


**JSE Limited
Notice of annual
general meeting
and proxy form 2021**



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 Page reference for additional reading in this report.

 Reference to online data at <https://www.jse.co.za/investor-relations/results>.

The following is included in this notice of annual general meeting (AGM) (this/the notice):

- » summarised consolidated annual financial statements for the year ended 31 December 2020;
- » the resolutions to be proposed at the AGM, together with explanatory notes;
- » logistical information should you wish to attend the AGM by electronic means or to vote by proxy;
- » relevant shareholder disclosures; and
- » the proxy form for completion, signature and submission, if required.

This notice forms part of and should be read in conjunction with the integrated annual report 2020.

This document is important and requires your immediate attention

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

Availability of our reporting suite

This notice is provided to all registered holders of JSE Limited (JSE or the Company or the Group) ordinary shares (as at the relevant record date) and contains the summarised consolidated annual financial statements for the year ended 31 December 2020, together with related information relevant to this AGM.

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

Shareholders are also encouraged to register on ShareHub in order to access all AGM-related information and documents, circulars, educational material and announcements via an electronic portal. Shareholders can expect to receive notifications from ShareHub via email and/or on their mobile phone via text message. Registration is free for all shareholders of JSE Limited.

Register at www.sharehub.co.za

Printed copies of the integrated annual report 2020 and of the audited annual financial statements for the year ended 31 December 2020 may be obtained from the Group company secretary at the registered office of the Company, One Exchange Square, 2 Gwen Lane, Sandown, 2196 during normal business hours from Wednesday, 31 March 2021 up to and including Thursday, 3 June 2021.

Reporting suite

Our full reporting suite is available at <https://www.jse.co.za/investor-relations/results> and comprises the following reports:

Notice of AGM and proxy form

Sets out the notice of the JSE's AGM of shareholders to be held on 3 June 2021, together with the summarised report containing the required financial disclosures.

Integrated annual report

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

Annual financial statements

Sets out our financial results, with the Group Audit Committee (GAC) report, directors' report and annual financial statements prepared in accordance with IFRS.

Remuneration report (rewarding value creation)

Sets out the JSE's remuneration philosophy and policy, and how it was implemented in 2020.

Social value report (reporting on social value creation)

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

Disclaimer

Many of the statements in this report constitute forward-looking statements. These are not guarantees or predictions of future performance. The information on which forward-looking statements were based was not audited. Like all businesses, the JSE faces risks and other factors outside of its control. This may lead to outcomes unforeseen by the Group. These are not reflected in the report.

Readers are cautioned not to place undue reliance on forward-looking statements.

JSE LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 2005/022939/06

Share code: JSE

ISIN: ZAE000079711

LEI: 231800MZ1VUQEBWRF039

(“JSE” or the “Company” or the “Group”)

Notice of annual general meeting

Notice is hereby given that the 16th (sixteenth) AGM of shareholders of the JSE will be held on Thursday, 3 June 2021 at 16:00 South African (SA) Standard Time (subject to any adjournment, postponement or cancellation) via electronic means as permitted by the JSE Listings Requirements, the provisions of the Companies Act, 71 of 2008 (as amended) (Companies Act) and the Company’s memorandum of incorporation (MOI), in order to consider, and if deemed fit, pass with or without modification, the resolutions as set out in this notice.

Record dates

The Board of directors (Board) of the Company has determined, in accordance with section 59(1)(a) and (b) of the Companies Act, that the record date for shareholders to receive the notice of the AGM (the notice record date) is Friday, 26 March 2021 and the record date for shareholders to be recorded as such in the shareholders’ register, maintained by the transfer secretaries of the Company, to be able to attend, participate in and vote at the AGM (the voting record date) is Friday, 28 May 2021.

Therefore, the last day to trade in the Company’s shares on the Johannesburg Stock Exchange in order to be recorded in the share register on the voting record date is Tuesday, 25 May 2021.

Presentation of audited annual financial statements

The audited consolidated annual financial statements of the Group, including the reports of the directors, Group Audit Committee and the independent external auditors, for the year ended 31 December 2020 will be presented to shareholders as required in terms of sections 30(3)(d) and 61(8)(a) of the Companies Act (abbreviated versions have been included in this publication, with the full annual financial statements being available on [the JSE website at www.jse.co.za](#)).

Presentation of Group Sustainability Committee report

A report by the Group Sustainability Committee for the year ended 31 December 2020 is included in the social value report (available on [the JSE website at www.jse.co.za](#)) and will be presented to shareholders as required in terms of regulation 43 of the Companies Regulations 2011 (Regulations).

Access to the electronic AGM

The Board has determined that it is appropriate that the AGM be held by way of electronic participation only, and not by way of an in-person meeting. The AGM will accordingly only be accessible through electronic communication.

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

Shareholders who wish to participate electronically in and/or vote at the AGM are required to contact TMS as soon as possible, but in any event no later than 16:00 SA Standard Time on Tuesday, 1 June 2021 either on:

Email at: proxy@tmsmeetings.co.za

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

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

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

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

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

Whether or not a shareholder proposes to attend the AGM via electronic means, please complete and submit a proxy form in accordance with the instructions printed on it. For administration purposes, proxy forms should be received at the applicable return address as set out on [page 51](#) by no later than 16:00 SA Standard Time on Tuesday, 1 June 2021. Any shareholder who timeously completes and lodges a proxy form will nevertheless still be entitled to attend and participate, via electronic means, in the AGM, and may vote to the exclusion of any proxy instructions already lodged, subject to withdrawing those instructions. Proxy forms may also be submitted electronically to the chairman of the AGM before the start of the AGM, as set out in this notice.

Notice of annual general meeting continued

Ordinary resolutions

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

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

1. Ordinary resolution number 1

Election of director appointed to the Board during the year

“Resolved that the following director, who was appointed to the Board subsequent to the 2020 AGM and is eligible for election, be and is hereby elected with immediate effect as a director of the Company:

Mr Ian Kirk, non-executive director, appointed 1 October 2020.”


A brief biography in respect of the director is available on  page 13 of this notice.

2. Ordinary resolution number 2

Re-election of directors retiring by rotation in terms of the Company's MOI

“Resolved that the following directors, who retire by rotation in accordance with the MOI of the Company and are eligible for reappointment, be and are hereby re-elected with immediate effect as directors of the Company, each by way of a separate vote:

- 2.1 Ms Nolitha Fakude, independent non-executive director;
- 2.2 Dr Mantsika Matooane, independent non-executive director; and
- 2.3 Ms Aarti Takoordeen, executive director and chief financial officer.”

Brief biographies in respect of each director are available on  pages 14 to 16 of this notice.

3. Ordinary resolution number 3

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

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

Ms Nonkululeko Nyembezi, independent non-executive director and Chairman of the Board.”

A brief biography in respect of the director is available on  page 17 of this notice.

4. Ordinary resolution number 4

Reappointment of independent auditors

“Resolved that:


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

5. Ordinary resolution number 5

Election of members of the Group Audit Committee

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

- 5.1 To reappoint Dr Suresh Kana as member and chairman of the Group Audit Committee;
- 5.2 To reappoint Ms Zarina Bassa as a member of the Group Audit Committee;
- 5.3 To reappoint Ms Siobhan Cleary as a member of the Group Audit Committee; and
- 5.4 To reappoint Ms Faith Khanyile as a member of the Group Audit Committee.”

Brief biographies in respect of each director are available on  pages 18 to 21 of this notice.

Notice of annual general meeting continued

6. Ordinary resolution number 6

Authorisation to implement resolutions

“Resolved that any one director of the Company or the Group company secretary be and is hereby authorised to do all such things and sign all documents and take all such action as he/she considers necessary to implement all resolutions passed at the meeting at which this ordinary resolution number 6 is considered.”

7. Non-binding advisory resolution number 1

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

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

8. Non-binding advisory resolution number 2

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

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

Special resolutions

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

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

9. Special resolution number 1

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

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

- » the general repurchase of ordinary shares in the aggregate in any one financial year by the Company does not exceed 5% (five percent) of the Company's issued ordinary share capital as at the beginning of the financial year;
- » the general repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- » authorisation thereto has been given by the Company's MOI;
- » this general authority shall only be valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- » general repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected (the JSE should be consulted for a ruling if the applicant's securities have not traded in such five-day business day period);
- » at any point in time, the Company may only appoint one agent to effect any repurchases on the Company's behalf;

Notice of annual general meeting continued

- » a resolution has been passed by the Board confirming that the Board has authorised the general repurchase, that the Company has passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the Group;
- » any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);
- » any such general repurchases are subject to exchange control regulations and approval at that point in time;
- » the number of shares purchased and held by a subsidiary or subsidiaries of the Company shall not exceed 10% (ten percent) in aggregate of the number of issued shares in the Company at the relevant times;
- » the Company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and have been submitted to the JSE in writing prior to the commencement of the prohibited period; and
- » when the Company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made in accordance with paragraph 11.27 of the JSE Listings Requirements.”


10. Special resolution number 2

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

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

11. Special resolution number 3

Proposed non-executive director emoluments for 2021

“Resolved that the Company be and is hereby authorised, in terms of section 66(9) of the Companies Act, to pay the emoluments, as set out on  page 11 of the notice, to its non-executive directors for their services as directors in respect of the period from 1 January 2021 to the date of the AGM of the Company to be held during 2022, plus any value-added tax (VAT) to the extent applicable.”

Notice of annual general meeting continued

Majority required for the adoption of resolutions

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

The **non-binding resolutions** are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to the existing arrangements. Should 25% or more of the votes exercised on these non-binding resolutions be cast against either or both of these non-binding resolutions, the Board undertakes to engage with identified dissenting shareholders as to the reasons therefore and take appropriate action (as determined at the discretion of the Board) to reasonably address issues raised, as envisaged in the King Report on Corporate Governance™ for South Africa, 2016 (King IV)* and the JSE Listings Requirements.

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

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

Voting and proxy forms

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

Voting process by registered shareholders

If you are a registered shareholder (a shareholder who has not dematerialised your shares or who has dematerialised your shares with own-name registration) as at the voting record date, Friday, 28 May 2021, you may attend the AGM electronically. Alternatively, you may appoint a proxy (who need not be a shareholder of the Company) to attend electronically, participate in and vote in your place at the AGM. Any appointment of a proxy may be effected by using the attached proxy form. In order for the proxy to be effective and valid, it must be completed and delivered in accordance with the instructions contained in the attached proxy form.

