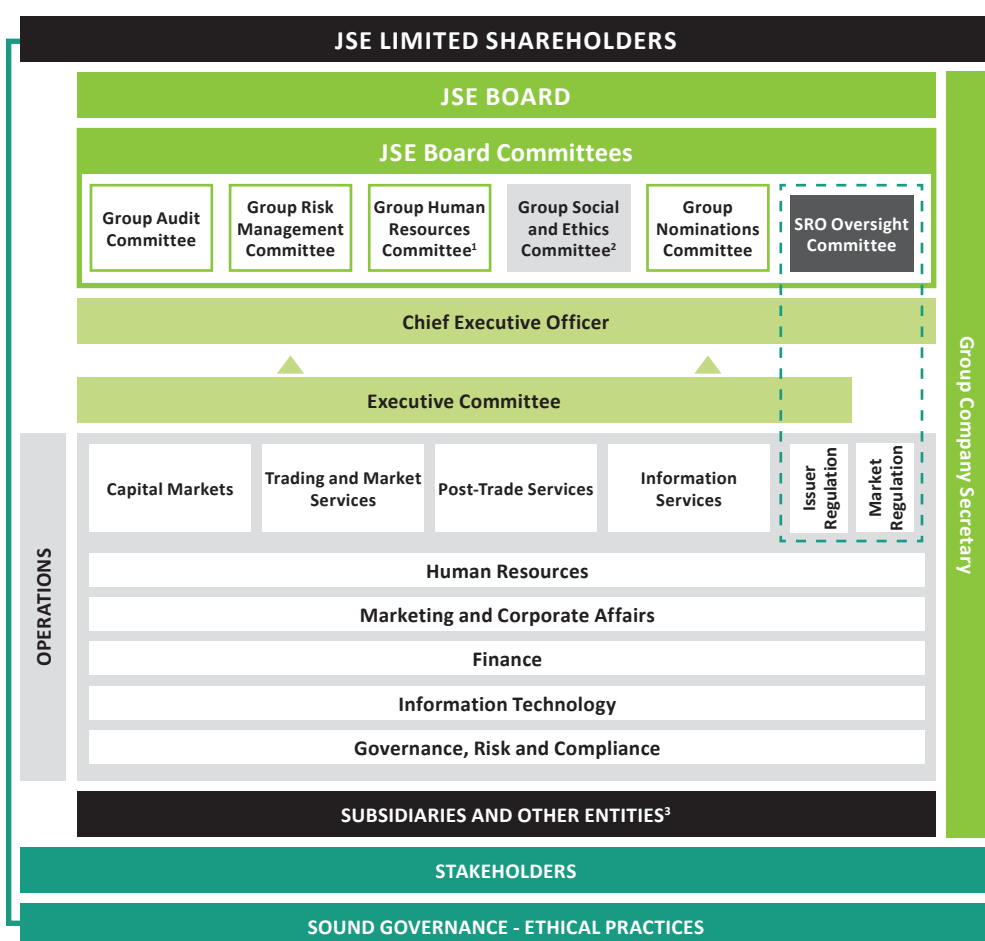


Governance, risk and compliance

Governance

- In 2016, the Board continued to discharge its fiduciary duties, acting in good faith, with due diligence and care, and in the best interests of the JSE and all its stakeholders. It does this within the context of the Companies Act, 71 of 2008, the JSE's memorandum of incorporation, the JSE Listings Requirements and the principles set out in the King Code on Corporate Governance.
- Through these practices, the directors are able to contribute to the future sustainability of the Company; enhance long-term shareholder value creation and ensure that other key stakeholders, such as clients, employees, regulators and suppliers, benefit from ongoing success.
- The JSE's philosophy of Board leadership is premised on the principle that the running of the Board and the executive responsibility for the running of the Exchange's business are two separate and distinct tasks. Consistent with this approach, the roles of Chairman and CEO are separate, with specific responsibilities divided between them to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, nor can dominate the Board's decisions. Only decisions of the Board acting as a unitary body are binding on the CEO.
- The Board retains full and effective control over all the companies and entities in the Group and assumes overall responsibility for the JSE's compliance with the applicable legislation and governance provisions.



¹For 2016, the committee was referred to as the Human Resources, Social and Ethics Committee and discharged the social and ethics mandate set out in the Companies Act, 71 of 2008.

²Committee established in January 2017.

³Refer to legal Group structure at http://www.jsereporting.co.za/ar2016/download_pdf/iar_2016.pdf



Application of the King Code on Corporate Governance

The JSE Board regards corporate governance as fundamentally important to the achievement of the JSE's mission, its financial objectives and the fulfilment of its corporate responsibilities. The Board remains committed to applying the core governance principles set out in the King Code, which prescribe accountability, integrity, fairness and transparency in all of the JSE's business dealings with its stakeholders.

For the year under review, the directors confirm that the Company applied the principles as set out in the King III Code. Where the Company departs from the King III principles for practical or business reasons, this is explained in the detailed narrative statement on King III compliance, to be found at http://www.jsereporting.co.za/ar2016/download_pdf/invested-report-2016.pdf. This governance, risk and compliance report sets out the key governance principles adopted by the directors in governing the Company.

The process for ensuring compliance with the King IV Code, which launched in November 2016 and is applicable from April 2017, has commenced. To the extent that specific principles and recommended practices have already been adopted, these are noted in this report.

Composition of the Board

Composition		Tenure (Years)			Diversity		
		0-5	6-9	>9	% Female	% Black	% Black female
Non-executive directors	8 independent	Dr SP Kana Dr M Jordaan Dr M Matooane NP Mnxasana	N Nyembezi-Heita	AD Botha AM Mazwai NG Payne	33%	56%	33%
	1 non-independent		DM Lawrence				
Executive directors	2 executives	A Takoordeen (CFO)		NF Newton-King (CEO)	100%	50%	50%
TOTAL	11	5	2	4	45%	55%	36%

Average non-executive director tenure	6.8 years	3 years	8 years	11 years
Average age (all directors)	52.8 years	49.2 years	60.5 years	53.5 years

The Board embraces diversity – in the composition of the Board, the executive team, and throughout the Company – as a cornerstone of a progressive organisation and as a moral and strategic business imperative. Board diversity, in particular, is a critical component for sustaining the competitive advantage of the Company. Building a board relevant to the challenges faced by the Company requires a mix of technical and behavioural competencies across a range of disciplines (knowledge, skills, experience and attributes) together with diversity in the age, race and gender profile of Board members. This approach is intended to mitigate the potential for cultural biases and dynamics and "group thinking".

At a policy level the objective is to maintain, where feasible, broad parity in the gender balance of the Board, and to maintain and improve the current race diversity of the Board. The Group Nominations Committee is guided by these policy imperatives when preparing recommendations for new appointees to the Board. This approach also extends to the search process and the specific talent pools and networks that are utilised to identify candidates from diverse backgrounds.

Since 2014 the Board has maintained a 50/50 gender representation. With the resignation of Dr Leila Fourie during the course of 2016, the Board now comprises eleven members, 5 of whom (45%) are female, including the Chairman of the Board, the chairman of the Group Risk Management Committee, the CEO and the CFO. The current programme of work underway by the Group Nominations Committee to identify new candidates for appointment to the Board explicitly takes into account the need to address parity in the gender balance of the Board. Six members of the Board (55%) are ACI and the need to further broaden the diversity of the Board is also a fundamental element in this Board succession process. Appointments that address both these requirements are expected to be made during the course of 2017, to ensure the orderly succession of directors.

Governance, risk and compliance

(continued)

Profile of Board Committees

Five standing committees, established by the Board, provide assistance and expert insight to the Board as a whole on key areas of the Company's business, and serve to strengthen the governance and oversight of key functions within the Company.

