local financial sector data and peer exchange data when assessing TSR for purposes of LTIS 2010 vesting. The constituent companies of this TSR comparator group are as follows:

London Stock Exchange Group	Sasfin
PSG Group	Reinet Investments
Capitec Bank	ASX
Discovery	Bursa Malaysia
Investec Plc	Liberty Holdings
Old Mutual	Santam
Investec Ltd	Nedbank Group
Zurich Financial	TMX Group
RMB	Standard Bank Group
FirstRand	Barclays Africa Group
Sanlam	BM&F Bovespa

Critical skills cash scheme

During 2014 the HRSE Committee introduced a new long-term cash incentive scheme designed to retain key senior staff with scarce technical skills who do not participate in LTIS 2010.

This new scheme comprises an annual cash award of up to 25% of the participant's annual salary, with these cash awards vesting over two years and linked to continued employment and performance in the JSE.

The introduction of this new critical skills cash scheme has no impact on issued scheme capital dilution and is not intended to increase the overall cash cost of the JSE's LTI schemes beyond the existing 10% of NPAT guideline.

Service contracts

Members of executive management (with the exception of the CEO) are employed on standard employment agreements, not fixed-term contracts. These employment agreements provide for a notice period of three months, and entitle the employee to standard JSE benefits as well as participation in the JSE's short- and long-term incentive schemes, subject to the rules of these schemes from time to time.

There is a shorter notice period for executives who are dismissed following the results of disciplinary proceedings. Furthermore, there are no contracted balloon payments due to executives upon termination.

Employees are required to retire at age 65. For "no fault terminations" (retirement, retrenchment, disability or death) the contractual arrangements on termination of employment provide that:

- any deferred compensation award may be accelerated on a *pro rata* time basis and paid out with simple interest calculated to the date of termination;
- unvested long-term cash incentives will be accelerated without any adjustment for time served, with the full grant value being paid out together with simple interest (based on the JSE Trustees' rate) calculated to the date of termination; and
- unvested long-term equity incentives (in the LTIS 2010 scheme) may, at the discretion of the HRSE Committee, either be retained in the scheme until the original vesting dates or may be accelerated to the date of termination on a pro-rata time and performance basis.

No additional provisions exist for a change of control of the JSE, save for the termination of employment in accordance with the prevailing JSE policy, and the accelerated *pro rata* vesting of long-term incentives as set out in the rules of the relevant scheme.

Details of the CEO's service contract are set out in **Part B** – Performance and reward outcomes of this report.

Other appointments

Staff members are not entitled to accept outside board appointments to any listed company so as to avoid any real or perceived conflict of interest. They are, however, entitled to accept appointments to non-listed public or private companies or non-governmental organisations, where the time commitment is reasonable and subject always to the prior approval of the CEO, or the Chairman of the JSE Board (in respect of any CEO appointments). Fees earned from such non-executive appointments are payable to the JSE.

Non-executive director emoluments

The JSE seeks to appoint and retain non-executive directors that are able to contribute in a meaningful way to the direction and oversight of the Group's affairs.

Prior to 2012, emoluments comprised annual fixed retainers (which varied by role) and a fee per meeting attended (for all Board and Board committee meetings). At the annual general meeting in April 2012, shareholders approved a new single-fee model for non-executive director emoluments. As a result, the JSE now pays a single annual retainer reflective of role to each non-executive director.

The role of a non-executive director at the JSE, as with financial services companies in general, extends substantially beyond attendance at meetings. Non-executive directors are also accountable for decisions taken, regardless of attendance at meetings. Emoluments should therefore be a function of Board and Board committee membership rather than a reward for attending meetings. A single annual retainer, reflective of the role and responsibilities being discharged by a non-executive director, also has the advantages of being administratively simpler, easy to understand and allows for clear comparisons by shareholders from year to year.

The chairmen of Board committees are paid a premium in respect of their roles as chairman, as compensation for the additional responsibilities and time commitment expected of a chairman. The fee for a Board committee chairman is set at twice the fee for a committee member, except for the Audit Committee chairman, whose annual fee may be set at up to 2.5 times the annual fee of an Audit Committee member.

The lead independent director on the JSE Board is also paid a premium on the standard annual retainer, which premium is set at 30% of the annual non-executive director retainer.

Non-executive directors do not receive short-term incentives, nor do 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 as a consequence of their Board membership, and there are no provisions for emoluments or other payments in respect of loss of office. During the course of 2015 the Board introduced a new elective policy relating to non-executive director shareholdings, in terms of which Board members are encouraged to hold 1x their annual Board retainer in JSE Limited equity.

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

All recommendations regarding non-executive director emoluments are informed by independent market data. The HRSE Committee reviews this benchmark data and also takes into account the complexity, responsibility, time commitment and risk inherent in membership of the JSE Board and the various Board committees when preparing its recommendation on non-executive director emoluments. The HRSE Committee is satisfied that the fee structure for non-executive directors of the JSE remains appropriate.

Non-executive director fee benchmarks

All recommendations regarding non-executive director emoluments are informed by independent market data. To ensure consistency in this market data from year to year, the HRSE Committee has selected the FTSE/JSE Financials Index as an appropriate industry index, and benchmarks the emoluments paid by the JSE against those of the constituent companies in the index (after first excluding investment holding companies, property companies and dual-listed companies from the comparator group, given their very different business models from that of the JSE).

Although the JSE is a medium-sized financial services organisation, it fulfils a unique role in the economy as a self-regulatory organisation and as a market-place for capital formation. The JSE also competes for non-executive talent with other regulated financial services companies. In the view of the HRSE Committee, it is therefore reasonable that the JSE should use a comparator group comprising major SA financial services groups.