Voting process by beneficial shareholders

If you are a beneficial shareholder, but not a registered shareholder, as at the voting record date, Friday, 28 May 2021:

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

By order of the Board



Graeme Brookes


Group company secretary


31 March 2021

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Explanatory notes to resolutions

Presentation of annual financial statements and reports

A summary of the audited consolidated annual financial statements is set out on  pages 28 to 47 of this report. Printed copies of the audited consolidated annual financial statements for the year ended 31 December 2020 may be obtained from the Group company secretary at the registered office of the Company during normal business hours from Wednesday, 31 March 2021 up to and including Thursday, 3 June 2021.

The audited consolidated annual financial statements for the year ended 31 December 2020, together with the reports prepared by directors and by the Group Audit Committee, and the report of the auditors for the year then ended can be accessed at  the Company's website: www.jse.co.za.

Ordinary resolution number 1

Election of director appointed to the Board during the year

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

Subsequent to the AGM held in 2020, the Board appointed **Mr Ian Kirk** (non-executive director) to the Board, effective from 1 October 2020.

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

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

Ordinary resolution number 2

Re-election of directors retiring by rotation

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

The following directors are obliged to retire by rotation at this AGM in accordance with this requirement. These directors are all eligible and make themselves available for re-election for a further term, by way of separate resolutions:

- » **Ms Nolitha Fakude**, independent non-executive director (last elected by shareholders in May 2018);
- » **Dr Mantsika Matooane**, independent non-executive director (last elected by shareholders in May 2018); and
- » **Ms Aarti Takoordeen**, executive director and chief financial officer (last elected by shareholders in May 2018).

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

Explanatory notes to resolutions continued

Ordinary resolution number 3

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

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

- » who have served for nine consecutive years may serve for a maximum of three further years, but subject to shareholder approval granted annually at each subsequent AGM during that three-year period; and
- » shall serve for no more than 12 consecutive years in total, unless in the opinion of the Board, exceptional circumstances exist for motivating (to shareholders for approval) beyond 12 years.

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

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

- » **Ms Nonkululeko Nyembezi** has served for 11 years as an independent non-executive director, having first been elected by shareholders at the 2010 AGM. She now retires in terms this policy, and is eligible for re-election for the ensuing year.

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

Based on the recommendations of the Group Nominations Committee regarding the composition of the Board, the Board is recommending the re-election with immediate effect of Ms Nyembezi for a final one-year term. The Group Nominations Committee and Board expect to finalise the process for Chairman succession during H1 2021 in order to enable a smooth handover of responsibilities by the AGM in May 2022.

Directors who have served for 12 consecutive years retire from the Board in accordance with this policy on non-executive director tenure.

Ordinary resolution number 4

Reappointment of independent auditors

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

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

The Group Audit Committee has confirmed that:

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

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

The audit fee originally proposed to be paid to EY for the independent audit of the Group entities for the year ended 31 December 2020 was R6 million and this fee will be finalised by the Group Audit Committee at its meeting to be held in July 2021. EY did not provide any non-audit services to the JSE during 2020.

Explanatory notes to resolutions continued

Ordinary resolution number 5

Election of Group Audit Committee members

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

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

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

The Group Audit Committee, acting as a collective, should be adequately skilled to perform its role having regard to the size and circumstances of the Company. The collective skill set includes an understanding of financial and sustainable reporting practices, internal audit controls, external audit processes, corporate law, risk management, IT governance as it relates to integrated reporting, and the governance processes of the Company. In accordance with the provisions of section 94(2) of the Companies Act, the Group Audit Committee serves as the audit committee for all group entities.

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

The Board is satisfied that the Group Audit Committee has diligently executed its mandate and responsibilities during 2020 and that no matters of concern have been flagged during the annual review of the Group Audit Committee's effectiveness (which was conducted as part of the Board's annual effectiveness review in January 2021).

Ordinary resolution number 6

Authorisation to implement resolutions

The directors of the Company or the Group company secretary are authorised in terms of ordinary resolution number 6 to implement the resolutions adopted at this AGM, and to take all such actions as may be necessary for this purpose.

Non-binding advisory resolution number 1

On the remuneration policy of the Company

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

Non-binding advisory resolution number 1 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

Non-binding advisory resolution number 2

On the implementation report as set out in the remuneration report of the Company

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

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

Explanatory notes to resolutions continued

Special resolution number 1

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

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



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

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

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

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

Disclosure in terms of section 11.26 of the JSE Listings Requirements

- » **Major shareholders:** set out on  page 49 of this notice
- » **Share capital and reserves of the Company:** set out on  page 48 of this notice
- » **Directors' responsibility statement:** The directors, collectively and individually, accept full responsibility for the accuracy of the information pertaining to all the resolutions set out in this notice and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these resolutions contain all information required by law and the JSE Listings Requirements
- » **Material changes:** Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the Group Audit Committee report and the date of this notice

Explanatory notes to resolutions continued

Special resolution number 2

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

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

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

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

This special resolution number 2 is required:

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

Special resolution number 3

Proposed non-executive directors' emoluments for 2021

The reason for and effect of special resolution number 3 is to authorise the Company to pay emoluments (including any applicable VAT thereon) to its non-executive directors for their services as directors, in accordance with the proposed schedule of emoluments set out below, for the period from 1 January 2021 to the date of the Company's AGM to be held in 2022.

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

	Existing fees for 2019 and 2020 ZAR	Proposed fees for 2021 ZAR
Board Chairman	2 300 000	2 500 000
Non-executive director	370 000	425 000
Lead independent director	111 000	127 500
Group Audit Committee		
<i>Committee chairman</i>	400 000	440 000
<i>Member</i>	190 000	200 000
Group Risk Management Committee		
<i>Committee chairman</i>	330 000	370 000
<i>Member</i>	165 000	185 000
Group Remuneration Committee		
<i>Committee chairman</i>	300 000	320 000
<i>Member</i>	150 000	160 000
Group Sustainability Committee		
<i>Committee chairman</i>	240 000	260 000
<i>Member</i>	120 000	130 000
Group SRO Oversight Committee		
<i>Committee chairman</i>	300 000	320 000
<i>Member</i>	150 000	160 000
Group Nominations Committee		
<i>Member</i>	65 000	85 000
<i>Ad hoc fee (per meeting)</i>	25 000	30 000

Average annual increase per annum for the period 2019 – 2021: 4.62% pa.

Explanatory notes to resolutions continued

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

The Board is of the view that:

- » the role of a non-executive director, especially within financial services companies, extends substantially beyond attendance at meetings. Emoluments should therefore be a function of Board and Board committee membership rather than a reward for attending meetings;
- » non-executive director emoluments should be benchmarked against a relevant peer group of companies. The Board confirms that the Group Remuneration Committee has reviewed such independent benchmark analysis in determining the proposals set out in this special resolution number 3;
- » this benchmarking exercise indicates that emoluments for 2021 ought to be increased by approximately 9.5% on average, which will bring the emoluments payable to the JSE's non-executive directors to ~91% of the median of the peer group companies. This average increase represents an annualised increase of 4.62% per annum since 2019, which is broadly in line with the increase in CPI over this period;
- » the role of lead independent director on the Board ought to be formally recognised by shareholders, and that the role should attract a premium of 30% on the basic annual fee paid to non-executive directors, in line with current market practice in South Africa;
- » the annual emoluments payable to a Board committee chairperson should be reflective of the role and additional time commitment expected of a chairperson. The Board proposes to retain its guideline that a chairperson of a Board committee receive an annual retainer equal to twice the annual fee earned by a Board committee member, save for the Group Audit Committee chairperson, who ought to receive a retainer of up to 2.5 times that of a Group Audit Committee member, given the additional responsibilities borne by the Group Audit Committee chairperson; and
- » non-executive directors may not receive short-term incentives, nor may they participate in the JSE's long-term incentive schemes.

There is no requirement for non-executive directors to hold a minimum shareholding in the JSE in order to qualify for Board membership, and there are no provisions for emoluments or other payments in respect of loss of office. Non-executive directors are, however, encouraged to hold shares in the JSE equal to their annual Board retainer, in terms of a non-binding policy on non-executive director shareholdings adopted by the Board. Non-executive directors are not compelled to hold shares in own name in JSE Limited. As at the date of this notice, three non-executive directors hold shares in JSE Limited, details of which are disclosed in the directors' report set out in the audited consolidated annual financial statements for the year ended 31 December 2020.

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

The Board has therefore resolved, on the recommendation of the Group Remuneration Committee, to propose for approval special resolution number 3, authorising the payment of emoluments to the non-executive directors of the Company for their services as directors, in accordance with the existing all-inclusive fee model, together with the payment of VAT to the extent applicable.

Biographical details of directors

Ian Kirk is standing for election following his appointment to the Board on 1 October 2020

Biographical details for Mr Ian Kirk (62)

<i>AGM ordinary resolution number 1</i>	Election of director appointed to the Board during the year
<i>Board classification</i>	Non-executive director
<i>Appointed to the Board</i>	1 October 2020
<i>Appointment first ratified by shareholders</i>	June 2021
<i>Tenure as a director</i>	8 months
<i>Qualifications</i>	CA(SA), FCA (Ireland), HDip BDP
<i>Board committees</i>	Member of Group Remuneration Committee Member of Group Risk Management Committee Member of the Group Deal Committee
<i>Attendance 2020</i>	Overall attendance for 2020: 100% (7/7 meetings) 100% (2/2) Board meetings 100% (2/2) Group Remuneration Committee meetings 100% (1/1) Group Risk Management Committee meetings 100% (2/2) Group Deal Committee meetings
<i>Other directorships</i>	Non-executive director of Transaction Capital Limited Member of the Presidential State-owned Enterprise Council Former Group CEO of Sanlam Limited
<i>JSE Limited shareholding in own name</i>	None



Non-executive director

Key strengths

Extensive experience in strategy development, business transformation, audit and advisory, and insurance

Biographical details of directors continued

Nolitha Fakude is standing for re-election to the Board for a new term

Biographical details for Ms Nolitha Fakude (56)

<i>AGM ordinary resolution number 2.1</i>	Re-election of director retiring by rotation
<i>Board classification</i>	Independent non-executive director
<i>Appointed to the Board</i>	2017
<i>Appointment first ratified by shareholders</i>	May 2018
<i>Tenure as a director</i>	3 years
<i>Qualifications</i>	BA (Hons)
<i>Board Committees</i>	Chairman of Group Remuneration Committee Member of Group Sustainability Committee
<i>Attendance 2020</i>	Overall attendance for 2020: 88% (14/16 meetings) 86% (6/7) Board meetings 100% (2/2) Board Strategy meetings 100% (4/4) Group Remuneration Committee meetings 67% (2/3) Group Sustainability Committee meetings
<i>Other directorships</i>	Chairman – Anglo American Management Board: South Africa Group Director – Anglo American plc Vice President – Minerals Council Non-Executive Director – Discovery Bank Holdings and International Woman's Forum South Africa (IWFSFA)
<i>JSE Limited shareholding in own name</i>	None



Independent non-executive director

Key strengths

Extensive executive-level experience in transformation, human resource development strategy and leadership, as well as education and training across a range of industries and sectors, including Retail, Management Consulting, Financial Services, Mining, Oil and Gas.