Board Committee	Mandate
Group Audit Committee	<ul style="list-style-type: none"> Constituted as a statutory committee of the Company under section 94(7) of the Companies Act with responsibility for the duties set out in the Act. Key responsibilities include: <ul style="list-style-type: none"> Oversight and assessment of the Company's finance function Nomination of the independent auditor of the Company, and evaluating the independence, effectiveness and performance of the independent auditor, the fees to be paid and the allowable non-audit services Reviewing the accounting policies, procedures and financial reports of the Company Reviewing, evaluating and reporting on the effectiveness of the Company's system of internal controls and the combined assurance model and overseeing the Company's internal audit function
Group Risk Management Committee	<ul style="list-style-type: none"> Provides independent oversight of all enterprise-wide risk management policies, procedures and activities of the JSE Group. Specifically ensures that the Company has implemented an effective policy and plan for risk management that will enhance the JSE's ability to achieve its strategic objectives; and that disclosure of all enterprise and business risks is comprehensive, timely and relevant.
Group Human Resources Committee	<ul style="list-style-type: none"> Provides an independent oversight role with responsibility for all strategic human resource issues facing the JSE, and in particular, the governance of remuneration for directors, executives and staff, and for ensuring accurate, complete and transparent disclosure of remuneration paid by the JSE. For the 2016 year, this committee also executed the social and ethics mandate prescribed by the Companies Act. As from 2017, this mandate will be the responsibility of the newly formed Group Social and Ethics Committee.
Group Nominations Committee	<ul style="list-style-type: none"> Provides expert input to and oversight of board governance policies, and specifically the process for ensuring the appropriate composition of the Board and Board committees, including succession planning for the Board. Undertakes the annual review of the effectiveness of the Board.
SRO Oversight Committee	<ul style="list-style-type: none"> Provides independent oversight of all regulatory matters, policies and related activities of the JSE Group.

Board Committee	Independence %	Chairman ¹	Members ²	Classification of members ³	Number of meetings held in 2016	< 75% attendance in 2016
Group Audit Committee	100%	NG Payne	AD Botha Dr S Kana AM Mazwai NP Mnxasana	5 INEDs	3 meetings	All members > 75% attendance
Group Risk Management Committee	67%	Dr MA Matooane	Dr S Kana DM Lawrence ⁴ AM Mazwai NG Payne NF Newton-King ⁵	4 INEDs 1 NED 1 ED	3 meetings	All members > 75% attendance
Group Human Resources Committee⁶	80%	AD Botha	DM Lawrence ⁴ AM Mazwai NP Mnxasana N Nyembezi-Heita	4 INEDs 1 NED	3 meetings	All members > 75% attendance
Group Nominations Committee	67%	N Nyembezi-Heita	AD Botha DM Lawrence ⁴	2 INEDs 1 NED	3 meetings	All members > 75% attendance
SRO Oversight Committee	100%	AM Mazwai	Dr S Kana NP Mnxasana NG Payne	4 INEDs	3 meetings	All members > 75% attendance

¹ The chairmen of the Board committees are all independent non-executive directors.

² Unless otherwise indicated, all committee members are independent non-executive directors.

³ INED = Independent non-executive director; NED = Non-executive director; ED = Executive director.

⁴ Non-executive director.

⁵ Executive director.

⁶ For 2016, this committee executed the social and ethics mandate as prescribed by the Companies Act, and the committee was known as the Human Resources, Social and Ethics Committee.



Corporate Governance matters addressed by the Board during 2016

DIRECTOR INDUCTION AND DEVELOPMENT

- One of the outcomes of the 2014 Board evaluation process was directors expressing the need for a formal programme to induct incoming directors and to provide for the ongoing education and awareness of existing directors.
- A formal director induction programme was approved by the Board in 2015. The chairman encouraged directors to take up the opportunity to attend the formal programme by arrangement with the Group Company Secretary.
- The programme was designed to be flexible enough to cater for an individual director's particular knowledge, background, experience and skills, thus focusing on areas of development.
- Dr Suresh Kana was the first director to participate in the new programme during 2015/2016.
- Regarding ongoing director development, the Board was kept abreast of the following:
 - regulatory developments;
 - bond market evolution;
 - capital requirement developments; and
 - industry trends

NON- EXECUTIVE DIRECTOR EMOLUMENTS

- As required by the Companies Act, every two years the emoluments of non-executive directors (NEDs) are required to be approved by shareholders in an annual general meeting. Following input from management and external advisors, the HRSE Committee recommended the emoluments for the next two-year period to the Board. The Board endorsed the proposed new fee emoluments and these were approved by shareholders at the annual general meeting held on 26 May 2016.
- The Board adopted a policy on NED shareholding in the Company, in terms of which policy all NEDs are encouraged to hold shares in JSE Limited, equivalent in value to the annual Board retainer. This is an elective rather than a mandatory policy. As at December 2016, five NEDs (45%) hold shares in the JSE totalling 84 010 shares (0.09% of the issued share capital).

BOARD EVALUATION

- During October, the Board engaged an external service provider to conduct and report on the effectiveness of the Board and the operation of the Board committees, and to assess the performance of the CFO and Group Company Secretary.
- The results of this effectiveness review were presented to the Group Nominations Committee and to the Board. The Group Company Secretary will address the findings from this review in conjunction with the Chairman and the chairmen of the Board Committees during the course of 2017.

ANNUAL GENERAL MEETING (AGM)

- The Board recommends to shareholders to consider and approve at the next AGM, that directors who retire by rotation, being eligible and having offered themselves for re-election, be re-appointed to serve on the JSE Board.
- The Board recommends to shareholders to consider and approve at the next AGM, that Mr Nigel Payne (Group Audit Committee chairman), Mr Anton Botha, Ms Nomavuso Mnxasana and Dr Suresh Kana be elected as members of the Group Audit Committee for the ensuing year.
- The Board has set the date for the twelfth annual general meeting of shareholders of the JSE. Please see the AGM notice available online at http://www.jsereporting.co.za/ar2016/download_pdf/notice-agm-2016.pdf and the SENS announcement, available online at http://www.jsereporting.co.za/ar2016/download_pdf/sens-2016.pdf.

Governance, risk and compliance

(continued)

Non-executive directors



Nonkululeko Nyembezi-Heita (56)

Independent non-executive chairman

BSc (EE); MSc (EE); MBA

Tenure as director: 7 years

Non-executive director of Old Mutual plc, Old Mutual Group Holdings (Pty) Ltd, Macsteel International Holdings BV, Macsteel Services Centres SA (Pty) Ltd, CEO of IchorCoal N.V.

Appointed to the Board in 2009



Anton Botha (63)

Independent lead non-executive director

BCom (Hons); BProc; Stanford Executive Programme

Tenure as director: 11 years

Director and co-owner of Imalivest; non-executive director of Sanlam Ltd and African Rainbow Minerals Ltd; chairman of Vukile Property Fund Ltd; member of University of Pretoria Council.

Appointed to the Board in 2005



Dr Suresh Kana (61)

Independent non-executive director
CA(SA); MCom; PhD (Honorary)

Tenure as director: 1 year

Retired CEO and territory partner of PwC Africa. Non-executive director of Murray & Roberts Holdings Ltd and Ilovo Sugar Ltd; chairman of Imperial Group Ltd.

Appointed to the Board in 2015



Dr Mantsika Matooane (41)

Independent non-executive director

BSc (Maths); PhD (Comp Sc); MBA

Tenure as director: 4 years

Experience as IT executive and director. Non-executive director of NMG Consultants and Actuaries (Pty) Ltd; director of Truesport Investments (Pty) Ltd.

Appointed to the Board in 2012



Andile Mazwai (45)

Independent non-executive director

BCom (Hons)

Tenure as director: 11 years

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

Appointed to the Board in 2005



David Lawrence (65)

Non-executive director

BA; MCom

Tenure as director: 9 years

Deputy chairman of Investec Bank Ltd. Director of various companies.

Appointed to the Board in 2008



Nomavuso Mnxasana (60)

Independent non-executive director
BCompt (Hons); CA(SA)

Tenure as director: 4 years

Director of Nedbank Group Ltd, AWCA Investment Holdings, Noma Namuhla Trading and Projects, Pareto Ltd; non-executive director of Acelor Mittal.

Appointed to the Board in 2012



Dr Michael Jordaan (48)

Independent non-executive director
MCom (Economics); PhD (Banking Supervision)

Tenure as director: 3 years

CEO of Montegray Capital (Pty) Ltd; chairman of Consumer Data Bureau, Compuscan Holdings.