PwC provides the HRSE Committee with detailed market data, based on the latest publically available information disclosed by the companies in the selected comparator group. In addition to considering benchmark data, the HRSE Committee also takes into account the complexity, responsibility, time commitment and risk inherent in membership of the JSE Board and the various Board committees when preparing a recommendation on non-executive director emoluments.

Based on the benchmark policy set out above, the companies in the comparator group utilised for purposes of the 2016 / 2017 NED fee proposal (as set out in PART C) were as follows:

Firstrand Ltd	PSG Group Ltd
Standard Bank Group Ltd	MMI Holdings Ltd
Barclays Africa Group Ltd	Liberty Holdings Ltd
Sanlam Ltd	Santam Ltd
Nedbank Group Ltd	Coronation Fund Managers Ltd
Discovery Ltd	Alexander Forbes Group Holdings Ltd
Capitec Bank Holdings Ltd	Transaction Capital Ltd

PART B – PERFORMANCE AND REWARDS OUTCOMES

Analysis of remuneration 2015

Personnel costs increased by 6% to R496 million (2014: R467 million). This comprised the following:

- Gross remuneration per employee increased by 7%. However, average headcount was 5% lower (excluding 17 learners appointed in August 2015), declining from 494 to 472. This resulted in a net 2 percentage point increase in the payroll bill. Headcount at year-end was 506 (2014: 485).
- The discretionary bonus pool increased by R19 million to R82 million (2014: R63 million) owing to higher profits and represents a further 4 percentage point increase.
- A tertiary education bursary fund for children of JSE staff (excluding senior level staff). This Fund totalled R4 million (2014: NIL) and increased personnel cost growth by 1 percentage point.
- The accounting impact for LTIS increased by R3 million to R30 million (2014: R27 million), contributing 1 percentage point to the total growth.
- Remuneration capitalised to projects increased by R8 million to R18 million (2014: R10 million) as work on strategic projects accelerated. This decreased personnel cost growth by 2 percentage points.

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

** Refers to notes to annual financial statements.*

Corporate performance 2015

The alignment of corporate strategy, business objectives and remuneration represents a key focus for the HRSE Committee. The Company's key strategic priorities are aimed at delivering a sustainable return to shareholders in the context of value for money services to customers and taking into account the JSE's wider obligations to the financial markets in South Africa.

The HRSE Committee has assessed annual corporate performance against the key strategic priorities for 2015 as being above target and, in particular, the excellent financial performance for the year as being a significant highlight. Details of this corporate performance assessment is set out overleaf.

KEY PERFORMANCE INDICATORS 2015

Corporate scorecard focus areas 2015

FINANCIAL PERFORMANCE

OBJECTIVES

- Deliver financial performance in line with annual Group budget.
  - The product of our entire strategy.

HOW DID THE JSE PERFORM?

- Performance significantly exceeding budget. (Detail in CEO review, page 18)

Significant highlight

OBJECTIVES FOR 2016

- Deliver financial performance in line with the annual Group budget.
- Identify operating efficiencies that will result in a real reduction in costs at Exchange level over the next two years.

STRATEGY AND NEW BUSINESS

OBJECTIVES

- Identify initial JSE Group capital requirements, given emerging regulatory and economic capital regulations.
  - To drive our strategy of being capital efficient.
- Enable the implementation and take-up of a tax-free savings account (TFSA) that meets the TFSA requirements published by the National Treasury.
  - To drive our strategy of building on innovative products and services.
- Implement a technology solution and business model that enables derivatives data to be transmitted to, bought and used by clients in the UK to trade on the JSE, against the budget agreed by Exco.
  - To drive our strategy of building on innovative products and services.
- Improve on the JSE's current broad-based transformation performance.
  - To drive our strategy of having a diversified, capable, respected workforce and integrated and innovative products and services.
- Complete the request for proposal (RFP) for the Government Bond Market electronic trading platform (ETP).
  - To drive our strategy of building on innovative products and services.

HOW DID THE JSE PERFORM?

- Initial JSE Group capital requirements identified. (Detail in CEO review, page 19)

Above-target performance

- Enabled the implementation and take-up of a qualifying TFSA. (Detail in CEO review, page 19)

On-target performance

- Implemented a technology solution that enables derivatives data to be transmitted to, bought and used by UK-based clients. (Detail in CEO review, page 19)

Below-target performance, although a relatively minor deliverable

- Improved on the JSE's current broad-based transformation performance. (Detail in CEO review, page 20)

On-target performance

- Completed the RFP for the Government Bond Market ETP and selected a preferred vendor. (Detail in CEO review, page 20)

On-target performance

OBJECTIVES FOR 2016

- Implement new trading functionality, according to the timeline and within the budget agreed with the Board.
- Finalise short- and medium-term JSE Group capital requirements.
- Settle approach to Equity Market risk management in a manner that enables clear decisions on BDA and Equity Market surveillance.
- Identify new trading and data products or initiatives that will result in net new revenue in 2017.

Corporate scorecard focus areas 2015

TECHNOLOGY

OBJECTIVES

- Progress T+3 Phase 3 against the project timelines and budget.
  - To drive our strategy to maintain regulatory and market credibility.
- Progress the Integrated Trading and Clearing (ITaC) project against the project timelines and budget.
  - To drive our strategy to become an integrated trading, settlement and clearing environment.