Until 2016, Nolitha served as an Executive Director at Sasol Limited as Executive Vice President of Strategy and Sustainability.

Biographical details of directors continued

Mantsika Matookane is standing for re-election to the Board for a new term

Biographical details for Dr Mantsika Matookane (45)

<i>AGM ordinary resolution number 2.2</i>	Re-election of director retiring by rotation
<i>Board classification</i>	Independent non-executive director
<i>Appointed to the Board</i>	2012
<i>Appointment first ratified by shareholders</i>	April 2013
<i>Tenure as a director</i>	8 years
<i>Qualifications</i>	BSc; PhD, MBA
<i>Board Committees</i>	Chairman of Group Risk Management Committee Member of Group Sustainability Committee
<i>Attendance 2020</i>	Overall attendance for 2020: 100% (16/16 meetings) 100% (7/7) Board meetings 100% (2/2) Board Strategy meetings 100% (4/4) Group Risk Management Committee meetings 100% (3/3) Group Sustainability Committee meetings
<i>Other directorships</i>	Nedbank Group Limited CEO of Truesport Investments Proprietary Limited
<i>JSE Limited shareholding in own name</i>	None



Independent non-executive director

Key strengths

Expertise in innovation and technology and cyber resilience. Leadership experience in retail and financial services

Biographical details of directors continued

Aarti Takoordeen is standing for re-election to the Board for a new term

Biographical details for Ms Aarti Takoordeen (40)

<i>AGM ordinary resolution number 2.3</i>	Re-election of director retiring by rotation
<i>Board classification</i>	Executive director and chief financial officer
<i>Appointed to the Board</i>	2013
<i>Appointment first ratified by shareholders</i>	April 2013
<i>Tenure as a director</i>	8 years
<i>Qualifications</i>	BCompt (Hons), CTA, CA(SA)
<i>Board Committees</i>	Member of Group Deal Committee Invitee to Group Audit Committee and Group Risk Management Committee
<i>Attendance 2020</i>	Overall attendance for 2020: 100% (14/14 meetings) 100% (7/7) Board meetings 100% (2/2) Board Strategy meetings 100% (5/5) Group Deal Committee meetings As invitee: 100% (3/3) Group Audit Committee meetings 100% (4/4) Group Risk Management Committee meetings
<i>Other directorships</i>	Director of JSE subsidiary companies
<i>JSE Limited shareholding in own name</i>	23 381



CFO

Key strengths

Finance professional with extensive experience in commercial finance and business intelligence

Biographical details of directors continued

Nonkululeko Nyembezi is standing for re-election to the Board for a one-year term in accordance with the Board's policy on director tenure

Biographical details for Ms Nonkululeko Nyembezi (60)

<i>AGM ordinary resolution number 3</i>	Re-election of director retiring in terms of the Company's policy on non-executive director tenure
<i>Board classification</i>	Independent non-executive Chairman
<i>Appointed to the Board</i>	2009
<i>Appointment first ratified by shareholders</i>	April 2010
<i>Tenure as a director</i>	11 years
<i>Qualifications</i>	BSc (EE); MSc (EE); MBA
<i>Board committees</i>	Chairman of Group Nominations Committee Member of Group Remuneration Committee Member of Group Deal Committee
<i>Attendance 2020</i>	Overall attendance for 2020: 90% (19/21 meetings) 100% (7/7) Board meetings 100% (2/2) Board Strategy meetings 67% (2/3) Group Nominations Committee meetings 75% (3/4) Group Remuneration Committee meetings 100% (5/5) Group Deal Committee meetings Attended other Board committee meetings by invitation
<i>Other directorships</i>	Non-executive director of Standard Bank Group Limited, Anglo American plc, Macsteel International Holdings BV and Macsteel Services Centres SA Proprietary Limited.
<i>JSE Limited shareholding in own name</i>	2 050 ordinary shares



Independent non-executive Chairman

Key strengths

Extensive experience in strategy development, technology and execution. Solid financial acumen and leadership experience gained across a range of business sectors and industries

Biographical details of directors continued

Suresh Kana is standing for reappointment as a member and chairman of the Group Audit Committee for the ensuing year

Biographical details for Dr Suresh Kana (65)

AGM ordinary resolution number 5.1 Reappointment as member and chairman of the Group Audit Committee

Board classification Lead independent non-executive director

Appointed to the Board 2015

Appointment first ratified by shareholders May 2016

Tenure as a director 5 years

Qualifications CA(SA); CD(SA); MCom; PhD (Honorary)

Board committees Chairman of Group Audit Committee
Chairman of Group Sustainability Committee
Member of Group Risk Management Committee
Member of Group SRO Oversight Committee
Member of Group Nominations Committee

Attendance 2020

Overall attendance for 2020: 100% (24/24 meetings)

100% (7/7) Board meetings
100% (2/2) Board Strategy meetings
100% (3/3) Group Audit Committee meetings
100% (3/3) Group Sustainability Committee meetings
100% (4/4) Group Risk Management Committee meetings
100% (3/3) Group Nominations Committee meetings
100% (2/2) Group SRO Oversight Committee meetings

Other directorships

Chairman of Murray & Roberts Holdings Limited.
Lead independent director of Transaction Capital Limited.
Trustee and member of the executive committee: IFRS Foundation
Chairman of the audit committee of the United Nations World Food Programme based in Rome.

Shareholding in own name

None



Lead independent non-executive director

Key strengths

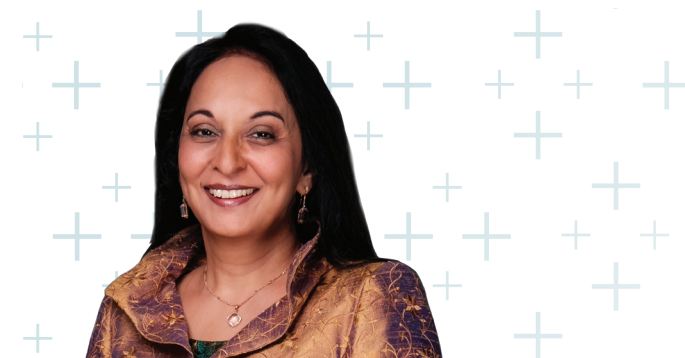
Seasoned accounting professional with extensive experience in corporate governance and corporate social responsibility best practice and corporate reporting, and risk management as the former CEO and Territory Senior Partner of PwC Africa

Biographical details of directors continued

Zarina Bassa is standing for reappointment as a member of the Group Audit Committee for the ensuing year

Biographical details for Ms Zarina Bassa (56)

<i>AGM ordinary resolution number 5.2</i>	Reappointment as member of the Group Audit Committee
<i>Board classification</i>	Independent non-executive director
<i>Appointed to the Board</i>	2018
<i>Appointment first ratified by shareholders</i>	May 2019
<i>Tenure as a director</i>	2 years
<i>Qualifications</i>	BAcc; DipAcc; CA(SA)
<i>Board committees</i>	Chairman of Group SRO Oversight Committee Member of Group Audit Committee Member of Group Risk Management Committee
<i>Attendance 2020</i>	Overall attendance for 2020: 100% (18/18 meetings) 100% (7/7) Board meetings 100% (2/2) Board Strategy meetings 100% (2/2) Group SRO Oversight Committee meetings 100% (3/3) Group Audit Committee meetings 100% (4/4) Group Risk Management Committee meetings
<i>Other directorships</i>	Independent non-executive director of Woolworths Holdings Limited, Oceana Group Limited, Investec Limited and Investec plc. Chairman of Yebo Yethu Limited.
<i>Shareholding in own name</i>	None



Independent non-executive director

Key strengths

Accounting professional with extensive experience in auditing, risk and compliance. Extensive strategic and operational experience in banking and financial services, as well as within audit and advisory services. Previously a partner and chief operating officer of EY's sub-Saharan Africa practices.

Biographical details of directors continued

Siobhan Cleary is standing for reappointment as a member of the Group Audit Committee for the ensuing year

Biographical details for Ms Siobhan Cleary (46)

<i>AGM ordinary resolution number 5.3</i>	Reappointment as member of the Group Audit Committee
<i>Board classification</i>	Independent non-executive director
<i>Appointed to the Board</i>	1 February 2020
<i>Appointment first ratified by shareholders</i>	June 2020
<i>Tenure as a director</i>	1 year
<i>Qualifications</i>	BA LLB; MA; MBA; Fellowship: Yale World Programme
<i>Board committees</i>	Member of the Group Audit Committee Member of Group Sustainability Committee Member of Group SRO Oversight Committee
<i>Attendance 2020</i>	Overall attendance for 2020: 93% (14/15 meetings) 100% (7/7) Board meetings 100% (2/2) Board Strategy meetings 100% (1/1) Group Audit Committee meetings 67% (2/3) Group Sustainability Committee meetings 100% (2/2) Group SRO Oversight Committee meetings
<i>Other directorships</i>	Former head of research and public policy at World Federation of Exchanges.
<i>Shareholding in own name</i>	5 650 ordinary shares



Independent non-executive director

Key strengths

Expertise in strategy, research and policy development in local and global capital markets, and as thought leader and practitioner in sustainability markets

Biographical details of directors continued

Faith Khanyile is standing for reappointment as a member of the Group Audit Committee for the ensuing year

Biographical details for Ms Faith Khanyile (52)

<i>AGM ordinary resolution number 5.4</i>	Reappointment as member of the Group Audit Committee
<i>Board classification</i>	Independent non-executive director
<i>Appointed to the Board</i>	2018
<i>Appointment first ratified by shareholders</i>	May 2019
<i>Tenure as a director</i>	2 years
<i>Qualifications</i>	BA Economics (Honours); MBA; PhD (Honorary)
<i>Board committees</i>	Member of Group SRO Oversight Committee Member of Group Audit Committee
<i>Attendance 2020</i>	Overall attendance for 2020: 100% (14/14 meetings) 100% (7/7) Board meetings 100% (2/2) Board Strategy meetings 100% (2/2) Group SRO Oversight Committee meetings 100% (3/3) Group Audit Committee meetings
<i>Other directorships</i>	CEO of WDB Investment Holdings. Non-executive director of Discovery Limited and Transcend Residential Property Fund.
<i>Shareholding in own name</i>	None



Independent non-executive director

Key strengths

Experience in investment banking, strategy development and execution, corporate relationship management, governance and leadership

2020 annual results commentary and summarised consolidated annual financial statements



2020 annual results commentary

Strong performance in core business units underpinned a 19% increase in earnings before interest, tax, depreciation and amortisation (EBITDA) to R1.06 billion (2019: R889 million). The JSE's record revenue during the period largely reflects the impact of increased market volatility. Global financial markets took their cue from pandemic-fuelled uncertainty as well as a historic crash in oil prices. Local markets saw additional volatility with record trading volumes amplified by a sovereign credit rating downgrade, South Africa's exit from the World Government Bond Index and rand volatility. The Group recognises the substantial human impact of the COVID-19 pandemic as well as its impact on the financial ecosystem. The health and safety of employees, support for clients and the operational resilience of platforms and infrastructure remain key focal points for the Group.