Appointed to the Board in 2014

Executive directors



Nigel Payne (56)

Independent non-executive director

BCom (Hons); HDip (Acc); CA(SA); Certified Internal Auditor; MBL

Tenure as director: 11 years

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

Appointed to the Board in 2005



Nicky Newton-King (50)

Chief executive officer

BA LLB; LLM

Tenure as director: 11 years

Director of JSE-related companies. World Economic Forum Young Global Leader; Yale World Fellow 2006.

Appointed to the Board in 2005

Appointed CEO in January 2012



Aarti Takoorden (36)

Chief financial officer

BCompt (Hons); CTA; CA(SA)

Tenure as director: 4 years

Appointed CFO in March 2013

Alternate directors and Group Company Secretary



Leanne Parsons (51)

Director of Information Services

BCom

Tenure as director: 11 years

Director of JSE-related companies.

Appointed to the Board in 2005



John Burke (50)

Director of Issuer Regulation

BCom (Hons); HDip (Corporate Law)

Tenure as director: 11 years

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

Appointed to the Board in 2005



Graeme Brookes (49)

Group Company Secretary

BCom

Number of years served as Group Company Secretary: 2 years, 5 months

Director of JSE-related companies.

Appointed Group Company Secretary in 2014

Note: Biographical details are correct as at 31 December 2016. Tenure as director is calculated from the date that an appointment is first ratified by shareholders to the date of the 2017 AGM.

Governance, risk and compliance

(continued)

Executive committee



Nicky Newton-King (50)

Chief executive officer

BA LLB (University of Stellenbosch); LLM (University of Cambridge)

Number of years in service: 20 years, 7 months

Number of years as CEO: 5 years

Director of JSE-related companies. World Economic Forum Young Global Leader; Yale World Fellow 2006.

Appointed to EXCO in March 1997



Aarti Takoordeen (36)

Chief financial officer

BCompt (Hons); CTA (University of South Africa); (CA)SA

Number of years in service: 3 years, 11 months

Number of years as CFO: 3 years, 10 months

Appointed to EXCO in February 2013



Tshwantsho Matsena (42)

Director of Trading and Market Services

BSc (University of the North); Programme in Business Leadership and MBL (Unisa Graduate School of Business)

Number of years in service: 1 year, 4 months

Numbers of years as Exco member: 6 months

Member of the South African Institute of Stockbrokers.

Appointed to EXCO in July 2016



Donna Nemer (59)

Director of Capital Markets

MA in Comparative Area Studies/Economics – Cum Laude (Georgetown University, Washington DC); BA in Latin American Studies/Economics (Duke University Durham, North Carolina)

Number of years in service: 2 years, 5 months

Chairman of the Trading Advisory Committee; Member of the New Products Committee and invitee to the Group Risk Management Committee; board Member of AMCHAM, Operation HOPE and Junior Achievement.

Appointed to EXCO in August 2014



Donald Khumalo (40)

Director of Human Resources

BA (University of the North); BA (Hons) (RAU, now University of Johannesburg); Management Development Programme, Unisa School of Business Leadership; Advanced Executive Programme (Vodacom Programme in collaboration with the Gordon Institute of Business Science)

Number of years in service: 2 months

Appointed to EXCO in November 2016



Leanne Parsons (51)

Director of Information Services

BCom (University of South Africa)

Number of years in service: 31 years, 7 months

Invitee to the Group Risk Management Committee.

Appointed to EXCO in March 1997



Zeona Jacobs (53)

Director of Marketing and Corporate Affairs

**Diploma: Business Management (Damelin);
Diploma: Management Advancement
Programme (Wits Business School)**

Number of years in service: 4 years, 4 months

Chairman of the Johannesburg Social Housing Company.

Appointed to EXCO in September 2012



Riaan van Wamelen (47)

Chief information officer

**BCom (Hons) Informatics (University of Pretoria);
MBA (Stellenbosch)**

Number of years in service: 8 years, 8 months

Appointed to EXCO in May 2008



John Burke (50)

Director of Issuer Regulation

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

Number of years in service: 26 years, 11 months

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

Appointed to EXCO in August 1997



Alicia Greenwood (45)

Director of Post-Trade Services

**PhD (University of Cape Town); BSc (Hons) (University
of Cape Town)**

Number of years in service: 11 months

Invitee to JSE Group Risk Management Committee, JSE Clear Risk Committee. Member of JSE Clear board and Strate board.

Appointed to EXCO in February 2016



Graeme Brookes (49)

*Director of Governance, Risk and Compliance and Group
Company Secretary*

BCom (University of the Witwatersrand)

Number of years in service: 7 years, 6 months

Director of JSE-related companies

Appointed as Group Company Secretary in August 2014

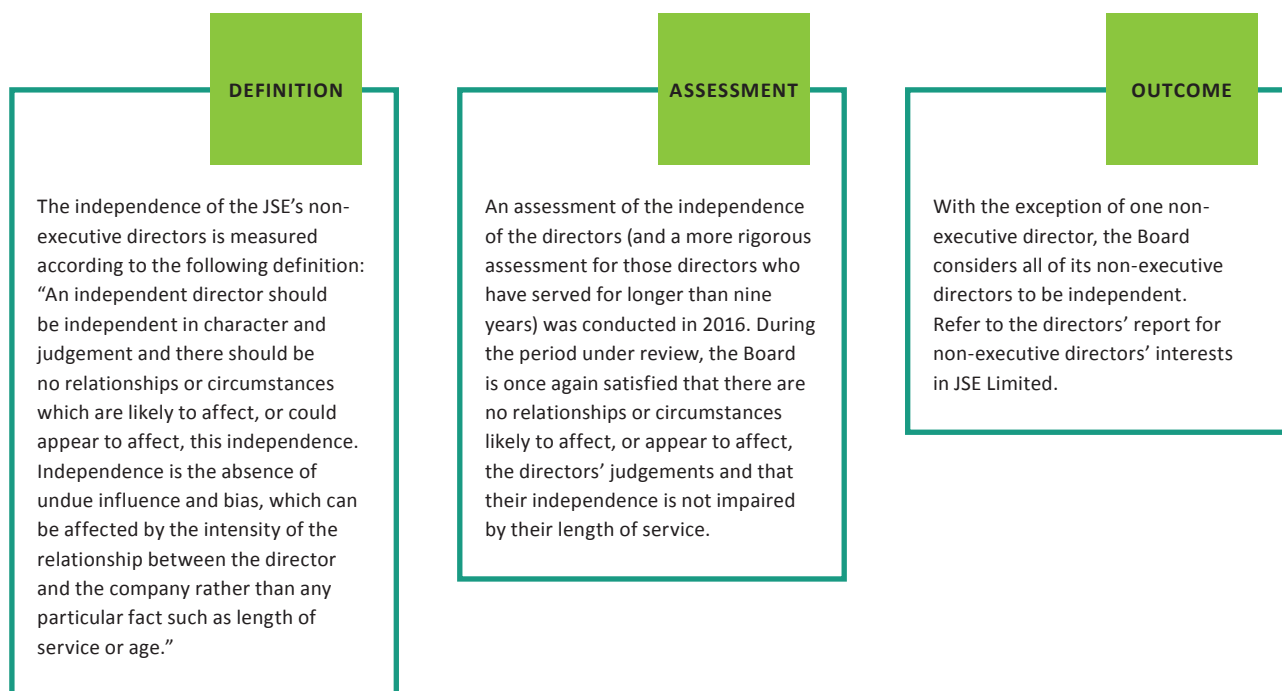
Appointed to EXCO in August 2014

Note: Biographical details are correct as at 31 December 2016.

Governance, risk and compliance

(continued)

Independence of the Board of directors



Lead independent director

The Chairman of the Board is supported by the lead independent director, specifically in scenarios where the Chairman is conflicted. All directors are encouraged to raise any matters of concern with the Chairman, or with the lead independent director, where the matter directly involves the Chairman.

Evaluation of JSE Board effectiveness

Each year, the Board undertakes an assessment of its effectiveness as well as that of the Board committees, the individual directors, including the chairman, the CFO and the Group Company Secretary.

In 2015, the Board appointed an independent service provider to undertake the evaluation process and provide insights and recommendations to the Board. This same process was extended for the 2016 year. The Chairman and the Group Company Secretary remain responsible for designing and managing the annual effectiveness review in conjunction with the service provider. The review is structured around two customised online questionnaires that address strategic and compliance matters relevant to the Company and the Board. Individual interviews are then held with each Board member and with the Group Company Secretary.