HOW DID THE JSE PERFORM

- Progressed well against the project timelines for T+3 Phase 3, with final delivery scheduled between 25 June and 23 July 2016. (Detail in CEO review, page 20)

Highlight. Above-target performance

- Progressed ITaC against the project timelines and budget agreed with the Board. (Detail in CEO review, page 20)

On-target performance

OBJECTIVES FOR 2016

- Progress T+3 Phase 3 against the project timelines and budget.
- Progress the ITaC project against the project timelines and budget.
- Progress the implementation of JSE-related changes to enable Strate's debt instrument solution against the timelines agreed with Strate.

STAKEHOLDER FOCUS

OBJECTIVES

- Staff: Make clear progress in building and retaining motivated, settled and productive staff.
  - To drive our strategy of having a diversified, capable, respected workforce.
- Clients: Address operational vulnerabilities in IT (e.g. reduced number and duration of priority 1 incidents) and business processes (e.g. closing out client queries and valuations).
  - To drive our strategy of building on market and technology credibility.
- Retain strong JSE relationships with regulatory bodies and the government and build on and strengthen the JSE's role in facilitating dialogue between JSE clients and the relevant government and international stakeholders.
  - To drive our strategy of maintaining regulatory and market credibility.

HOW DID THE JSE PERFORM

Staff:

- Focused on our staff, hiring strong candidates at senior level across the business, and finalised some important staff hygiene factors.

On-target performance

Client satisfaction:

- Reduced number, duration and impact of priority 1 IT incidents and improved business processes.

On-target performance

JSE relationships with regulatory bodies and the government:

- Strengthened the JSE's role in facilitating dialogue between JSE clients and the relevant government and international stakeholders.
- Extensive series of engagements across the public sector, dealing with the JSE's role and contribution to South Africa. (Detail in CEO review, page 21)

On-target performance

OBJECTIVES FOR 2016

- Implement staff engagement strategies, including progressing the implementation of a new HR system in accordance with the timeline and costs agreed by Exco.
- Retain strong JSE relationships with regulatory bodies and the government and build on and strengthen the JSE's role in facilitating dialogue between JSE clients and the relevant government and international stakeholders.

Total remuneration outcomes

The table below sets out the audited single figure remuneration for executive directors and other executives during the period under review. These executives are prescribed officers within the meaning of the Companies Act, 2008.

Executive management R'000		FOR THE YEAR ENDED DECEMBER 2015 Total guaranteed pay[1]	Deferred compensation (including deferral)	Discretionary bonus	Total current year remuneration	Total long-term and other benefits
N Newton-King	Chief Executive Officer	3 823	3 917	4 600	12 340	3 178
A Takoordeen	Chief Financial Officer	2 196	701	2 050	4 947	–
L Fourie	Director: Post-Trade and Information Services	2 374	772	2 250	5 396	843
GA Brookes	Director: Governance, Risk and Compliance	2 196	578	1 250	4 024	622
JH Burke	Director: Issuer Regulation	2 348	772	2 200	5 320	2 031
S Cleary	Director: Strategy and Public Policy	546	–	–	546	–
Z Jacobs	Director: Marketing and Corporate Affairs	2 095	699	2 050	4 814	–
N Mashigo	Director: Human Resources	1 806	–	–	1 806	–
D Oosthuyse	Director: Capital Markets	2 546	813	2 300	5 659	–
LV Parsons	Director: Trading and Market Services	2 561	830	2 300	5 691	2 118
R van Wamelen	Chief Information Officer	2 378	759	2 250	5 387	1 719

Executive management R'000		FOR THE YEAR ENDED DECEMBER 2014 Total guaranteed pay	Deferred compensation (including deferral)	Discretionary bonus	Total current year remuneration	Total long-term and other benefits
N Newton-King	Chief Executive Officer	3 606	3 695	3 911	11 212	2 283
A Takoordeen	Chief Financial Officer	2 051	655	1 483	4 189	–
L Fourie	Director: Post-Trade and Information Services	2 162	690	1 736	4 588	–
GA Brookes	Director: Governance, Risk and Compliance	1 710	547	927	3 184	533
JH Burke	Director: Issuer Regulation	2 271	743	1 681	4 695	2 225
S Cleary	Director: Strategy and Public Policy	1 602	512	1 012	3 126	530
Z Jacobs	Director: Marketing and Corporate Affairs	1 977	631	1 607	4 215	–
N Mashigo	Director: Human Resources	1 302	415	1 000	2 171	–
D Oosthuyse	Director: Capital Markets	976	1 851	1 736	4 563	–
LV Parsons	Director: Trading and Market Services	2 454	797	1 808	5 059	2 283
R van Wamelen	Chief Information Officer	2 162	690	1 736	4 588	1 576

[1]Total guaranteed pay includes one-off amounts, such as leave payouts. Accordingly, the guaranteed pay figures reflected in this table should not be used for purposes of year-on-year comparisons.

Annual incentives 2015

Total deferred compensation awarded in 2015 was R56m (2014: R51m). The share paid to executive management (excluding the CEO) amounted to R5.2m (2014: R7.5m).