The JSE successfully executed a major upgrade to the core trading platform, continued to invest in information security readiness, and progressed well in delivering its inorganic growth strategy. The Group also made substantial improvements in client and employee engagement, as illustrated by the increase in our net promoter score measured independently.

In the context of a challenging operating environment, we are pleased to share a strong set of financial results for 2020. These results indicate the following:

- » Sustained earnings quality and cash generation – a key component of the JSE's business model;
- » Uninterrupted market services in the context of unprecedented volatility;
- » Record Group revenue, including a 15% increase in Information Services;
- » Continued investment to drive growth and maintain information technology (IT) robustness in our operations;
- » Positive operating leverage which improves earnings before interest and tax (EBIT) margin;
- » Capital expenditure (CAPEX) in support of operational and cyber resilience;
- » Successful conclusion of the transaction to acquire a majority stake in Link Market Services South Africa (Pty) Limited, and the transaction with Globacap Technology Limited (Globacap) in line with our inorganic growth strategy; and
- » Healthy balance sheet underpins ordinary dividend growth and further inorganic growth in future.

Overview of results

R million (<i>unless stated otherwise</i>)	FY2020	FY2019	% change
Total revenue	2 528	2 229	13%
Operating expenditure (OPEX)	1 718	1 541	11%
EBIT	811	687	18%
EBIT margin	32%	31%	1% pt
EBITDA	1 060	889	+19%
Net profit after tax (NPAT)	778	695	12%
Earnings per share (EPS) (cents)	936.7 cents	814.8 cents	15%
Headline earnings per share (HEPS) (cents)	936.7 cents	814.6 cents	15%
Ordinary dividend per share declared (cents)	725.0 cents	690.0 cents	5%
Cash generated from operations	1 003	880	14%
CAPEX	89	101	(12%)

Total revenue increased by 13% to R2.5 billion (2019: R2.2 billion), with both operating income and total revenue at record highs. This performance was achieved through the following:

- » An increase in market activity and central order book trading, mainly in the Equity Market, which growth was offset by some of the other asset classes. This resulted in a 7% increase in revenue for the Capital Markets segment;
- » Post-Trade Services capitalised on heightened market activity and billable value traded to grow revenue by 14%;
- » Growth in Information Services owing to a combination of new business, positive pricing and foreign exchange (FX) gains;
- » Other income growth, which includes a net increase in FX gains as well as regulatory fines; and
- » R17 million for the first-time consolidation of JSE Investor Services (previously Link SA) for two months.

Operating expenses increased by 11% to R1.7 billion (2019: R1.5 billion). This growth in expenditure relates to JSE and the rest of the Group's subsidiaries as follows:

- » Personnel costs increased by 3%. The average headcount was 402 (2019: 395) and December 2020 exit headcount was 406 (2019: 392);
- » Depreciation expenses increased by 22% owing to the annualised depreciation impact of Integrated Trading and Clearing (ITaC), the trading system upgrade and the capitalisation of software licences;
- » Technology costs increased by 12% owing to higher spend on risk including cybersecurity, mainframe migration and the trading system upgrade. This was partially offset by lower net spend on contractors and the capitalisation of expenses related to long-term software licences;

2020 annual results commentary continued

- » General expenses increased by 11% owing to higher market-activity-related costs, external costs for growth initiatives, including due diligence costs and legal and professional fees; and
- » First-time consolidation of JSE Investor Services' operating expenses of R15 million for two months and JSE Empowerment Fund (JEF) Trust of R11 million for the year, contributing to a 2% increase in OPEX.

As a result, EBIT increased by 18% to R811 million (2019: R687 million), supported by positive operating leverage. There was a 1% gain in EBIT margin to 32%. EBITDA increased by 19%. Strong NPAT growth of 12% to R778 million (2019: R695 million) was recorded, despite a decrease in net finance income. Total EPS and HEPS increased by 15%, to 936.7 cents from 814.8 cents and 814.6 cents respectively.

The Group continued to be strongly cash generative, with net cash from operations of R1.03 billion (2019: R880 million), a record high. Total CAPEX was R89 million (2019: R101 million), with the focus mainly on the trading engine upgrade, the new master data reference system and additional colocation racks. We are well positioned to continue our deliberate investment in those areas of our business that we believe to be critical to our long-term sustainability.

The JSE remains therefore in a healthy position with regard to cash and capital, with net cash generation in 2020 resulting in a stable cash balance of R2.5 billion at the end of December (2019: R2.6 billion). Accordingly, the Board of Directors (Board) has declared an ordinary dividend of 725 cents per ordinary share, an increase of 5% over the 2019 ordinary dividend of 690 cents per share. This corresponds to an ordinary dividend pay-out of 83% of distributable profits in 2020 (2019: 87%).

Group response to the COVID-19 pandemic

COVID-19 and its knock-on effects have tested our resilience and capacity and demanded that we rapidly adopt new ways of work in order to deliver on our corporate objectives. The impact on our clients, the financial services sector, our communities and society has been substantial. The JSE demonstrated:

- » Resilience during a period of crisis:
 - Market availability up to 99.95% (2019: 99.76%).
 - Zero system downtime in the Equity Market.
 - Zero failed trades and effective management of short positions.
 - Responsive and timely changes to our Listings Requirements.
 - Successful remote working.
 - Significant investments in IT robustness.
- » Support for our clients:
 - Provided regulatory support.
 - Provided support for distressed companies.

- Offered a fee reduction for trading, clearing, and settlement in companies listed on the JSE AltX and Black Economic Empowerment (BEE) boards.
- Offered a reduction in listing fees for small cap and AltX companies.
- Offered BEE broker support.
- » Support for our employees:
 - Launched leadership and employee empowerment support.
 - Increased and diversified our employee wellness and wellbeing offering.
 - Partnered with Discovery case management to support employees who contracted COVID-19.
- » Aid for social needs:
 - Collaborated with 38 market participants to donate the trading revenues earned over two days across all asset classes to the Solidarity Fund. This initiative raised a total donation of R34.4 million.
 - The Board pledged a portion of its director emoluments to the Solidarity Fund, and was joined by employees, who also contributed a portion of their salaries to the fund.
 - Collaborated with Business Leadership South Africa (BLSA) to assist disadvantaged communities.

Business highlights

The JSE achieved a number of operational and strategic objectives in 2020, namely:

- » Maintained our 99% market share by value traded, thanks to deep market liquidity, competitive and responsive relative pricing, robust technology and globally connected trading and post-trade services.
- » Capital Markets:
 - Delivered the upgrade to our core trading platform.
 - Concluded the acquisition of Link SA, now called JSE Investor Services, on 2 November 2020 for a cash consideration of R225 million.
 - Entered into a commercial arrangement with Globacap to progress a digital private placements platform and registry services. The JSE also acquired a minority equity stake in that business for GBP4 million which was completed in January 2021 with a R84 million payment following regulatory approvals.
 - Launched the sustainability segment. The new segment provides a platform for companies to raise debt for green, social and sustainable initiatives in a trusted, global marketplace.
- » Post-Trade Services:
 - Finalised the independent clearing house (ICH) application for submission pending the release of the final application forms by the regulator.

2020 annual results commentary continued

- » Information Services:
 - Entered into an agreement with China Investment Information Services Limited (CIIS), a subsidiary of the Shanghai Stock Exchange, to provide select JSE market data access to local distributors in mainland China, as part of a focused initiative on Asian markets.
 - Launched the FTSE/JSE bond indices.
 - Implemented the reference data solution for cash bonds.
- » Issuer Regulation:
 - Approved the Debt Listings Requirements amendments. These deal with significant enhancements to corporate governance, with a prominent focus on state-owned entities and disclosure in general in the debt market for the protection of investors.
 - Accepted the London Stock Exchange Group (LSEG) standard listings requirements as the standard for admission to a secondary inward listing on the JSE. The JSE will now accept applicant issuers (eligible for both the Main Board and AltX) with a standard listing on the LSE for purposes of a secondary inward listing on the JSE.
- » Transformation:
 - Achieved Broad-based Black Economic Empowerment (B-BBEE) level 2 status in 2020 (2019: Level 3).

Revenue performance per segment

Capital Markets

- » **Primary Market:** Revenue increased by 3% to R152 million (2019: R147 million). Initial public offerings (IPOs) came under further pressure in 2020, with fewer deals for the year (four in 2020 versus five in 2019) owing to uncertain market conditions. However, we have seen a growing demand for green bonds in emerging markets, driven by private borrowers looking for investments in sustainable energy, cleaner water, transport and smart buildings. There were 20 delistings (2019: 24), which were largely the result of corporate actions and schemes of arrangement in mostly small to mid-sized, illiquid counters. Although the number of listed entities declined, the aggregate market capitalisation of all entities listed on the JSE increased by 2% during 2020 and there was an increase in the listing of exchange-traded notes (ETNs) and warrants. There was R67 billion (2019: R36 billion) of new capital raised in the equity secondary market, with the majority of secondary capital raising coming from large-cap companies.
- » **Equity Market:** Revenue increased by 14% to R493 million (2019: R433 million) owing to a 7% increase in billable value traded and more central order book activity, resulting in higher effective pricing. The JSE's headline All Share Index (ALSI) recovered from a low of -33.5% on 19 March 2020 and ended the year up 4.07%. Colocation activity contributed 50% (2019: 42%) of overall value traded, with 40 racks (2019: 32). Foreigners remained net sellers of equities in 2020.

