

THE JSE'S MATERIAL ISSUES

A number of key themes emerge from consideration of the issues that affect or could affect the JSE's strategy and business model, and its ability to optimise these to create value over time.

Each theme has distinct relevance to the JSE in terms of both strategy and operations. The various themes are, however also both closely interlinked and independent, particularly in as far as they relate to elements that drive value for the JSE such as efficiency, integration, growth and innovation.

While these material themes are likely to remain key to the JSE as it pursues its strategic path to 2017 and beyond, the JSE will continue to assess the relevance and particular content of each over time.

	Theme	Description
	COMPETITIVENESS	<p>The JSE business model – offering a comprehensive range of products and services to a broad range of clients – reduces the Group's vulnerability to on-the-ground competition from traditional exchanges.</p> <p>However, in a global environment, the organisation must remain focused on building its competitiveness in relation to offshore exchanges, prospective local entrants and non-traditional trading venues. Competition from these areas is made possible by the reduction of barriers to entry to the industry brought about by technological advances.</p> <p>The consistent drive to enhance efficiency, continuously improve service levels, upgrade IT infrastructure and assess costs to clients is integral to how the JSE operates to ensure that it can establish, sustain and increase its competitive edge.</p>
	INTEGRATED DIVERSIFICATION	<p>Having begun its life as an equity-only exchange, the JSE has diversified strongly over the past 25 years and now offers a comprehensive range of products and services to attract a range of clients and reduce risk.</p> <p>The JSE continues to diversify its services and products; however, it has also prioritised achieving integration in certain operational aspects such as trading, clearing and settlement, to ensure that it provides easy access and economies of scale across asset classes and related services.</p>
	TECHNOLOGICAL RELIABILITY, SECURITY AND GOVERNANCE	<p>The JSE is a technology-intensive business, with business areas from trading to post-trade services and market data sales relying heavily on automated systems. The Exchange's surveillance and back office functions are also technology dependent. In this environment, the reliability of technology, as well as the JSE's ability to remain at the cutting edge of advances in the broader industry, have major revenue and reputational impacts.</p>
	HUMAN CAPITAL OPTIMISATION	<p>The JSE is a highly specialised environment, with a reliance on financial market and technology expertise in particular. It is necessary to attract, cultivate and retain scarce skills to run and grow the business.</p>
	REGULATORY READINESS	<p>The global capital markets regulatory environment has seen a staggering pace of change recently, especially following the global financial crisis of 2008. To ensure the Exchange's sustainability and growth, it must stay ahead of these changes and know how to deal with their implications for the Group and the broader industry.</p>
	STAKEHOLDER RESPONSIVENESS	<p>The JSE operates in an environment where a wide range of stakeholders are influenced or impacted by its activities, whether regulatory, commercial or otherwise. A number of these and other stakeholders also impact on the Group's ability to meet strategic objectives and operational priorities in a way that will create value for the organisation and its stakeholders. As is evident from the <i>stakeholder report</i> (www.jsereporting.co.za/ar2014/stakeholder.asp), the JSE recognises that understanding and being responsive to the circumstances and needs of its stakeholders is critical to sustaining the organisation. Initiatives and internal structures have been put in place to ensure that the requisite awareness and ability to react are established and exploited.</p>