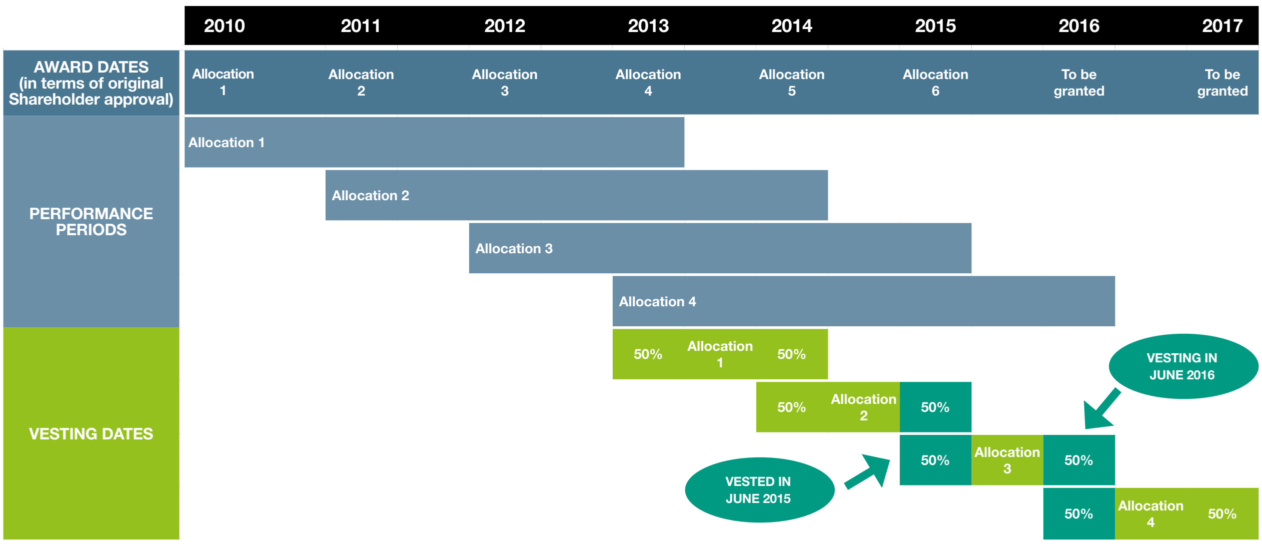
Total discretionary bonus payments awarded in 2015 were R81.9m (2014: R63m). This increase in the discretionary bonus pool mirrored the 30% increase in the annual dividend declared to shareholders for the 2015 year. Approximately 46% of the JSE's staff complement was awarded discretionary bonuses. A small ex gratia payment totalling R6.1m was allocated to the balance of the staff as recognition for their contribution to the JSE's successful financial performance in 2015.

The CEO does not participate in the deferred compensation bonus scheme, but is eligible for a contractual bonus based on the HRSE Committee's assessment of the CEO's performance. The CEO also participates in the discretionary bonus pool. Details of the CEO's performance bonuses are outlined separately below.

Long-term incentives vested/awarded

Long-term incentives are intended to align management interests with those of shareholders, and thereby drive sustainable value creation over a longer horizon. No fresh awards were issued during the year under the JSE's legacy schemes (Cash LTIS 2008 & 2009), as these schemes have now been wound down. Our restricted share scheme (LTIS 2010) remains our primary long-term equity reward mechanism.

LTIS 2010 vesting profile



The committee assessed long-term corporate performance against the LTIS 2010 targets in respect of two allocations that vested during 2015, these being Tranche 2 of Allocation 2 (awarded in May 2011) and Tranche 1 of Allocation 3 (awarded in June 2012). The HRSE Committee determined that 78% and 78.07% of these allocations respectively should vest, with the remainder being forfeited by executive management.

During 2015, the HRSE Committee awarded the following fresh allocations under the JSE's long-term inventive schemes:

LTIS 2010 Allocation 6

Corporate performance shares to 39 strategic leaders totalling 302 340 shares with an aggregate value of R39.7m.

Dilution limit

Maximum number of shares per Scheme rules	2 171 940
Total granted and unvested (Allocations 2 Tranche 2 up to and including Allocation 5)	1 460 020
Allocation 6 granted in May 2015	302 340
Allocation 2 (Tranche 2) and Allocation 3 (Tranche 1) vested during 2015	(309 891)
Allocations forfeited during 2015 for missing corporate performance targets and by bad leavers	(86 855)
Unvested shares as at 31 December 2015	1 365 614

Critical skills cash scheme

Cash awards to 44 senior staff (who do not participate in LTIS 2010) with an aggregate value of R10m.

Profile of LTIS 2010 share awards

LTIS 2010 has been in operation for six years, with six annual share allocations having been granted under this scheme. The detail relating to each of these allocations is summarised in the table below.

In 2014, the LTIS 2010 scheme reached the end of the first four-year cycle, and a fresh mandate was sought and granted by shareholders for the next four years of the scheme (2014-2017).

	Allocation 1 (granted May 2010)	Allocation 2 (granted May 2011)	Allocation 3 (granted June 2012)	Allocation 4 (granted May 2013)	Allocation 5 (granted May 2014)	Allocation 6 (granted May 2015)
Actual number of JSE shares awarded per allocation	482 900	426 900	366 600	457 100	424 800	302 340
Dilution of issued share capital	0.56%	0.49%	0.42%	0.52%	0.49%	0.35%
Acquisition cost price per share	R66.48	R67.44	R78.68	R76.92	R102.27	R131.54
Cash cost	R32.1m	R28.9m	R28.8m	R35.1m	R43.4m	R39.8m
Number of participants	80	71	67	72	38	39
Total JSE personnel expense for the financial year	R338m	R299m	R353m	R426m	R467m	R496m

The individual allocations in terms of the LTIS 2010 for executive directors and prescribed officers are set out below.