- » **Equity Derivatives Market:** Revenue increased by 1% to R145 million (2019: R143 million) owing to increased activity and a more diverse product mix. Overall, the Equity Derivatives Market came under pressure in the face of greater market volatility in 2020. Value traded was down 7% owing to weaker activity in the JSE Top 40 Index, which commands the largest percentage of contracts traded, as well as SSFs with dividend risk.
- » **Currency Derivatives Market:** Revenue declined by 3% to R46 million (2019: R47 million) owing to an 8% decline in contracts traded. The currency market has largely been defined by the global events of 2020. During the height of the market crisis in March, bid-offer spreads in the currency market were 40 to 50% higher than their pre-COVID-19 levels. This has started to normalise, but volatility in the rand has contributed to erratic trading activity in this space, where a large portion of the trade is linked to hedging activity in the Equity Market.
- » **Bond and Interest Rate Market:** Revenue increased by 4% to R71 million (2019: R68 million), largely owing to a product mix change, despite nominal bond value declining by 7%. Volatility impacted the Bond Market, resulting in a significant increase in standard trades, driven by COVID-19 challenges, South Africa's exit from the World Government Bond Index and therefore large foreign outflows. In the bond repos market, there has been a definitive shift away from longer-dated positions, reflecting risk-off sentiment. Revenue from the electronic trading platform (ETP) for bonds contributed R8 million (2019: R7 million). Foreigners remained net sellers of bonds.
- » **Commodity Derivatives Market:** Revenue increased by 7% to R87 million (2019: R82 million), largely owing to the product mix. The number of contracts traded remained flat. Value traded grew, driven by the agricultural market which accounted for approximately 98% of volume traded in 2020. Rising export demand and higher global commodity prices, have provided support for domestic prices. South Africa's agricultural sector, which is export oriented, has seen limited disruption from COVID-19, as global agricultural and food trade has generally remained operational.
- » **Company Services:** Revenue decreased by 46% to R6 million (2019: R12 million), largely owing to the closure of JSE-hosted events and in-person training owing to COVID-19. Revenue was largely driven by the JSE's new virtual annual general meeting (AGM) service and virtual training in 2020.

Post-Trade Services

- » Clearing and Settlement revenue increased by 16% to R446 million (2019: R385 million), driven by increased billable value traded and central order book activity in the Equity Market.
- » Back-Office Services (BDA) revenue increased by 13% to R376 million (2019: R333 million) as a result of a 21% increase in the number of transactions and smaller transaction sizes. Around 20% of the BDA revenue mix, linked to dissemination and reports, is not directly linked to transactions.
- » Funds under management grew by 9% to R82 million (2019: R75 million), largely owing to growth in JSE Trustees' cash balances.

2020 annual results commentary continued

Information Services

- » Revenue increased by 15% to R356 million (2019: R310 million), largely driven by new business, annual price increases and FX gains on US dollar denominated revenue.

Other income

- » Other income increased to R82 million (2019: R41 million), mainly owing to issued regulatory fines (which are non-distributable) and FX gains on US dollar denominated assets. The JSE held USD6.8 million in cash (2019: USD9.4 million) at year-end.

Financial performance

Operating expenditure

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

- » Personnel costs increased by 3% to R595 million (2019: R580 million), owing to the following:
 - Gross remuneration, which increased by 4% to R435 million (2019: R418 million). The headcount as at 31 December was 406 (2019: 392), while the average headcount for 2020 was 402 (2019: 395).
 - The net impact of executive changes, which affected both 2019 (the chief executive officer (CEO) transition) and 2020 (executive changes), was a year-on-year reduction of R20 million.
 - Discretionary bonus of R76 million or 9.7% of NPAT (2019: R64 million or 9.2% of NPAT).
- » Technology costs increased by 12% to 320 million (2019: R285 million), largely owing to the following:
 - Increased spend on resilience including cybersecurity of R35 million (2019: R14 million).
 - Increased BDA costs of R15 million, largely due to the mainframe migration including parallel costs due to COVID-19 impact on project timing.
 - Project-related infrastructure and support costs for the trading engine upgrade, mainframe migration, and the first full-year impact of ITaC support and maintenance of R24 million.
- » Depreciation and amortisation increased by 22% to R247 million (2019: R202 million). The increased depreciation and amortisation can largely be attributed to the first full-year impact of ITaC amortisation of R22 million and a R25 million impact of new contracts for long-term software licences, capitalised as intangible assets, and the trading platform upgrade of R5 million.
- » General expenses increased by 11% to R528 million (2019: R474 million) owing to the following:
 - Transaction costs of R29 million (2019: R6 million) for JSE Investor Services (Pty) Limited (JIS) and Globacap.
 - *Strate ad valorem* fees, SWIFT charges and clearing and settlement fees increased by R16 million.
- » An allocation of R11 million by the JEF Trust for bursaries awarded.
- » JIS costs of R15 million (2019: R0 million): largely personnel expenses, general expenses and amortisation of intangible assets.

Net finance income

Net finance income decreased owing to the lower yields (following multiple repo rate reductions by the South African Reserve Bank (SARB) during the course of 2020) on JSE cash balances, partially offset by the growth in margin deposits from JSE Clear.

Cash flows and CAPEX

The Group continues to be strongly cash generative, with net cash from operations of R1.03 billion (2019: R880 million).

Total CAPEX was R89 million (2019: R101 million), with the focus mainly on the trading engine upgrade, the new master data reference system and additional colocation racks. Cash from investing activities also included the investment into Link SA of R225 million on 2 November 2020.

As a result, cash and cash equivalents at 31 December 2020 were broadly stable and amounted to R2.5 billion (2019: R2.6 billion).

All planned investments and 2021 capital requirements can be funded from the Group's own resources.

Regulation

In compliance with the Financial Markets Act, 19 of 2012 (FMA) the JSE and JSE Clear are required to hold regulatory capital. At the reporting date, the Board believes that both the JSE and JSE Clear are sufficiently capitalised.

Future focus

The implementation of the core trading engine upgrade, and the new JSE Investor Services business, along with the Globacap transaction, have created a strong base on which to build and grow the business. We will continue to focus on the rejuvenation of our infrastructure and systems with investment in robustness and stability. Revenue growth will be derived from new products and services in our Capital Markets and Information Services business. Our inorganic growth initiatives will focus on the areas of issuer services and data in order to diversify revenue streams, with a focus on annuity income. Cost control will remain a key focus area. Innovation, acquisitions and fresh approaches to capital formation will be key themes.

Prospects

We are mindful of the balance between growing the business and maintaining the business. With this in mind, we will execute our strategy with speed and discipline and continue to rapidly improve our service offerings and technology to serve our clients with consistent excellence. As such, the JSE remains committed to providing a trusted market infrastructure.

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

2020 annual results commentary continued

Declaration of ordinary dividend

The Board has declared an ordinary dividend for the year ended 31 December 2020, as follows:

Dividend	Annual gross amount	Withholding tax %	Net amount
Ordinary	725 cents	20%	580 cents

The JSE's practice has been to return distributable cash to shareholders after ring-fencing cash for regulatory capital requirements and investments (CAPEX and inorganic opportunities).

The ordinary dividend of 725 cents per share for 2020 represents a 5% increase on the 690 cents per share paid in 2019, congruent with the Group's policy to progressively grow the nominal value of the ordinary dividend over time, subject to retaining cash for regulatory capital and investments, including acquisitions.

The Board resolved to adjust the Group's dividend policy to reflect a dividend cover ratio of 1.5x – 1x earnings (a pay-out ratio of 67% – 100% of current earnings (previously 40% – 67%)). This pay-out range reflects the fact that cash generated exceeds NPAT, largely as a consequence of the technology investments in previous years. This trend is expected to continue for the next few years.

The dividends have been declared from current profits, and the Group remains sufficiently capitalised. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt. The dividends are payable to shareholders recorded in the register of members of the JSE at the close of business on Friday, 26 March 2021. In compliance with the Companies Act, 71 of 2008 (as amended) (the Companies Act), the directors confirm that the JSE will satisfy the solvency and liquidity test immediately after completion of the dividend distribution.

In compliance with the requirements of Strate, the following salient dates for the payment of the ordinary dividend are applicable:

Dividend paid in year in respect of financial year ended	31 December 2020	31 December 2019
Ordinary dividend per share	725 cents	690 cents
Special dividend per share	0 cents	150 cents
Total rand value	R630 million	R730 million
Declaration date	Thursday, 25 February 2021	Monday, 24 February 2020
Last date to trade JSE shares <i>cum</i> dividend	Tuesday, 23 March 2021	Tuesday, 24 March 2020
JSE shares commence trading ex-dividend	Wednesday, 24 March 2021	Wednesday, 25 March 2020
Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on	Friday, 26 March 2021	Friday, 27 March 2020
Dividend payment date	Monday, 29 March 2021	Monday, 30 March 2020

Share certificates may not be dematerialised or rematerialised from Wednesday, 24 March 2021 to Friday, 26 March 2021, both days inclusive. On Monday, 29 March 2021, the dividend will be electronically transferred to the bank accounts of certificated shareholders. The accounts of those shareholders who have dematerialised their shares (which are held at their central securities depository participant or broker) will be credited on Monday, 29 March 2021. The issued share capital of the JSE as at the declaration date was 86 877 600 ordinary shares. The tax number of the JSE is 9313008840.

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Notes	Group	
		2020 R'000	2019 R'000
Continuing operations			
Revenue	9	2 446 368	2 187 247
Other income		82 013	41 459
Personnel expenses	10	(600 838)	(580 200)
Other expenses	11	(1 112 558)	(961 173)
Expected credit loss (ECL) impairments		(4 347)	61
Profit from operating activities		810 638	687 394
Finance income		2 434 182	2 963 057
Finance costs		(2 234 354)	(2 749 975)
Net finance income		199 828	213 082
Share of profit from associate (net of income tax)		54 351	47 683
Profit before income tax		1 064 816	948 159
Income tax expense	12	(283 331)	(248 180)
Profit for the year from continuing operations		781 485	699 979
Discontinued operations			
Loss after tax for the year from discontinued operations		(2 842)	(4 867)
Profit for the year		778 643	695 112
Attributable to:			
Equity holders of the parent company		778 389	695 112
Non-controlling interests		254	–
		778 643	695 112
Other comprehensive income			
Change in financial instruments at fair value through other comprehensive income that will not be reclassified to profit and loss (net of income tax)		38 505	27 565
Change in financial instruments at fair value through other comprehensive income that may be reclassified to profit and loss in subsequent periods (net of income tax)		955	555
Other comprehensive income for the year, net of income tax		39 460	28 120
Total comprehensive income for the year from continuing operations		818 103	723 232
Attributable to:			
Equity holders of the parent company		817 849	723 232
Non-controlling interests		254	–
		818 103	723 232
Earnings per share from continuing operations			
Basic earnings per share (cents)	13.1	940.1	820.5
Diluted earnings per share (cents)	13.2	934.3	816.7
Earnings per share from discontinued operations			
Basic earnings per share (cents)	13.1	(3.4)	(5.7)
Diluted earnings per share (cents)	13.4	(3.4)	(5.7)
Total earnings per share			
Basic earnings per share (cents)	13.1	936.7	814.8
Diluted earnings per share (cents)	13.4	930.9	811.0

* The reported loss in 2019 includes wind-up expenses such as legal and audit fees.