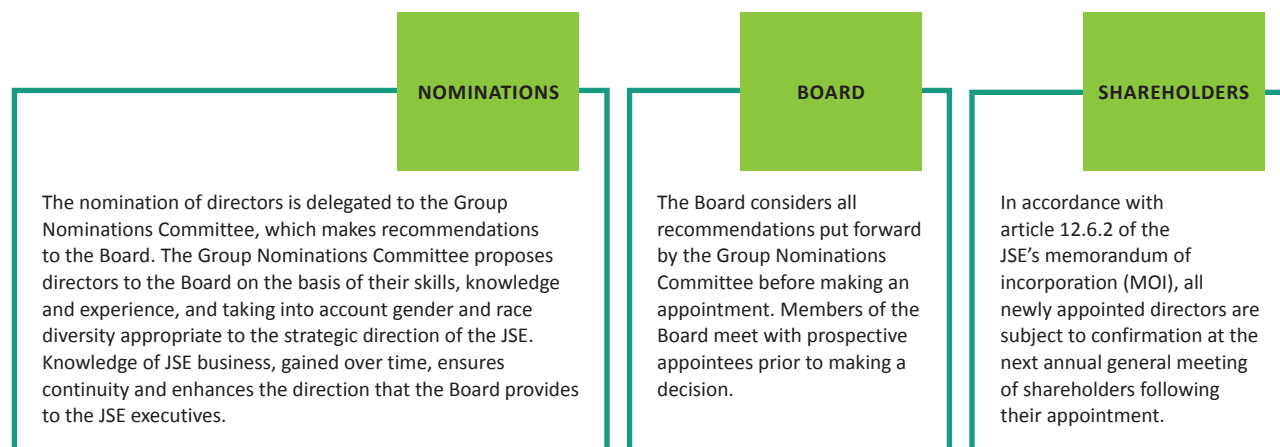
Findings from the effectiveness review are discussed by the Chairman in one-on-one meetings with the directors, where required. The full report is presented to the Group Nominations Committee for discussion, and is tabled for consideration by the Board. The 2016 report was reviewed by the Group Nominations Committee and by the Board at their respective meetings in November 2016.

During Q1 2017, each Board Committee reviewed the findings pertaining to that Committee and agreed action plans on how to address the findings, as required.

In overall terms, the directors are of the view that the Board is functioning well, is effective and is independent. The Board will continue to strive for a balance between trust in executive management and challenging management's views, and to ensure there is space for fresh perspectives on the risks and opportunities facing the JSE.

Appointment of directors

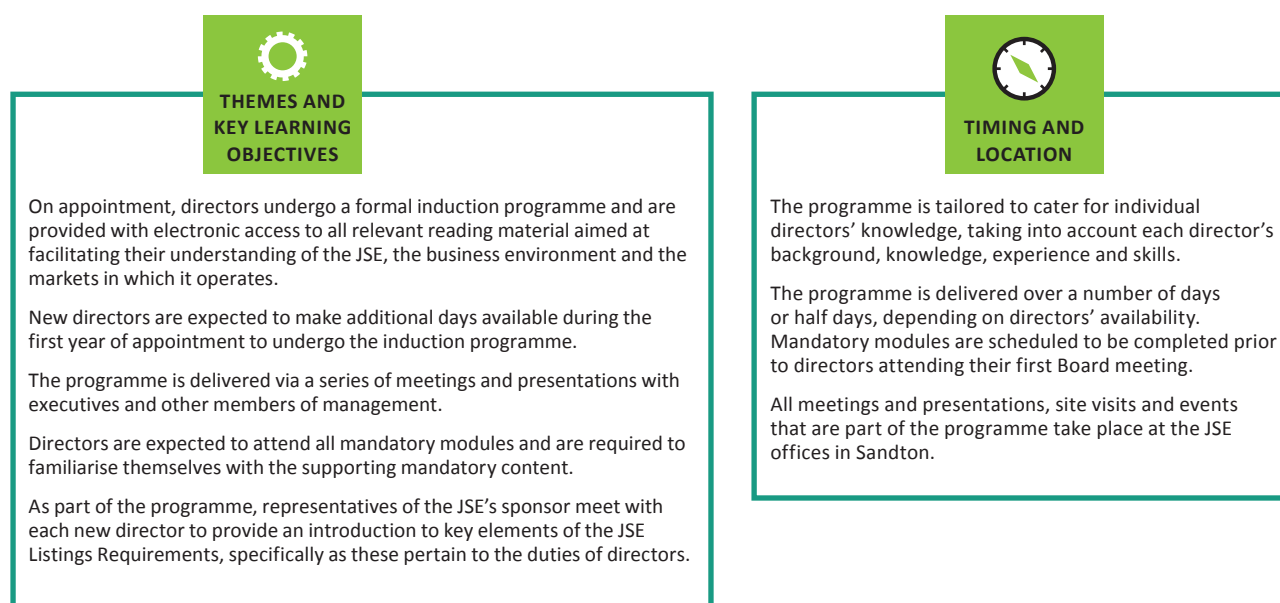
The company has a formal and transparent policy regarding the appointment of directors to the Board.



- The Board has arrangements in place for the periodic, staggered rotation of the 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, while retaining valuable knowledge, skills and experience and maintaining continuity.
- The Group Nominations Committee will first consider a proposed director's curriculum vitae (CV) and undertake the necessary interviews to establish the integrity and skills of the prospective appointee and ensure that the individual has not been disqualified from being a director. In most instances, a service provider is contracted to perform the required reference checks.
- The Group Nominations Committee ensures that all statutory requirements for the appointment are complied with and that the new director is properly briefed on his/her role. The Group Company Secretary assists the committee in discharging these duties.
- Non-executive directors are required to sign a letter of appointment, setting out all salient terms of their engagement, including but not limited to key responsibilities, time commitment, committee service, outside interests, director evaluation and emoluments.

Director induction and development

The objective of the induction programme is to provide all new directors with the information they require in order to be effective in their role as a director of the Company. In line with the King Code, the induction programme is a formal one-year process and is supplemented with ongoing education. The programme equips new directors with the requisite knowledge of company strategy, risks, operations and industry perspectives, thus enabling them to participate and be fully effective from their first Board meeting. Existing members of the Board are encouraged to attend relevant elements of the programme from time to time in order to stay abreast of new developments.



Governance, risk and compliance

(continued)

Board tenure

In terms of article 12.6.1 of the JSE's memorandum of incorporation, at least one-third of all directors (including executive directors) are required to retire by rotation each year. Retiring directors, if eligible, may be re-elected by shareholders.

In line with good governance practices, the Board has also adopted a formal policy on non-executive director tenure, which policy is effective from 1 January 2017. This tenure policy 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
- non-executive directors of the Company shall serve for no more than twelve consecutive years, unless in the opinion of the Board, exceptional circumstances exist for motivating an extended term in office beyond twelve years.

This policy recognises that the Company operates in a specialised niche within the financial services sector. The policy therefore aims to balance the need to retain knowledge, skills and experience on the Board over an appropriate timeframe, while adhering to the recommendations of the King Code 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 director's interests, independence and contribution before recommending such directors for annual re-election.

NEXT AGM 2017



At the next annual general meeting, to be held on 18 May 2017, shareholders are being asked to:

- re-elect the three directors retiring in accordance with the usual triennial rotation requirement set out in article 12.6.1 of the memorandum of incorporation, for a further three-year term; and
- re-elect the three non-executive directors retiring in accordance with the Company's tenure policy, for a one-year term.

Shareholders are referred to the online version of the AGM Notice at http://www.jsereporting.co.za/ar2016/download_pdf/notice-agm-2016.pdf for biographical details of all retiring directors.

The appointments of Messrs Botha, Mazwai and Payne as directors were first ratified by shareholders at the 2006 AGM, and accordingly, as at the date of the 2017 AGM, each will have served for eleven years. The Group Nominations Committee has assessed the interests, independence and contributions of these three directors and the guiding roles played by each as chairs of the Group Human Resources Committee, SRO Oversight Committee and Group Audit Committee, respectively. The Group Nominations Committee has recommended to the Board that these directors be proposed for re-election for a further year.