Year awarded	Number allocated	Number vested in year	Number forfeited in year	Closing number	Vesting date	Grant value R'000	Expected value R'000
A Takoordeen							
2013	15 700			15 700	June 16/17	1 207	1 406
2014	18 120			33 820	June 17/18	1 852	1 623
2015	13 590			47 410	June 18/19	1 787	1 217
	47 410	**–**	**–**			**4 847**	**4 247**
L Fourie							
2012	14 500			14 500	June 15/16	1 140	1 299
2013	16 700			31 200	June 16/17	1 284	1 496
2014	19 120			50 320	June 17/18	1 954	1 713
2015	14 990	6 406	844	58 060	June 18/19	1 971	1 343
	65 310	**6 406**	**844**			**6 351**	**5 851**
GA Brookes							
2010	4 200			4 200	May 13/14	279	376
2011	4 800			9 000	May 14/15	323	430
2012	4 600			13 600	June 15/16	361	412
2013	5 300	2 100		16 800	June 16/17	407	474
2014	6 970	4 500		19 270	June 17/18	712	624
2015	11 220	4 700		25 790	June 18/19	1 475	1 005
	37 090	**11 300**	**–**			**3 560**	**3 323**

Year awarded	Number allocated	Number vested in year	Number forfeited in year	Closing number	Vesting date	Grant value R'000	Expected value R'000
JH Burke							
2010	21 200			21 200	May 13/14	1 409	1 899
2011	18 200			39 400	May 14/15	1 227	1 630
2012	16 400			55 800	June 15/16	1 290	1 469
2013	18 600	7 679	2 920	63 801	June 16/17	1 430	1 666
2014	20 610	17 891	1 810	64 710	June 17/18	2 106	1 846
2015	14 980	15 345	1 955	62 390	June 18/19	1 970	1 342
	109 990	**40 915**	**6 685**			**9 435**	**9 855**
Z Jacobs							
2013	15 800			15 800	June 16/17	1 215	1 415
2014	17 420			33 220	June 17/18	1 780	1 560
2015	12 970			46 190	June 18/19	1 706	1 162
	46 190	**–**	**–**			**4 702**	**4 138**
D Oosthuyse							
2015	15 770			15 770	June 18/19	2 074	1 412
	15 770	**–**	**–**			**2 074**	**1 412**
LV Parsons							
2010	21 800			21 800	May 13/14	1 449	1 953
2011	18 600			40 400	May 14/15	1 254	1 666
2012	17 500			57 900	June 15/16	1 376	1 568
2013	20 100	7 887	3 012	67 101	June 16/17	1 546	1 800
2014	22 100	18 347	1 854	69 000	June 17/18	2 259	1 980
2015	16 110	16 007	2 043	67 060	June 18/19	2 119	1 443
	116 210	**42 241**	**6 909**			**10 005**	**10 412**
R van Wamelen							
2010	13 800			13 800	May 13/14	917	1 236
2011	14 800			28 600	May 14/15	998	1 326
2012	14 500			43 100	June 15/16	1 140	1 299
2013	16 700	5 313	1 586	52 901	June 16/17	1 284	1 496
2014	19 120	12 949	1 352	57 720	June 17/18	1 954	1 713
2015	14 720	12 992	1 658	57 790	June 18/19	1 936	1 318
	93 640	**31 254**	**4 596**			**8 231**	**8 390**

Grant value is determined using the share price on the date of acquisition, while the expected value is calculated using the JSE Limited closing share price on 31 December 2015 together with an adjustment for expected value on the date of vesting.

CEO performance and reward

Service contract

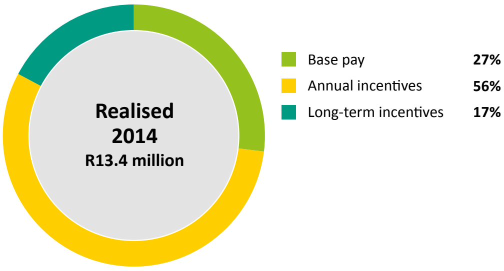
The CEO is the only member of staff with a specific service contract, which ran for an initial three-year term from 1 January 2012 and now continues on an indefinite basis. The contract contains a four-month notice period and a one-year restraint (post-termination of employment).

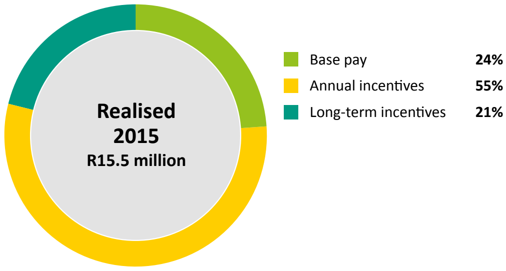
The agreed restraint precludes the CEO from being engaged by any stock exchange, bond or futures market, or any clearing house, depository or stock-broking business carried on in South Africa for a period of one year from the date of termination of her employment. The HRSE Committee is of the view that this restraint is fair and reasonable in order to protect the strategic proprietary interests of the JSE.

Fixed pay

The CEO's fixed pay and any annual adjustment thereto are determined by the HRSE Committee at the beginning of each financial year.

The CEO's guaranteed salary was fixed at R3.8m for 2015. This 6% increase to guaranteed pay was based on an updated benchmarking exercise and with due consideration for the local socio-political environment, with salary increments for executive management being moderated wherever possible.





The assessment of CEO performance and the determination of CEO remuneration are essential activities undertaken annually by the HRSE Committee. CEO performance is measured against the JSE corporate scorecard for each financial year, as well as against the CEO's personal scorecard as agreed annually with the HRSE Committee. In addition, the CEO plays a key role in delivering corporate performance over a sustained period. As a result, the vesting of corporate performance shares under the LTIS 2010 scheme is also reflective of the CEO's impact on financial and strategic performance.