Consolidated statement of financial position

for the year ended 31 December 2020

	Notes	Group	
		2020 R'000	2019 R'000
Assets			
Non-current assets			
Property and equipment		1 870 773	1 715 640
Intangible assets	14	139 927	183 541
Investment in associate		820 656	593 333
Other investments		319 907	292 786
Loan to the JEF Trust		377 302	338 759
Right-of-use assets		–	25 197
Deferred taxation		177 458	212 559
		35 524	69 465
		49 754 227	38 511 575
Current assets			
Trade and other receivables		474 706	520 339
Income tax receivable		6 269	5 277
JSE Clear Derivatives Default Fund collateral deposit		500 000	500 000
Indemnification asset	16	4 680	–
Margin deposits		46 308 480	34 849 591
Collateral deposits		880	59 034
		2 459 212	2 577 334
Total assets		51 625 000	40 227 215
Equity and liabilities			
Total equity			
Stated capital		4 154 288	3 969 631
Reserves		(32 514)	(17 726)
Retained earnings		676 578	548 267
		3 472 638	3 439 090
Equity attributable to equity holders of the parent			
Non-controlling interests	17	4 116 702	3 969 631
		37 586	–
		273 842	317 506
Non-current liabilities			
Employee benefits		5 952	5 436
Deferred taxation		–	3 875
Lease liability		252 938	293 101
Deferred income		13 401	6 803
Long-term liabilities		1 551	8 291
		47 196 870	35 940 078
Current liabilities			
Deferred income		970	–
Trade and other payables		305 457	485 586
Income tax payable		3 485	–
Employee benefits		132 036	109 398
Lease liability		40 882	36 469
JSE Clear Derivatives Default Fund collateral contribution		400 000	400 000
Other liability	16	4 680	–
Margin deposits		46 308 480	34 849 591
Collateral deposits		880	59 034
		51 625 000	40 227 215
Total equity and liabilities		51 625 000	40 227 215

Consolidated statement of changes in equity

for the year ended 31 December 2020

	Stated capital R'000	NDR R'000	Share- based payments reserve R'000	Total reserves R'000	Retained earnings R'000	Total R'000	Non- controlling interests R'000	Total equity R'000
Group								
Balance at 1 January 2019	(18 378)	435 027	76 712	511 739	3 475 080	3 968 441	–	3 968 441
Profit for the year from continuing operations	–	–	–	–	699 979	699 979	–	699 979
Other comprehensive income	–	28 120	–	28 120	–	28 120	–	28 120
Total comprehensive income for the year from continuing operations	–	28 120	–	28 120	699 979	728 099	–	728 099
Loss for the year from discontinued operations	–	–	–	–	(4 867)	(4 867)	–	(4 867)
Long-Term Incentive Scheme (LTIS) 2010 Allocation 6 – shares vested	11 071	–	(11 071)	(11 071)	–	–	–	–
LTIS 2010 Allocation 7 – shares vested	20 884	–	(20 884)	(20 884)	–	–	–	–
Bonus shares vested	–	–	(5 831)	(5 831)	–	(5 831)	–	(5 831)
Distribution from the JSE Debt Guarantee Fund Trust ¹	–	(4 484)	–	(4 484)	4 484	–	–	–
Dividends paid to owners	–	–	–	–	(728 140)	(728 140)	–	(728 140)
Equity-settled share-based payment	–	–	43 232	43 232	–	43 232	–	43 232
Transfer of profit to investor protection fund	–	7 446	–	7 446	(7 446)	–	–	–
Treasury shares	(30 833)	–	–	–	–	(30 833)	–	(30 833)
Treasury shares – share issue costs	(470)	–	–	–	–	(470)	–	(470)
Total contributions by and distributions to owners of the Company recognised directly in equity	652	2 962	5 446	8 408	(735 969)	(726 909)	–	(726 909)
Balance at 31 December 2019	(17 726)	466 109	82 158	548 267	3 439 090	3 969 631	–	3 969 631
Profit for the year from continuing operations	–	–	–	–	781 231	781 231	254	781 485
Other comprehensive income	–	39 460	–	39 460	–	39 460	–	39 460
Total comprehensive income for the year from continuing operations	–	39 460	–	39 460	781 231	820 691	254	820 945
Loss for the year from discontinued operations	–	–	–	–	(2 842)	(2 842)	–	(2 842)
Take-on of JEF Trust as a subsidiary	(5 714)	54 360	–	54 360	7 152	55 798	–	55 798
LTIS 2010 Allocation 7 – shares vested	14 317	–	(14 317)	(14 317)	–	–	–	–
LTIS 2010 Allocation 8 – shares vested	9 343	–	(9 343)	(9 343)	–	–	–	–
Bonus shares vested	11 243	–	(5 411)	(5 411)	–	5 832	–	5 832
Distribution from the JSE Debt Guarantee Fund Trust ¹	–	(2 851)	–	(2 851)	2 851	–	–	–
Transfer of reserves and dividends paid	–	17 889	–	17 889	(728 621)	(710 732)	–	(710 732)
Equity-settled share-based payment	–	–	22 300	22 300	–	22 300	–	22 300
Transfer of profit to investor protection fund	–	4 942	–	4 942	(4 942)	–	–	–
Listed companies – Fines – Issuer Regulation	–	21 744	–	21 744	(21 744)	–	–	–
Qualifying deductible expenses related to Fines – Issuer Regulation	–	(462)	–	(462)	462	–	–	–
Non-controlling interests arising on a business combination	–	–	–	–	–	–	37 332	37 333
Treasury shares	(43 660)	–	–	–	–	(43 660)	–	(43 660)
Treasury shares – share issue costs	(317)	–	–	–	–	(317)	–	(317)
Total contributions by and distributions to owners of the Company recognised directly in equity	(14 788)	95 622	(6 771)	88 851	(747 684)	(673 621)	37 332	(636 288)
Balance at 31 December 2020*	(32 514)	601 191	75 387	676 578	3 472 638	4 116 701	37 586	4 154 287

¹ The JSE Debt Guarantee Fund Trust Deed makes specific provision for the utilisation of excess funds for the purpose of reducing the risk of claims being made against the Trust. To this effect, R2.8 million (December 2019: R4.5 million) before intercompany adjustments was transferred to the JSE to defray market regulatory expenditure.

* Debit balance due to own shares held as part of the LTISs.

Consolidated statement of cash flows

for the year ended 31 December 2020

	Notes	Group	
		2020 R'000	2019 R'000
Cash flows from operating activities			
Cash generated by operations		1 112 575	899 022
Finance income		2 495 975	2 985 866
Finance costs		(2 325 154)	(2 764 870)
Dividends received		2 119	4 649
Taxation paid		(282 755)	(244 223)
Net cash generated by operating activities		1 002 760	880 444
Cash flows from investing activities			
Proceeds on sale of other investments		16 903	22 840
Acquisition of other investments		(15 984)	(26 919)
Dividends from associate		27 230	24 795
Proceeds from disposal of property and equipment		50	351
Leasehold improvements		(1 653)	(73)
Acquisition of intangible assets		(185 133)	(72 342)
Acquisition of property and equipment		(20 121)	(32 686)
Acquisition of a subsidiary, net of cash acquired	16	(216 111)	–
Take-on of JEF Trust as subsidiary	18	75 004	–
Net cash used in investing activities		(319 815)	(84 034)
Cash flows from financing activities			
Acquisition of treasury shares		(51 012)	(68 152)
Proceeds on sale of treasury shares		7 037	36 849
Lease liabilities repaid		(40 407)	(28 835)
Dividends paid		(710 732)	(728 140)
Net cash used in financing activities		(795 114)	(788 278)
Net increase in cash and cash equivalents		(112 169)	8 132
Cash and cash equivalents at 1 January		2 577 334	2 573 936
Effect of exchange rate fluctuations on cash held		(5 953)	(4 734)
Cash and cash equivalents at 31 December 2020		2 459 212	2 577 334

Notes to the consolidated financial statements

for the year ended 31 December 2020

1. Reporting entity

JSE Limited (the “JSE” or the “Company”) is a company domiciled in South Africa. The registration number is 2005/022939/06. The JSE is licensed as an exchange in terms of the FMA. The JSE has the following main lines of business: Capital Markets, Post-Trade Services and Information Services. The address of the Company’s registered office is One Exchange Square, 2 Gwen Lane, Sandown. The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries and controlled structured entities (collectively referred to as the “Group” and individually as “Group entities”) and reflect the Group’s interest in associates.

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

2. Basis of preparation

Statement of compliance

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

The directors take full responsibility for the preparation of this report and warrant that the financial information has been correctly extracted from the underlying audited annual financial statements.

3. Changes in accounting policies

All accounting policies applied by the Group in these summarised consolidated financial statements are in terms of IFRS and are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020. All accounting policies are consistent with the prior year.

4. Comparative figures

Unless otherwise indicated, comparative figures refer to the 12 months ended December 2019.

5. Use of estimates and judgements

The preparation of financial statements are in conformity with IFRS and requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

6. Financial risk management

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2021.

7. Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Costs in the JSE are managed holistically across the Exchange and variances against budget are closely monitored. JIS is separately managed and therefore separately disclosed as a segment.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

8. COVID-19 impact

Since 31 December 2019, the spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses world-wide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The services rendered by the Group were declared an essential service. The Group has operated throughout the lockdown period with staff working remotely, and operations have not been adversely affected. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. The Group has not had to access the relief measures available from government.

Significant levels of market activity were observed in financial markets across the world in March, amid the spread of the COVID-19 pandemic which created a short-term surge in the Group's revenues.

The Group's business model is entrenched in the financial ecosystem. Market volatility, and the volumes and values traded in the market, have a direct impact on the Group's financial performance. During Q1 2020, the fair value of the Group's investor protection investments declined by R52 million but rebounded in Q2 with a net increase of R67 million for that period. The rest of the year saw a net increase of R39 million as at 31 December 2020.