The Board has considered this proposal and the important roles filled by each of these directors. The Board is satisfied that each of these directors continue to make valuable and diverse contributions to the Board as well as exercising independent and objective judgement, and that there is no interest, position, association or relationship which would unduly influence or cause bias in decision-making. The Board is therefore recommending the re-election of these three directors, by way of separate resolutions, for a further one-year term. These directors are eligible for such re-election in terms of the Company's memorandum of incorporation.

Board and Board committee meetings

The Board is required to meet a minimum of four times a year and more frequently, should circumstances require. The Board also participates in an annual Board strategy session. Meetings are conducted according to a formal agenda, with supporting documentation delivered to directors one week prior to the scheduled meetings. The Board may establish, and delegate authority to, committees and may delegate authority to one or more designated members of the committees.

The Board has established a number of standing committees to facilitate efficient decision-making and to assist the Board in the execution of its duties, powers and authority. The chairman and members of each standing committee are nominated by the Board with each committee comprising of at least three non-executive directors. The committee as a whole must have sufficient qualifications and experience to fulfil the duties of the committee. The duties and responsibilities of the members of each committee are in addition to those assigned to them as members of the Board. Each committee of the Board acts in terms of its mandate and has access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities. For the year under review, each committee has confirmed that it has executed its responsibilities in accordance with its terms of reference.

A summary of attendance at Board and Board committee meetings during 2016 is shown below.

Director attendance

	Status of director*	Board committees					
		Board	Audit	Risk	HRSE	SRO	Nom
Number of scheduled meetings held during the year		4**	3	3	3	3	3
NMC Nyembezi-Heita (chairman of Board; Nominations)	INED	4	3 ¹	2 ^{1,3}	3	2 ^{1,3}	3
NF Newton-King (CEO)	ED	4	3 ¹	2 ²	3 ¹		3 ¹
A Takoordeen (CFO)	ED	4	3 ¹	3 ¹			
L Fourie*	ED	2 ⁴		0 ^{3,4}			
AD Botha (chairman of HRSE)	INED	4	3		3		3
NG Payne (chairman of Group Audit)	INED	4	3	3		3	
AM Mazwai (chairman of SRO)	INED	4	3	3	3	3	
DM Lawrence	NED	4		3	3		3
MA Matooane (chairman of Risk Management)	INED	4		3			
NP Mnxasana	INED	4	3		3	3	
M Jordaan	INED	3 ³					
S Kana	INED	4	3	3		3	
LV Parsons (alternate)	ED	3 ²					
JH Burke (alternate)	ED	3 ²					
GA Brookes	Company Secretary	4	3	3	3	3	3

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

**A Board strategy session was held on 27 May 2016 in addition to the four scheduled Board meetings.

¹Attendance is by invitation only.

²Away on JSE business apologies received.

³Apologies received for not being able to attend.

⁴Ms L Fourie resigned as an Executive Director of the JSE Board, with effect from 18 July 2016.

Invitee attendance

(These persons are not entitled to vote on any matter at the meeting)¹

	Board committees					
	Board	Audit	Risk	HRSE	SRO	Nom
Financial Services Board representative	4	3	3		3	
Investment advisors		3				
CIO			3			
Internal Audit		3				
Director of Trading and Market Services			2 ²			
Director of Issuer Regulation					3	
Director of Market Regulation					3	
Director of Post-Trade Services			3			
Director of Capital Markets			1 ²			
Director of Human Resources				3		

¹Attendance is by invitation only for all attendees listed in this table.

²Away on JSE business apologies received.

Governance, risk and compliance

(continued)

Company Secretary

The JSE's Group Company Secretary plays a pivotal role in the functioning of the Board, ensuring that all directors have full and timely access to the information that helps them to perform their duties and obligations properly, and enabling the Board to function effectively. He is responsible for the duties set out in section 88 of the Companies Act and for ensuring compliance with the JSE Listings Requirements and providing guidance and assistance in line with the King Code on Corporate Governance. All directors have unlimited access to the Group Company Secretary.

The Group Company Secretary, Graeme Brookes, is not an executive director of the JSE, nor is he related to or connected to any of the directors. The appointment and removal of the Group Company Secretary is a matter for the Board as a whole.

The Board confirmed that the Company Secretary is suitably qualified. In addition to his role as Group Company Secretary, Graeme Brookes also serves as the executive responsible for governance, risk and compliance (GRC), and reports to the chief executive officer. Refer to page 39 for his biography.

In compliance with paragraphs 3.84(i) and (j) of the JSE Listings Requirements, the performance of the Group Company Secretary is monitored by the chief executive officer and formally assessed by the Board on an annual basis. The Board and the chief executive officer are satisfied that the Group Company Secretary:

- is competent, suitably qualified and experienced;
- has the requisite skills, knowledge and experience to advise the Board on good governance;
- maintains an arm's length relationship with the Board and the directors; and
- has discharged his responsibilities for the period under review.

In reaching their assessment, the Board and the chief executive officer have considered and concluded:

- explicit independence: There is no direct or indirect relationship between the directors and the Group Company Secretary; and
- implicit independence: The company secretariat is properly resourced, and the Group Company Secretary has provided advice and guidance to the Board during the period under review in an independent and objective manner in accordance with the principles of the King Code, the JSE's Board charter and the Company's code of ethics.

The Group Company Secretary is accountable to the chairman of the Board, and his specific responsibilities include:

PROVIDE

counsel and guidance to the Board, Board committees and the Executive Committee on their individual and collective powers and duties, as well as in matters relating to governance, sustainability, legal compliance, transformation and ethics.

INDUCT

new directors. This includes a briefing on their fiduciary and statutory duties and responsibilities (including those arising from the JSE Listings Requirements), as well as induction sessions held at the JSE's offices.

COLLATE AND DISTRIBUTE

relevant information such as Board meeting agenda items, corporate announcements, investor communications and information relating to any other developments affecting the JSE or its operations.

RENDER

ongoing support and resources to enable directors to extend and refresh their skills, knowledge and understanding of the JSE Group, and of proposed changes to laws and regulations affecting the Group.

ASSIST

the Chairman with the annual evaluation of the effectiveness of the Board.

FACILITATE

professional and skills training where required and access to all information and independent advisors as required by the Board.



Risk management

The JSE recognises that effective risk management is fundamental to the achievement of its objectives. Through a robust enterprise risk management (ERM) programme and an embedded risk management culture, the JSE drives business performance, innovation and growth, while protecting and enhancing its value.

A dynamic business environment, significant regulatory change and the volatile, uncertain, complex and ambiguous world has necessitated refocusing the JSE ERM programme in order to ensure the JSE remains value-adding, effective and resilient. This includes updating the JSE ERM policy and supporting policies and frameworks.

The JSE regards risk management as a strategic management tool that enables the Company to respond to its environment in an agile and effective way while laying a strong foundation for business success. The JSE strategy house (see page 18) is pivotal to all risk evaluations. The enterprise-wide approach to risk management enables the JSE to consider the potential impact of its universe of risks on its stakeholders, services, processes and enabling technology.

The ERM framework is aligned with the ISO 31000 international risk management standard. The JSE is committed to the principles of good risk governance and strives to apply the principles contained in the King Code on Corporate Governance.

Key principles



VALUE-ADDING

Risk management processes must protect and enhance JSE value through the JSE's risk drivers in order to enhance competitive advantage, improve business performance and optimise risk management and compliance value.

The risk management process must add value to business through the application of insight and skills.

RELEVANCY

The risk profile must be compiled and applied in the context of achieving business goals and objectives and the risk appetite. Risk processes focus on hazards (possibilities of negative events) and recognise that opportunities arise from the relationship between risk and return through opportunities.

AGILITY

The dynamic nature of the business environment requires the JSE to address risk management collaboratively and continuously. Risk processes must be incorporated in strategic decision-making processes and embedded into day-to-day business operations.