Annual performance

CEO bonus awards for 2015 were as follows:

Bonus scheme	Performance measured against	2015 performance rating by HRSEC	2015 bonus awarded by HRSEC
Contractual bonus	CEO scorecard	100%	R3.9m cash
Discretionary bonus	Corporate scorecard	120%	R4.3m cash R0.3m JSE shares

The performance rating awarded by the HRSE Committee is reflective of the committee's assessment of the CEO's actions in delivering the JSE strategy, achieving the reported annual financial results, her accountability for JSE technology and new business initiatives as well as improving customer and stakeholder relationships, among over deliverables. Given the JSE's outstanding financial and corporate achievements during 2015, the CEO's total annual incentives increased by 11.9% to R8.5m in 2015. The CEO's contractual bonus is capped at 100% of fixed salary in any year. Deferral applies to the contractual bonus, with 50% deferred for six months, on which interest of 5% is payable by the Company. A portion of the CEO's discretionary bonus is also deferred, with the deferred portion paid in JSE equity which vests over three years subject to continued employment at the JSE.

Long-term performance

The CEO's long-term incentives comprise awards that vested in 2015 as well as share allocations granted during the year. The CEO is subject to the same corporate performance assessment as other participants in the LTIS 2010 scheme, and accordingly, her Allocation 2 awards vested at 78% and her Allocation 3 awards at 78.07%, based on performance against the pre-set financial targets (ROE, EBIT growth and relative TSR) and delivery of the strategic metric over the preceding three and four years.

A new share allocation was granted during 2015 (Allocation 6) and the value of the CEO's award totalled 125% of base salary. This translated into 37 010 JSE ordinary shares, which are scheduled to vest in two tranches, 50% on 1 June 2018 and 50% on 1 June 2019, subject to corporate performance over this vesting term. Further details of the CEO's remuneration are set out in the audited tables in Note 27 to the annual financial statements.

Year awarded	Number allocated	Number vested in year	Number forfeited in year	Closing number	Vesting date	Grant value R'000	Expected value R'000
NF Newton-King							
2010	21 800			21 800	May 13/14	1 449	1 953
2011	18 600			40 400	May 14/15	1 254	1 666
2012	37 100			77 500	June 15/16	2 919	3 324
2013	42 200	7 887	3 012	108 801	June 16/17	3 246	3 781
2014	49 790	18 347	1 854	138 390	June 17/18	5 090	4 461
2015	37 010	24 053	3 797	147 550	June 18/19	4 868	3 316
	206 500	**50 287**	**8 663**			**18 827**	**18 502**

Pay ratios	2015	2014	% change
CEO base pay	**R3 823 000**	R3 606 000	6.0
Lowest grade base pay	**R153 000**	R144 000	6.25
Pay ratio	**24.98 times**	25.04 times	(0.2)
CEO base pay plus contractual bonus	**R7 740 000**	R7 301 000	6.0
Median salary plus bonus (Grades 1-16)	**R661 000**	R593 000	11.5
Pay ratio	**11.71 times**	12.31 times	(4.9)

Non-executive director emoluments

Emoluments paid to the JSE's non-executive directors are set out below.

		Total R'000	Board member fees R'000	Committee member fees R'000
2015				
N Nyembezi-Heita	Board chairman, chairman of Nominations Committee	**1 716**	**1 716**	**–**
AD Botha	Chairman of Human Resources, Social and Ethics Committee	**782**	**377**	**405**
M Jordaan		**290**	**290**	**–**
DM Lawrence		**543**	**290**	**253**
MA Matooane[1]	Chairman of Risk Committee	**522**	**290**	**232**
AM Mazwai	Chairman of SRO Committee, Investment of Funds Committee	**802**	**290**	**512**
NP Mnxasana		**554**	**290**	**264**
NS Nematswerani[2]	Chairman of Audit Committee (until the AGM in May 2015)	**316**	**113**	**203**
NG Payne[3]	Chairman of Audit Committee (from the AGM in May 2015)	**786**	**290**	**497**
SP Kana[4]		**320**	**145**	**175**
		6 632	**4 091**	**2 541**
2014				
HJ Borkum	Board Chairman, chairman of Nominations Committee	581	581	–
AD Botha	Chairman of Human Resources, Social and Ethics Committee	744	362	382
MR Johnston		243	122	121
M Jordaan		278	278	–
DM Lawrence		489	278	211
MA Matooane		384	278	106
AM Mazwai	Chairman of SRO Committee	737	278	459
NP Mnxasana		398	278	120
NS Nematswerani	Chairman of Audit Committee	768	278	490
N Nyembezi-Heita	Board Chairman, chairman of Nominations Committee	1 213	1 157	56
NG Payne	Chairman of Risk Committee	713	278	435
		6 548	4 168	2 380

[1] Appointed chairman of the Risk Committee on 21 May 2015.
[2] Retired from Audit Committee and as independent non-executive director on 21 May 2015.
[3] Appointed chairman of the Audit Committee on 21 May 2015.
[4] Appointed as independent non-executive director on 1 July 2015.

The proposed fees for the 2016 and 2017 periods are set out in Part C of this report.

PART C – REMUNERATION GOVERNANCE

In Part C, we outline the mandate and role of the Human Resources, Social and Ethics Committee and set out the remuneration resolutions to be voted upon by shareholders at the AGM to be held on 26 May 2016.