The Group has instituted various COVID-19-related measures for market participants affected by the pandemic to counter the impact of the crisis on their businesses and to ensure business continuity. These included:

- » Extended payment terms to clients on a case-by-case basis.
- » Discounted trading fees and discounted additional listing fees on secondary capital raising for Small Cap Stocks.
- » Support for Small and Medium Enterprises in the Group's supply chain.
- » Increased support in respect of the Equity Market Enterprise Development programme which is aimed at small and medium Black brokers.

The abovementioned relief measures have not had any material impact on the Group's existing accounting policies and financial statements.

The Group has remained profitable with positive cash flows from operations and continues to operate as a going concern. In respect of the solvency and liquidity test set out in section 4 of the Companies Act, the Group has sufficient resources to maintain its operational existence for the foreseeable future. The JSE and JSE Clear remain sufficiently capitalised.

Notes to the consolidated financial statements continued
for the year ended 31 December 2020

9. Operating segments and revenue

	Group	
	2020 R'000	2019 R'000
Revenue comprises:		
Capital Markets		
Bond ETP	8 048	7 302
Collocation fees	21 004	19 133
Commodity Derivatives fees	87 332	81 925
Company Services fees	6 412	11 892
Currency Derivatives fees	45 619	46 925
Equity Derivatives fees	144 832	142 881
Equity Market fees	493 284	432 772
Interest Rate Market fees	62 482	60 421
Primary Market fees*	151 906	146 952
Post-Trade Services		
Clearing and Settlement fees	445 715	384 888
Back-Office Services (BDA)	376 044	333 313
Funds under management	81 517	75 027
Information Services		
Index fees	52 608	49 081
Market Data fees	303 031	261 195
Revenue from JSE Investor Services	17 071	–
Total revenue excluding Strate ad valorem fees – cash equities and bonds	2 296 905	2 053 707
Strate ad valorem fees – cash equities	133 195	118 425
Strate ad valorem fees – bonds	16 268	15 115
	2 446 368	2 187 247

* An amount of R0.6 million (2019: R0.2 million) was recognised in Primary Market fees relating to initial listing fees for the current year.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

10. Personnel expenses

	Group	
	2020 R'000	2019 R'000
Remuneration paid	561 621	523 075
Gross amount paid	574 172	531 594
Less: Capitalised to intangible assets	(12 551)	(8 519)
Long-term incentive schemes*	39 217	57 125
	600 838	580 200

* Includes the accounting impact of accelerated LTIS for good leavers.

11. Other expenses

	Group	
	2020 R'000	2019 R'000
Amortisation of intangible assets	140 181	93 892
Auditor's remuneration*	6 462	4 833
Consulting fees	13 456	5 092
Depreciation	108 986	107 949
Enterprise development	9 578	6 296
Investor protection levy	38 719	37 229
Other expenses	299 389	282 744
Strate ad valorem fees	147 611	132 099
Technology costs	319 601	284 890
Transaction costs	28 575	6 149
	1 112 558	961 173

* Includes fees for compliance audits that were not performed by the external auditors.

12. Income tax expense

The Group's consolidated effective tax rate for the year ended 31 December 2020 was 27% (2019: 26%).

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

13. Earnings and headline earnings per share

	Group	
	2020 R'000	2019 R'000
13.1 Basic earnings per share		
Profit for the year attributable to ordinary shareholders	781 231	699 979
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	86 877 600	86 877 600
Effect of own shares held (JSE LTIS 2010) and JEF Trust	(3 778 968)	(1 564 972)
Weighted average number of ordinary shares at 31 December	83 098 632	85 312 628
Basic earnings per share (cents) from continuing operations	940.1	820.5
Basic earnings per share (cents) from discontinued operations	(3.4)	(5.7)
Total basic earnings per share (cents)	936.7	814.8
13.2 Diluted earnings per share for continuing operations		
Profit for the year attributable to ordinary shareholders	781 231	699 979
Weighted average number of ordinary shares (diluted):		
Weighted average number of ordinary shares at 31 December (basic)	83 098 632	85 312 628
Effect of LTIS Share Scheme	529 563	400 855
Weighted average number of ordinary shares (diluted)	83 628 195	85 713 483
Diluted earnings per share (cents)	934.3	816.7
The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the year.		
13.3 Headline earnings per share		
Reconciliation of headline earnings:		
Profit for the year attributable to ordinary shareholders	781 231	699 979
Adjustments are made to the following:		
– Gross amount	(26)	(189)
Profit or loss on disposal of property and equipment	(37)	(262)
– Taxation effect	10	73
Headline earnings	781 205	699 790
Headline earnings from discontinued operations	(2 842)	(4 867)
Headline earnings per share (cents) from continuing operations	940.1	820.3
Headline earnings per share (cents) from discontinued operations	(3.4)	(5.7)
Total headline earnings per share (cents)	936.7	814.6
13.4 Diluted headline earnings per share		
Diluted headline earnings per share (cents) from continuing operations	934.1	816.4
Diluted headline earnings per share (cents) from discontinued operations	(3.4)	(5.7)
Total diluted headline earnings per share (cents)	930.7	810.8

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

14. Intangible assets

Included in intangible assets of R821 million (2019: R593 million), are goodwill of R133 million and customer relationships of R133 million related to the acquisition of JSE Investor Services (Pty) Ltd (refer to note 16), software under development of R28.2 million (2019: R29.5 million), mainly in respect of STT Diesel project, RTC Release 1, Bond repos to MTS and FX Auction Automation.

15. Share-based payments

(i) Vesting of Allocation 7 Tranche 2 shares during the period under review

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

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

In respect of Tranche 2, the Board assessed performance over the four-year vesting term against pre-set financial and strategic targets and determined that 54.73% of these Tranche 2 shares should vest for those participants still in the employ of the JSE on 1 March 2020. The remainder of the Tranche 2 (being 85 466 shares) were forfeited by participants.

As at 31 December 2020, details of Tranche 2 were as follows:

	Corporate performance shares
Tranche 2 – fully vested	
Original number of Tranche 2 shares awarded in October 2016	171 045
Forfeited by leavers to date	(27 730)
Tranche 2 shares forfeited for missing performance targets	(55 544)
Accelerated for good leavers to date	(50 735)
Tranche 2 shares vested on 1 March 2020	(37 036)
Tranche 2 shares outstanding	–

As at 31 December 2020, details of Tranche 2 were as follows:

Tranche 2 – fully vested	
Original number of Tranche 2 shares awarded in November 2016	4 842
Tranche 2 shares forfeited for missing performance targets	(2 192)
Tranche 2 shares vested on 1 March 2020	(2 650)
Tranche 2 shares outstanding	–

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

15. Share-based payments (continued)

Corporate
performance
shares

(ii) Vesting of Allocation 8 Tranche 1 shares during the period under review

The eighth award ("Allocation 8") under LTIS 2010 was granted in March 2017 with the following vesting profile:

Tranche 1: 50% of the shares awarded vest on 1 March 2020

Tranche 2: 50% of the shares awarded vest on 1 March 2021

In respect of Tranche 1, the Board assessed performance over the three-year vesting term against the pre-set financial and strategic targets and determined that 47.6% of these Tranche 1 shares vested for those participants still in the employ of the JSE on 1 March 2020.

Tranche 1 – fully vested

Original number of Tranche 1 shares awarded in March 2017

145 265

Forfeited by leavers to date

(30 740)

Tranche 1 shares forfeited for missing performance targets

(51 360)

Accelerated for good leavers to date

(34 410)

Tranche 1 shares vested on 1 March 2020

(28 755)

Tranche 1 shares outstanding

–

The profit or loss charge for the period, calculated using the Black-Scholes valuation methodology, in respect of allocations granted under LTIS 2010 is as follows:

	2020 Rm	2019 Rm
Allocation #6 (granted in June 2015)	–	0.4
Allocation #7 (granted in October 2016)	(1.5)	1.8
Allocation #8 (granted in March 2017)	(0.5)	7.5
	(2.0)	9.7

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

15. Share-based payments (continued)

Allocation #3 under LTIS 2018

The third award ("Allocation 3") under LTIS 2018 was granted in March 2020 with the following vesting profile:

	Corporate performance shares
Share price at grant date (rand per share)	102.73
Total number of shares granted	494 170
Dividend yield (%)	3
Grant date	13 March 2020
Vesting profile:	
50% of the shares awarded vest on 1 March 2023 (Tranche 1)	247 085
50% of the shares awarded vest on 1 March 2024 (Tranche 2)	247 085

The shares forfeited by leavers to date are 21 664 (Tranche 1 and Tranche 2). The total shares outstanding at year-end are 472 506.

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

	2020 Rm	2019 Rm
Allocation #1 (granted in September 2018)	7.4	20.1
Allocation #2 (granted in March 2019)	9.1	15.1
Allocation #3 (granted in March 2020)	7.6	–
	24.1	35.2

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

16. Business combination

16.1 Summary of acquisition

On 2 November 2020, the Group acquired 74.85% of the voting shares of Link Market Services South Africa (Pty) Limited (Link SA), subsequently renamed JSE Investor Services (Pty) Limited, from Link Market Services Holdings, a company incorporated in Australia. The remaining shareholding of 25.15% is held by LMS Partner Holdings (Pty) Limited, the Black Economic Empowerment (BEE) partner of Link SA. Link SA was subsequently renamed JSE Investor Services (Pty) Limited, and is a share register business in South Africa with a client base that includes six of the top 40 issuers.

The Group has elected to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets.

The cash consideration was based on an enterprise value of R300 million, with the JSE's consideration amounting to R224.5 million excluding the amounts payable for balances acquired as detailed below. The total purchase consideration paid inclusive of the balances acquired amounted to R243.6 million.

	2020 R'000
Purchase consideration – cash outflow	
Cash consideration paid for 74.85%	224 550
Plus/(less): Balances acquired	
Link Australia Debt (Intercompany debt)	12
Cash	19 061
Total purchase consideration paid for 74.85% by the JSE	243 623
Minus: Take-on cash balance at acquisition	(27 512)
Net outflow of cash for the Group – investing activities	216 111

Acquisition-related costs of R15.8 million that were not directly attributable to the issue of shares are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

16. Business combination (continued)

16.1 Summary of acquisition (continued)

	Fair value 2020 R'000
The assets and liabilities recognised as a result of the acquisition are as follows:	
Cash and cash equivalents	27 512
Trade and other receivables	19 933
Deposits	432
Current tax receivable	3 901
Other assets	819
Intangible assets	12 425
Indemnified asset	4 680
Plant and equipment	2 022
Right-of-use asset	4 674
Deferred tax asset	1 258
Customer relationship intangible asset	133 828
Trade and other payables	(14 041)
Other liability	(4 680)
Lease liabilities (current)	(2 479)
Lease liabilities (non-current)	(4 086)
Deferred tax liability	(37 761)
Net identifiable assets acquired	148 439
Less: non-controlling interests	(37 332)
Add: Goodwill	132 517
Net assets acquired	243 623

The fair value of trade receivables, other assets and property, plant and equipment are the gross amounts of the assets. It is expected that the full trade receivable balance can be collected. The estimated ECLs on these receivables are immaterial.