CONSISTENCY

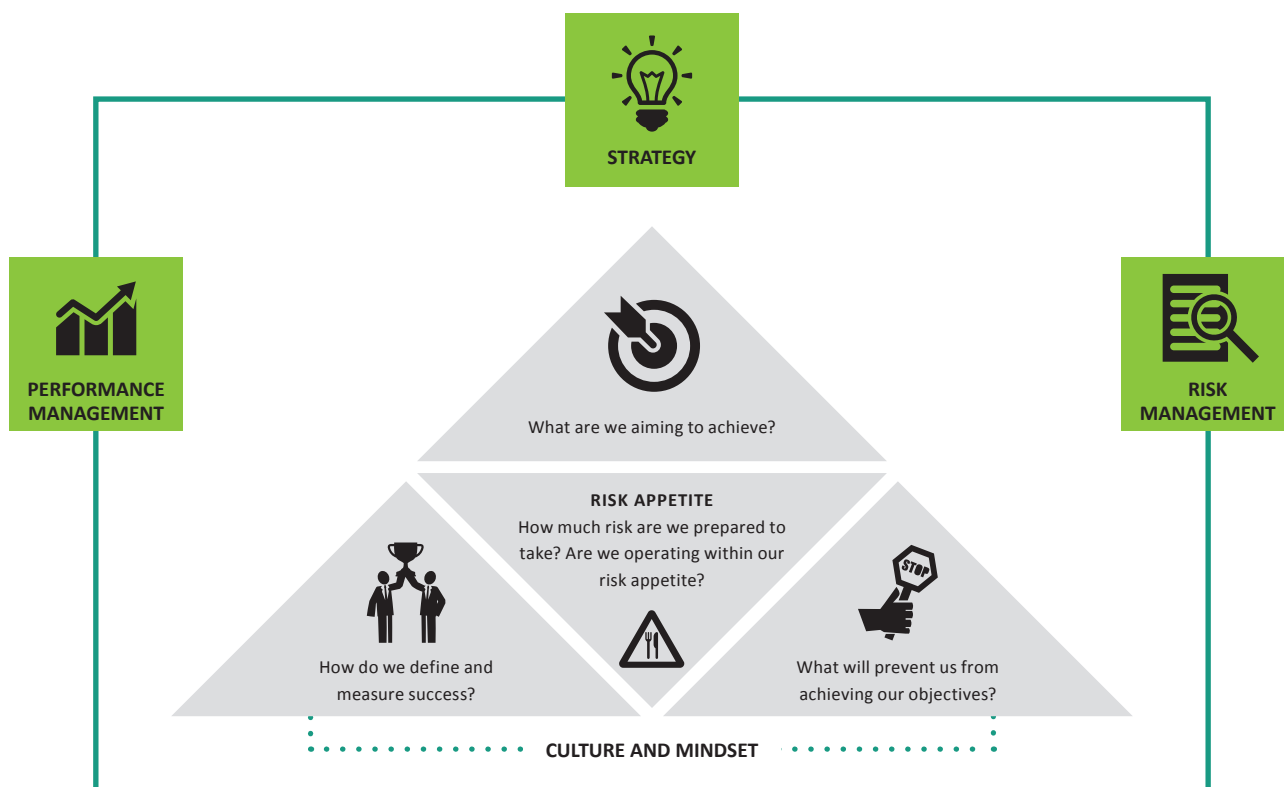
The risk management process must be structured and consistently and systematically applied across the JSE. Risk processes must incorporate perspectives of management, risk management and independent assurance (audit) views.

ACCOUNTABILITY

A system of clear accountability must exist to ensure adequate and appropriate action is taken on governance, risk management, and compliance risks, issues, events, incidents, and unresolved findings, with individuals accountable for their resolution.

Governance, risk and compliance

(continued)



The JSE strives for sustainable strategy execution through a risk-based approach, acknowledging the relationship between strategy management, performance management and risk management.

Risk culture

The JSE's risk principles support its participative and "risk challenge" culture, which encourages openness and frankness in risk discussions. This is driven by the Board and supported by the empowering supposition that "every JSE employee is a risk manager".

The JSE's approach of linking strategy, performance management and risk management promotes its embedded risk culture, which is infused into the Company's DNA through various risk initiatives and awareness programmes. Risk management is also incorporated into performance measurements, with clear risk accountability.

Risk appetite

Risk appetite is a measure and allocation of the amount of risk that the JSE is willing to accept in pursuit of its strategy. The Board and management use a balanced approach in determining the acceptable levels of risk to undertake. The JSE's risk appetite approach therefore reflects its position that risk management is as much about enabling risk taking as it is about constraining adverse risk.

The JSE will only tolerate risks that permit it to:

- achieve its stated strategic business objectives;
- comply with all applicable laws and regulations;
- conduct its business in a safe and sound manner; and
- protect and/or enhance its value.

In 2016, we commenced the process of defining specific risk appetite statements with corresponding measurements. These will be refined and monitored during 2017 as well as reported through the appropriate reporting channels in support of the JSE's strategy.

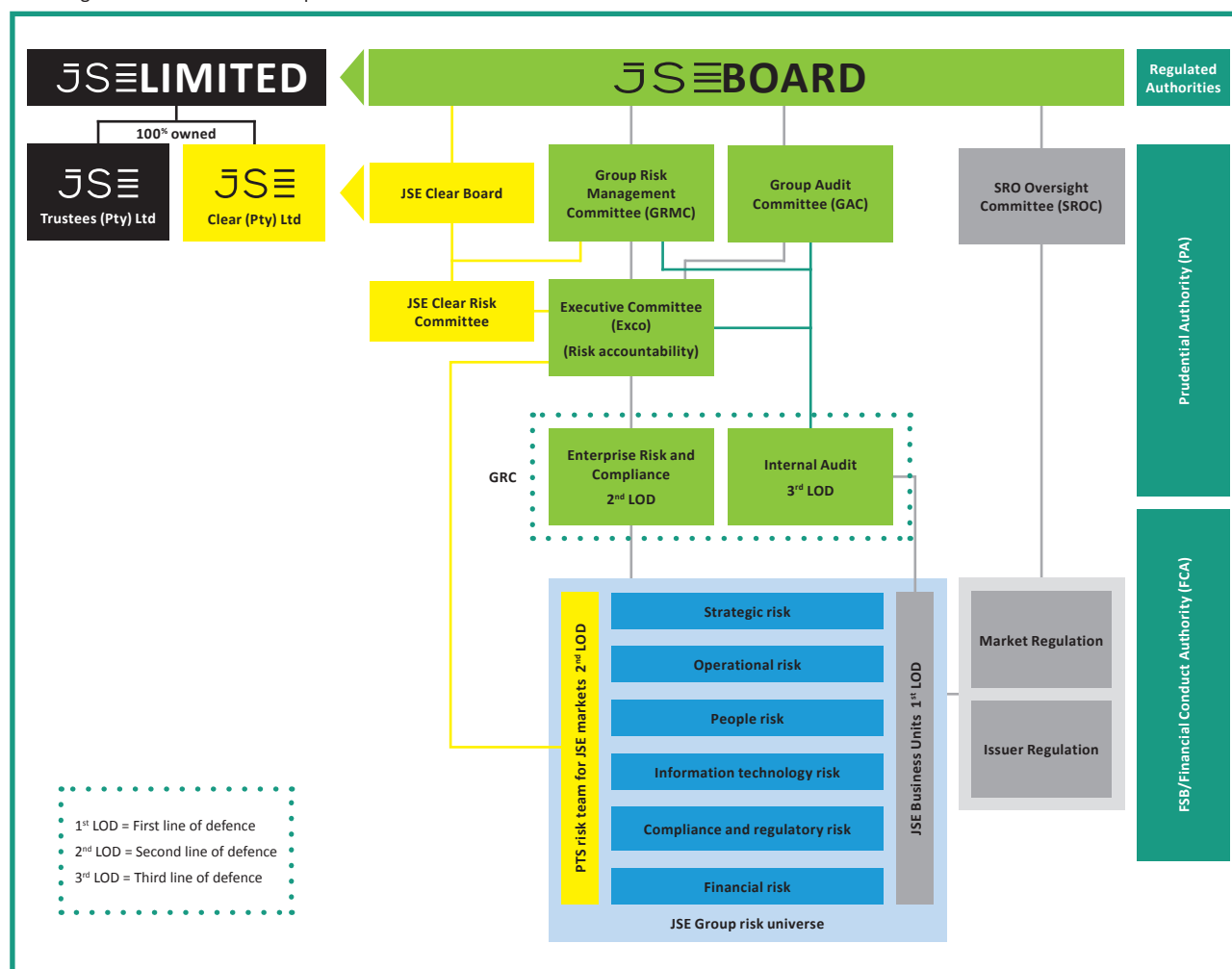
Roles and responsibilities

The JSE Board retains the ultimate responsibility for the oversight of risk.