The governance of remuneration at the JSE is prescribed by the:

- Companies Act, 71 of 2008 (Act);
- King Code of Governance Principles (King III); and
- Terms of reference of the HRSE Committee.

Within this governance framework, the HRSE Committee is accountable for the effective oversight of remuneration at the JSE. This includes responsibility for the JSE's remuneration philosophy and strategy, monitoring the structure and level of remuneration for executive management, assessing corporate and CEO performance over relevant measurement periods, and approving all annual incentive awards for executives and share allocations under the company's share incentive scheme.

In order for the HRSE Committee to discharge this mandate in an effective and independent manner, it is constituted as a standing committee of the Board, operating in terms of a clear mandate, and accountable directly to the Board. The committee is composed solely of independent non-executive directors of the JSE, appointed to the committee on an annual basis by the Board. The HRSE Committee must comprise at least three members. No members of the HRSE Committee have any day-to-day involvement in the management of the JSE. During the year, Nomavuso Mnxasana was appointed to serve on the HRSE Committee.

At a minimum, the HRSE Committee is required to meet three times each calendar year. During the year under review, the HRSE Committee convened on five occasions, and attendance at these meetings was as follows:

	January	February	May	July	November	Total attendance
AD Botha – chairman	√	√	√	√	√	5/5
NMC Nyembezi-Heita	√	√	√	√	√	5/5
DM Lawrence	√	√	√	√	√	5/5
AM Mazwai	√	√	√	a	√	4/5
NP Mnxasana[1]	Appointed from July 2015			a	a	0/2

[1]Appointed with effect from the 2015 AGM
(a) Apologies received

The CEO and the director of Human Resources attend HRSE Committee meetings by invitation, and provide input and submit remuneration proposals to the committee. Other senior members of management also attend meetings from time to time as required. The Group Company Secretary attends all committee meetings and advises on matters of corporate governance. No individual, irrespective of position, is present when their remuneration is discussed.

The HRSE Committee is bound by formal, written terms of reference approved by the Board, which terms of reference are regularly reviewed for continued relevance. There were no changes to the Committee's terms of reference during the year. The full terms of reference can be accessed on the JSE's website. The Committee's remuneration mandate is to:

Review and/or develop:

- the JSE remuneration philosophy, policy and practices to ensure their continued relevance and effectiveness;
- specific policy on executive and senior management remuneration;
- the terms and conditions of executive directors' service agreements, taking into account information from comparable organisations where relevant;
- benchmark salary data and other relevant data relating to short- and long-term incentive awards;
- compliance with the Financial Sector Charter and the JSE's employment equity report; and
- the JSE code of conduct and ethical standards.

Recommend:

- to the Board for approval any fundamental changes to the JSE's remuneration philosophy or policy;
- to the Board for approval on an annual basis all elements of remuneration for the CEO;
- to the Board for approval the size of the overall annual discretionary bonus pool and the aggregate share awards for allocation under the company's long-term incentive scheme;
- to the Board for approval the annual aggregate salary adjustments for JSE staff; and
- to the Board for consideration the proposed emoluments for non-executive directors.

Monitor, assess and/or approve:

- the implementation of executive and senior management remuneration;
- the annual corporate and CEO scorecards and key performance indicators;
- corporate and CEO performance over relevant measurement periods (annually for bonus awards and over the vesting term for share awards);
- the vesting of share awards under the company's long-term incentive scheme; and
- senior management succession plans.

Report:

- to the Board after each meeting, and more frequently if required;
- to the Board on compliance with the HRSEC terms of reference; and
- to stakeholders by means of an annual remuneration report, incorporated in the JSE's integrated annual report.

As from January 2012, the HRSE Committee assumed responsibility for the social and ethics mandate prescribed by the Companies Act, 71 of 2008. The Board remains of the view that the prescribed social and ethics issues are congruent with the HRSE Committee's existing terms of reference. The Committee's compliance with its statutory duties as prescribed by the Act can be found in *the social and ethics report*, available online at *http://www.jsereporting.co.za/ar2014/social.asp*.

In exercising its mandate throughout 2015, the HRSE Committee has aimed to support the JSE's business strategies by creating a more direct linkage between pay and performance, and to build upon the JSE's solid corporate governance foundations by improving the quality of remuneration disclosure and shareholder interaction.

The performance of the HRSE Committee was assessed as part of the overall Board performance self-review, which is undertaken annually under the guidance of the Chairman of the Board. The Board has also confirmed that the HRSE Committee has discharged its mandate and the responsibilities delegated to it during 2015.

Independent advice

The HRSE Committee is empowered to seek independent, external advice as it may deem necessary. During the year under review, the HRSE Committee received advice and guidance regarding remuneration benchmarks and best practice from PricewaterhouseCoopers, an independent advisory firm.

Shareholder resolutions on remuneration matters

In the text below we reproduce the shareholder resolutions relating to JSE remuneration, which are being proposed by the Board for approval by shareholders at the annual general meeting to be held on 26 May 2016. We also include a brief motivation in support of each resolution.

- Approval of JSE remuneration policy — Ordinary resolution 5
- Specific financial assistance in connection with the JSE LTIS 2010 share incentive scheme — Special resolutions 3
- Approval of non-executive directors' emoluments for 2016/2017 — Special resolutions 4.1 and 4.2

Approval of JSE remuneration policy

Ordinary Resolution number 5	Motivation
"Resolved that the shareholders endorse the remuneration policies of the Company as set out in Part A of the remuneration report, available online at *http://www.jsereporting.co.za/ar2015/Remuneration.asp."*	• This non-binding advisory note requires a 50% + 1 vote in favour in order to be carried. • The King Code of Governance Principles (King III) recommends that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting. • This enables shareholders to express their views on the remuneration policies adopted by a company. • This resolution is of an advisory nature only and failure to pass this resolution will not have any legal consequences relating to existing remuneration arrangements. • The Board will take the outcome of the vote into consideration when considering the JSE's remuneration policy.