The Board has constituted the Group Risk Management Committee (GRMC) to assist with discharging its duties and responsibilities with regard to risk management. The GRMC provides enterprise risk management oversight by monitoring the implementation of the JSE enterprise risk management framework and driving corrective actions. The Board reviews the ERM policy, framework and roadmap annually to ensure alignment to the Board's stance on risk management.

Business unit management is accountable to the Board for implementing and monitoring the processes of risk management and integrating risk management into day-to-day operations.

The risk governance structure is represented below.



As at 31 December 2016, the Board is satisfied that the Group's risk management and compliance processes are generally operating effectively and that management has adequately managed the Company's risk profile.

Approach

The ERM policy governs the management of the full spectrum of risks faced by the JSE Group: strategic, people, information technology, operational, financial and compliance and regulatory risks. The ERM framework defines the structure and methodology within which the JSE manages its risks.

Risk-based compliance with laws, rules, codes and standards

Compliance remains a focus area for the JSE. The JSE has continued with its risk-based compliance approach. During 2017, the GRC division will focus on maturing the compliance profile. Compliance training for all employees is planned for 2017.

JSE site management risk

JSE occupational health and safety requirements have been further embedded in the way the JSE operates after assessments carried out in 2015.

Information security

Since 2014, information security has been managed under the auspices of the chief information officer (CIO). The JSE information security framework encompasses components that address the governance, risk, compliance, process, people and technology aspects of information security. A number of technical and non-technical security controls were implemented successfully during 2016 and more are planned for 2017 as part of the JSE information security strategy. These security controls are part of a defence-in-depth strategy to ensure the confidentiality, integrity and availability of the JSE's

Governance, risk and compliance

(continued)

information assets. The status and efficiency of security controls are continuously managed, monitored and reported through an information security management system (ISMS) that provides constant assurance of an adequate security posture. The JSE information security programme, which is aligned with information security best practices, includes cybercrime defences and considers the efforts of the JSE's counterparts through participation in the WFE's Global Cyber Security Working Group.

Risk reporting and oversight

Risk reporting forms a fundamental component of risk management.








Risk reports are submitted to the JSE Executive Committee prior to being tabled at the GRMC. This reporting flows into Board reporting (including the Board receiving the JSE GRMC minutes). The reporting structure supports the oversight function of Enterprise Risk and Compliance (ERC) by allowing, in extreme cases, for independent escalation to the JSE GRMC on items where agreement on reporting could not be reached through the management reporting structures.

The Enterprise Risk and Compliance team has increased its oversight activities in order to bolster the JSE's risk lines of defence. Close cooperation with Internal Audit further facilitates this. ERC provides oversight on specialised risk management areas to ensure a standardised and consistent approach to risk management. These areas include:

- Strategic projects;
- IT governance;
- Information security;
- Business continuity; and
- Information governance.

Risks and opportunities

Achieving sustainable strategy execution and optimising JSE value requires a balanced view on the JSE's risks and opportunities. This is achieved through a structured formalised review process in which key risks and opportunities facing the strategic objectives are identified, managed and reported on.

	Material theme	Key risks presented through:
	Remaining competitive through efficiency, integration and diversification	The complex business environment, including changing customer expectations, rapid advances in technology and disruptive technology, and new market entrants, may negatively impact delivery of JSE's strategic objectives and result in a loss of market share.
	Regulatory readiness	The pervasive and heightened regulatory environment may negatively impact on the JSE's people, processes and systems, resulting in an increased cost of compliance and inefficient business processes. Non-compliance may result in fines and penalties being imposed by regulators.
	Sustaining growth within a challenging environment	The tough economic climate, including slow economic growth, low commodity prices and exchange rate fluctuations, may place pressure on the JSE's clients and impact on the JSE's execution of strategy.
	Technological reliability, security and governance	Inefficient customer facing processes, operational vulnerabilities and the instability and unavailability of critical systems and applications may negatively impact the customer experience and business performance.
	Stakeholder responsiveness	
	Technological reliability, security and governance	If the integrity of information is compromised, reputation damage, the loss of investor, client and public confidence, and the imposition of fines and penalties by regulators may result.
	Optimising human capital	<p>Achieving transformation objectives results in a positive reputational impact, retention of clients and the ability to attract and retain skills.</p> <p>The JSE's wide-ranging and transformational change agenda may impact negatively on its people by increasing workload pressure, creating an unstable environment and affecting attrition rates.</p>

Key risk themes

The more material risk themes emerging from the JSE's deliberations in 2016 as well as future focus areas are summarised below. This is not the exhaustive set of risk themes that is reported to the JSE Board.

Risk theme	Description with mitigating strategies
Business environment	<p>The complex business environment, including changing customer expectations, rapid advances in technology and disruptive technology, and new market entrants, may negatively impact delivery of JSE's strategic objectives and result in a loss of market share.</p> <p>The JSE's success depends on its ability to be relevant in the environment in which it operates. Its 2017 strategic objectives are based on the constantly demanding and ever-changing business environment. The JSE drives innovation and change in order to be agile and responsive. The JSE's technology developments (T+3 in 2016 and the Integrated Trading and Clearing Project) further enhance its capabilities and relevance.</p> <p>In 2017, the JSE will monitor strategy execution against a risk appetite framework.</p>
Regulatory and compliance	<p>The pervasive and heightened regulatory environment may negatively impact on the JSE's people, processes and technology, resulting in an increased cost of compliance and inefficient business processes. Non-compliance may result in fines and penalties being imposed by regulators.</p> <p>The JSE ensures that the impact of new or pending regulatory changes is proactively identified and appropriately managed. This includes the regulatory requirements of the twin peaks model, which will be a focus area in 2017.</p> <p>The impact of regulatory change on the JSE's people, processes and technology remains a key focus area and the Company will actively monitor and report on these aspects.</p> <p>The JSE strives to engage actively and continually enhance its relationships with its regulators.</p> <p>In 2017, the JSE will make changes to the compliance function to ensure it effectively addresses the demands of the changing regulatory environment.</p>
Economic and financial market risk	<p>The tough economic climate, including slow economic growth, low commodity prices and exchange rate fluctuations, may place pressure on the JSE's clients and impact on the JSE's execution of strategy.</p> <p>The JSE continually monitors its internal and external environment, actively engaging with stakeholders, performing regular analysis and stress testing and adjusting its planning assumptions to ensure it remains relevant in the changing economic environment.</p> <p>The socio-political and geo-political environment is closely monitored and the JSE continues to play an active role in promoting a positive image of South Africa to investors.</p>
Customer experience and service delivery platforms	<p>Inefficient customer facing processes, operational vulnerabilities and the instability and unavailability of critical systems and applications may negatively impact the customer experience and business performance.</p> <p>The JSE drives innovation and continuous improvement to improve its service delivery and the customer experience in order to retain and grow its customer base.</p> <p>In 2016, the JSE embarked on a programme to address key customer concerns and redesign some key customer-facing processes to ensure a more streamlined, efficient experience. This will remain on the agenda for 2017.</p> <p>Since the launch of the back-to-basics (BTB) log in April 2016, the JSE has made progress on "getting the basics right." Its objective of delivering a consistently reliable and trusted service to its customers requires a sustained executive and management focus on addressing service and compliance challenges.</p> <p>Further steps to refine the process, analyse trends and proactively prevent issues from materialising are planned for 2017.</p> <p>The JSE has appropriate contingency plans to ensure that key operations are resilient. Its business continuity crisis management plan will be invoked should an unexpected event occur.</p>

Governance, risk and compliance

(continued)