Specific financial assistance in connection with the JSE LTIS 2010 share incentive scheme

Special Resolution number 3	Motivation
"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 2010 Trust, and to the directors and prescribed officers of the Company or any of its subsidiaries participating in LTIS 2010, for the purpose of and/or in connection with the acquisition of ordinary shares of the Company from time to time or otherwise as may be required for the operation and administration of LTIS 2010, subject to the provisions of the Companies Act."	• This resolution requires a 75% vote in favour in order to be carried. • In order to fund the JSE LTIS 2010 Trust, so that the trust can acquire in the open market, on behalf of LTIS 2010 participants from time to time, the necessary JSE ordinary shares for allocation as share awards, the JSE Board of directors will be required to authorise the Company to provide financial assistance to the trust. • Sections 44 and 45 of the Companies Act require, *inter alia*, that: – the provision of financial assistance by the Company to the trust and, indirectly, to directors and prescribed officers of the Company or any of its subsidiaries, being related/inter-related persons of the Company; and – the provision of financial assistance for the purpose of, or in connection with, the acquisition of securities of the Company; must be approved by a special resolution of shareholders adopted within the previous two years. • Accordingly, the directors propose for approval a special resolution granting the Company and its subsidiaries the authority to provide the required financial assistance for purposes of LTIS 2010. • At a JSE share price of R125 per ordinary share, the estimated cash cost that would be incurred to acquire the maximum permissible number of shares for allocation to selected JSE staff during 2015 would amount to R67.8m. The maximum permissible number of shares for allocation in any year is limited, in terms of the scheme rules, to 0.625% of issued share capital, being in aggregate 542 750 JSE ordinary shares. The Board is under no obligation to award the maximum permissible number of shares (in aggregate) to scheme participants in any year. • For the first six years of the scheme, the Board has not awarded the maximum permissible number of shares in any year, with the average annual allocation being 0.48% of issued share capital (or approximately 417 000 shares per annum). • The financial assistance under this special resolution will be provided out of the existing working capital of the JSE.

Approval of non-executive directors' emoluments for 2016/2017

Special Resolution number 4	Motivation
"Resolved that the Company be and is hereby authorised, in terms of section 66(9) of the Companies Act, for a period of two years from the passing of this resolution, to pay remuneration to its non-executive directors for their services as directors: 4.1 In respect of the period from 1 January 2016 to the date of the AGM of the Company to be held during 2016 (2016 period) as set out in the "2016" column in the table below; and 4.2 I n respect of the period from 1 January 2017 to the date of the AGM of the Company to be held during 2017 (2017 period), as set out in the "2017" column in the table below, provided that the remuneration approved in terms of this special resolution 4.2 will override the remuneration approved in terms of Special Resolution 4.1 to the extent of the overlap between the 2016 period and the 2017 period."	• Resolutions 4.1 and 4.2 will be voted upon separately. Each resolution requires a 75% vote in favour in order to be carried. • 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 has resolved, on the recommendation of the Human Resources, Social and Ethics Committee, to propose for approval this special resolution 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, and an increase in such emoluments for the 2016 and 2017 periods. • Once approved by shareholders, the emoluments payable for the relevant period will be applied retrospectively to 1 January of each period. • At the annual general meeting held in April 2012 shareholders approved a single fee model for non-executive director emoluments, rather than the previous model of annual fixed retainers and a fee per Board or Board committee meeting attended. This model is being retained for 2016/2017. • 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. A single annual retainer, reflective of the role and responsibilities being discharged by a non-executive director, also has the advantages of being administratively simple, easy to understand and allowing for clear comparisons by shareholders from year-to-year. • Non-executive directors do not receive short-term incentives, nor do they participate in the JSE's long-term incentive schemes. Although there is no requirement for non-executive directors to hold a minimum shareholding in the JSE in order to qualify for Board membership, the Board encourages non-executive directors to hold shares in the JSE equal to their annual emoluments and there are no provisions for emoluments or other payments in respect of loss of office. • Out-of-pocket expenses, such as travel and accommodation costs, incurred by non-executive directors in the execution of their responsibilities are also reimbursed on request.

The proposed fees for non-executive directors for the 2016 and 2017 periods are set out below.

Role	Current fee	Proposed fee – 2016	Proposed fee – 2017
Chairman	1 716 000	**1 850 000**	**2 000 000**
Non-executive director	290 000	**310 000**	**325 000**
Lead Independent Director	87 000	**93 000**	**97 500**
Audit Committee Chairperson	300 000	**320 000**	**343 000**
Audit Committee Member	130 000	**145 000**	**160 000**
Nominations Committee Member	55 000	**57 500**	**60 000**
HR, Social and Ethics Committee Chairperson	220 000	**235 000**	**250 000**
HR, Social and Ethics Committee Member	110 000	**117 500**	**125 000**
Risk Committee Chairperson	220 000	**245 000**	**280 000**
Risk Committee Member	110 000	**122 500**	**140 000**
SRO Oversight Committee Chairperson	220 000	**235 000**	**250 000**
SRO Oversight Committee Member	110 000	**117 500**	**125 000**
Ad hoc meeting fee (per meeting)	24 000	**24 000**	**24 000**