Risk theme	Description with mitigating strategies
Information governance: Integrity of information	<p>If the integrity of information is compromised, reputation damage, the loss of investor, client and public confidence, and the imposition of fines and penalties by regulators may result.</p> <p>A few high profile incidents relating to the compromising of JSE data in 2016 have led to a refocusing of efforts to regain stakeholder trust. These include executive attention on all priority 1 incidents; clear accountability; and ensuring various quality assurance processes are in place to monitor the integrity of data.</p> <p>The back-to-basics initiative, as discussed under the customer experience risk theme, is a key strategic objective in 2017. The JSE is therefore driving accountability and awareness through various initiatives planned for 2017.</p>
Transformation	<p>The risk of failing to achieve transformation objectives may result in a negative reputation impact, a loss of clients and a loss of ability to attract and retain skills.</p> <p>In 2016, the JSE established a Transformation Committee to drive transformation targets.</p> <p>The Company continues to implement its BBBEE strategy.</p>
Digestibility	<p>The JSE's wide-ranging and transformational change agenda may impact negatively on its people by increasing workload pressure, creating an unstable work environment and affecting attrition rates.</p> <p>Various ongoing mitigating strategies are in place. These include a structured change management approach, talent pipelining and employee retention initiatives.</p>

Compliance

The JSE recognises its accountability to all its stakeholders under legal and regulatory requirements applicable to its business and is committed to high standards of integrity and fair dealing in the conduct of its business. The JSE is committed to complying with both the spirit and the letter of the applicable requirements and to always acting with due skill, care and diligence. The JSE Group Board is ultimately accountable to its stakeholders for overseeing compliance requirements. The Board is aware that compliance risks include the loss of reputation, fines, civil claims, and/or the loss of authorisation by regulators, which could jeopardise the business of the JSE.

The responsibility to facilitate compliance throughout the JSE has been delegated to the director of Governance, Risk and Compliance, who manages the Enterprise Risk and Compliance (ERC) team. The JSE compliance programme will be updated and refocused in 2017 to ensure that the JSE remains value-adding, effective and resilient.

While the ERC team assists the various business units with reviewing, monitoring and recording the necessary and required compliance, JSE business units and all employees remain primarily responsible for compliance with the applicable laws, rules, codes and standards. Internal Audit also plays a critical role in highlighting any areas of potential non-compliance.

Dealing in Company securities and insider trading

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

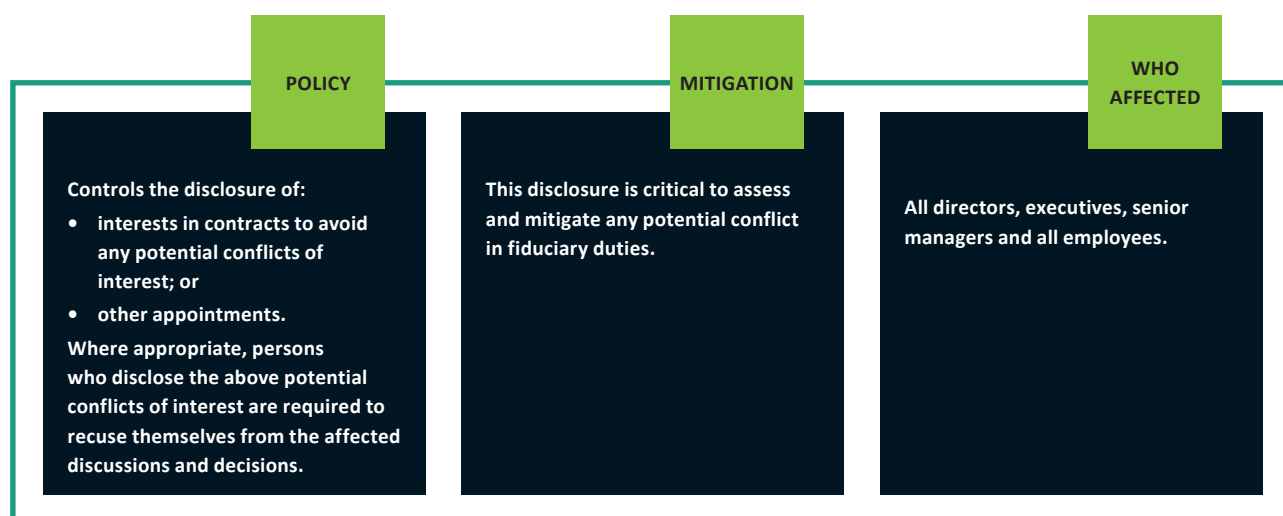
A dealing policy is also in place for employees and directors dealing in all listed securities other than JSE shares. Prior approval for these transactions is mandatory. Employees in excluded divisions are prohibited from dealing in any listed securities as a result of their ongoing exposure to company information. Refer to the directors' report for a listing of dealings by directors and prescribed officers.

Conflicts of interests and interests in contracts

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

As a market infrastructure, the JSE is required to take necessary steps to avoid, eliminate, disclose and otherwise manage possible conflicts of interest between its regulatory functions and commercial services. These steps include the implementation and documentation of appropriate arrangements in accordance with the provisions set out in Board Notice 1 of 2015 (Board Notice) on conflicts of interest, issued by the Registrar.

The conflicts of interest policies prescribed in the Board Notice have been in effect for the year under review and the operation and effectiveness of these policies has been assessed by PwC on behalf of JSE Internal Audit. The SRO Oversight Committee has reviewed the reports prepared by PwC and is satisfied with the conclusions that the JSE's regulatory functions are sufficiently separated from its commercial activities, and that access to confidential information and potential conflicts is correctly managed.



Governance, risk and compliance

(continued)

Anti-corruption approach

Approach	During the year under review
<p>The JSE does not engage in, accept or condone engaging in any illegal acts, including but not limited to any form of bribery, facilitation payments, political donations or any corruptive practice in the conduct of its business.</p> <p>The Board's policy is to actively pursue and encourage the prosecution of perpetrators of fraudulent and other illegal activities, should it become aware of such acts.</p> <p>A strict zero-tolerance approach has been adopted.</p>	<p>No fraud misdemeanours, bribery or corruptive practices were reported during the period under review.</p>

Approach to privacy legislation

In 2017, the ERC team will embark on a protection of private information (PoPI) programme to further enhance the JSE's capabilities and to address gaps in compliance with PoPI Act provisions, as well as to boost employee awareness.

Ombudsman for JSE complaints and disputes

Creation of ombudsman	During the year under review
<ul style="list-style-type: none"> On 21 February 2007, the JSE was authorised in terms of section 14(a) of the Financial Services Ombud Scheme Act, 37 of 2004, (Ombud Act) to operate a financial services ombud scheme in terms of the Ombud Act. 	<ul style="list-style-type: none"> The monitoring body of the scheme confirms that it complied with its constitution and provisions and with the Ombud Act.
<ul style="list-style-type: none"> The rules applicable to the scheme are set out in the Rules of the JSE. The rules regulate the resolution of complaints and disputes between authorised users and clients, and authorised users and authorised users. 	<ul style="list-style-type: none"> One matter involving a client and a member firm was referred to the JSE at the end of 2016. This matter has been presented to the Ombud for resolution, and a decision in the matter is expected in early 2017.
<ul style="list-style-type: none"> The Ombud Act requires that a monitoring body be appointed by the scheme to monitor the ongoing compliance of the scheme. The monitoring body of the scheme is the JSE Executive Committee. 	
<ul style="list-style-type: none"> Through the scheme, the JSE is able to facilitate the resolution of complaints that are made by or against clients and authorised users in a timely and cost-effective way that eliminates the need for either party to resort to legal proceedings. 	
<ul style="list-style-type: none"> Section 16(1)(b) of the Ombud Act requires the monitoring body of the scheme to confirm that, insofar as it is required to, the scheme has, during the period under review, complied with its constitution and provisions and with the Ombud Act. 	

Tax reporting and compliance

During the year under review, there were no contraventions or fines with respect to tax compliance across all tax types for all Group entities. Where complex treatment is required as a result of tax law amendments, tax opinions are sought from external experts in order to ensure correct treatment and full compliance.

Whistle-blowing

The JSE makes a whistle-blowing hotline available to all staff, stakeholders and the public at large via an independent service provider. This service ensures the anonymity of all the callers to the hotline. A whistle-blower may report any breach or alleged breach of the Company's governance and ethic code or policies as well as any illegal acts, bribery, corrupt practices, procurement failures, grievances or malfeasance. No calls to the hotline were received during 2016.