Customer relationships have been separately identified and recognised. Customer relationships established through contracts are deemed identifiable as they meet the contractual-legal criterion. However, customer relationships where there is no contract in place have also been recognised as they are considered to be separable and therefore meet the criteria for recognition as an intangible asset under IAS 38. The fair value of the customer relationships have been estimated by applying a discounted earnings technique.

The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

1. an assumed discount rate of 17.9% was used after adding a premium of 1.5% to the Company weighted average cost of capital (WACC) of 16.4%;
2. an expected useful life of 15 years with no terminal value. The useful life is based on the stability of the current customer base, the average number of years that the customer contract or relationship has already been in place, as well as the low level of customer attrition experienced in past financial period; and
3. annual growth and attrition rates have been factored into the cash flows.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

16. Business combination (continued)

16.1 Summary of acquisition (continued)

Intangible assets include purchased software of R12 million which provide the necessary functionality for JSE Investor Services (Pty) Limited to conduct the business of a transfer secretary in South Africa and interface with statutory bodies and business partners. The fair value of the software was determined based on valuations performed by an independent valuator based on an agreed price by the seller.

The purchase of the software has been facilitated by the Company providing JSE Investor Services (Pty) Limited with a loan of R12 million. The loan pays interest at Prime and is repayable by the Company within 12 months of the completion date.

The deferred tax liability mainly comprises the tax effect of the customer relationships recognised.

The goodwill arising on acquisition of R133 million comprises the expected synergies arising from the acquisition, including the opportunities to generate new revenue for both JSE Investor Services (Pty) Limited and its subsidiaries, as well as the anticipated adjustments to the cost structures of these companies following the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

A liability exists in respect of legal proceedings instituted on 18 June 2018 against JSE Investor Services (Pty) Limited (JIS) (formerly Link SA) and its subsidiary JSE Investor Services CSDP (Pty) Limited (JIS CSDP) (formerly Link Investor Services) (Pty) Limited in respect of the value of client shares, which were fraudulently claimed. The liability arises based on JIS being liable if the insurer does not accept and settle the claim. JSE Investor Service (Pty) Limited has lost scrip indemnity insurance in place and the insurer has accepted the claim post-acquisition but official settlement is yet to take place. The insurer's attorneys are working in conjunction with our legal counsel to settle the matter with the plaintiff. The JSE raised a corresponding indemnity asset as any claim against JIS in respect of the claim above is covered by the specific client indemnity provisions within the share sale agreement entered into between Link Australia and the JSE. Management is of the view that JIS CSDP was neither responsible nor negligent in respect of the lost scripts and that no exposure exists for JIS as lost scrip indemnity insurance was in place.

The Company utilised cash resources as consideration for the 74.85% interest in JSE Investor Services (Pty) Limited.

There is no contingent consideration payable.

There were no additional acquisitions in the year ending 31 December 2020.

16.2 Acquired receivables

The fair value of acquired trade receivables is R14.6 million. The gross contractual amount for trade receivable due is R14.8 million of which R0.2 million is expected to be uncollectible.

16.3 Revenue and profit contribution

The acquired business contributed revenues of R17 million and net profit of R1 million to the Group for the period from 2 November 2020 to 31 December 2020. If the acquisition had taken place at the beginning of the year, revenue contributed from continuing operations would have been R141 million and profit before tax would have been R36 million.

These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

17. Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests provided below:

	Group	
	2020 R'000	2019 R'000
Proportion of equity interest held by non-controlling interests:		
Accumulated balances of material non-controlling interest:	37 586	–
Profit allocated to material non-controlling interest:	254	–
The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.		
Summarised statement of comprehensive income for the period as at 31 December 2020:		
Revenue from contracts with customers	17 071	–
Personnel and other expenses	(9 275)	–
Administration expenses	(5 792)	–
Finance costs	(320)	–
Finance income	85	–
Profit before tax	1 769	–
Income tax	(761)	–
Profit for the period	1 008	–
Attributable to:		
Equity holders of parent	755	–
Non-controlling interest	254	–
Summarised statement of financial position as at 31 December 2020:		
Total assets	72 919	–
Total current assets	53 877	–
Total non-current assets	19 042	–
Total liabilities	(31 828)	–
Total current liabilities	(28 164)	–
Total non-current liabilities	(3 664)	–
Total equity	(41 091)	–

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

17. Material partly owned subsidiaries (continued)

	Group	
	2020 R'000	2019 R'000
Proportion of equity interest held by non-controlling interests:		
Summarised cashflow information for the period as at December 2020:		
Operating activities	6 123	
Investing activities	–	
Financing activities	(803)	
Net increase in cash and cash equivalents	5 320	

18. JEF Trust

The JEF Trust is a structured entity which is consolidated in terms of IFRS 10. The factors that indicate that the JSE controls the JEF Trust in terms of IFRS 10 include that the fund was set up for the benefit of the JSE, the JSE has significant powers relating to the appointment of the Chairman and Trustees and has the ability to direct relevant activities that affect returns to the JSE*.

19. Leases

	Group	
	2020 R'000	2019 R'000
Impact on the statements of financial position as at 31 December 2020		
Assets		
Right-of-use assets at initial application 1 January	251 624	251 564
Right-of-use assets acquired through acquisition of subsidiary	4 674	–
Accumulated depreciation	(78 840)	(39 005)
Total assets*	177 458	212 559
<i>* The majority of the right-of-assets relate to property and small insignificant portion to hardware.</i>		
Lease liabilities		
Current portion	40 882	36 469
Non-current portion	252 938	293 101
Total liabilities	293 820	329 570

* The JEF Trust was an unconsolidated structured entity in 2019 and was not consolidated in prior years mainly due to the impact on the Group financial statements not being deemed material by management.

Notes to the consolidated financial statements continued
for the year ended 31 December 2020

19. Leases (continued)

	Group	
	2020 R'000	2019 R'000
The following amounts are recognised in the statement of comprehensive income for the year ending 31 December 2020		
Depreciation	(39 243)	(39 005)
IAS 17 rent expense	–	59 519
Profit/(loss) from operating activities	(39 243)	20 514
Finance cost	(27 889)	(30 685)
Impact of income tax expense	–	2 848
Impact on profit for the year	(67 133)	(7 323)
Changes in liabilities arising from financing activities		
Opening balance 1 January 2020	329 570	–
Adoption of IFRS 16	–	358 404
Acquisition of subsidiary	6 565	–
Loan repayments for the year	(70 264)	(59 519)
Interest charges for the year	27 949	30 685
Balance 31 December 2020	293 820	329 570

As part of the modified retrospective transition approach, the Group has elected to use a single discount rate, applied to a portfolio with similar characteristics. The Group has adopted IFRS 16 using the modified retrospective method of adoption, using the incremental borrowing rate of 9% as opposed to the interest rate implicit to the lease, across all lease liabilities recognised in the statement of financial position at the date of initial application. IFRS 16 was adopted in the 2019 financial year.

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

20. Fair value estimation

Financial instruments measured in the statement of financial position at fair value require disclosure. The following is the fair value measurement hierarchy:

- » Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- » Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- » Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
2020				
Assets				
Other investments				
– Equity securities (financial instruments)	122 719	222 299	–	345 018
– Debt investments (financial instruments)	–	32 283	–	32 283
Total assets	122 719	254 582	–	377 301
2019				
Assets				
Other investments				
– Equity securities (financial instruments)	121 045	184 220	–	305 265
– Debt investments (financial instruments)	–	33 493	–	33 493
Total assets	121 045	217 713	–	338 758

The fair value of financial instruments traded in active markets is based on quoted market prices, which represent actual and regularly occurring market transactions between market participants at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker or industry group pricing market transactions on an arm's-length basis and transactions occur regularly. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily FTSE 100 equity investments classified as fair value through OCI.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Level 2 is made up of debt instruments, protective cell funds and collective investment schemes, which is measured at the clean price and the foreign currency respectively.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

For all other financial assets and liabilities, the carrying value approximates the fair value.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

21. Guarantees and commitments

Guarantees

A guarantee of an amount of R10 million was issued by Rand Merchant Bank of South Africa Limited in favour of Strate Limited on behalf of the JSE in terms of an agreement to cover any failure by JIS CSDP to comply with Strate rules and regulations.

The JSE issued a letter of undertaking and indemnity to Strate Limited in respect of JIS CSDP for R7 million for the purpose of ensuring that the subsidiary is in compliance with the Rules of Strate which applies to Central Securities Depository Participants in South Africa.

Commitments

A commitment existed at year-end related to the investment in Globacap detailed in note 22 below.

22. Events after reporting date

There have been no material changes to directors' interests in the ordinary share capital of the Company.

During 2020, the JSE entered into a commercial arrangement with Globacap to establish a blockchain-enabled private placements platform to enable the raising of infrastructure finance and to allow small to medium-sized issuers to raise capital in South Africa. In support of the commercial arrangement and in line with the JSE's intention to build a longer-term strategic relationship, the JSE invested GBP4 million in Globacap for a minority equity stake. The investment was subject to the fulfilment of a number of conditions precedent, including approval from the Financial Conduct Authority in the UK. All the conditions were fulfilled in January 2021 and the purchase at a price of R84 million was concluded on 14 January 2021. The investment was funded from the Group's existing cash reserves.

No other material events that would require adjustment or disclosure in the annual financial statements have occurred between 31 December 2020 and the date of this report.

23. Audit opinion

Ernst & Young Inc. the Group's independent auditor, has audited the consolidated annual financial statements of the JSE from which the summarised consolidated results contained in this report have been derived, and has expressed an unmodified audit opinion on the consolidated annual financial statements. The summarised consolidated financial results comprise the statements of financial position at 31 December 2020 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes. A copy of the auditor's report is available for inspection at the JSE's registered office.

The auditor's report does not necessarily report on all of the information contained in the summarised consolidated annual results and cash dividend declaration. Shareholders are therefore advised to obtain a copy of the auditor's report together with the accompanying financial information from the JSE's registered office.

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

Private Bag X991174, Sandton, 2146, South Africa

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

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

25 February 2021

Shareholder information

Share information

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

Share code: JSE
ISIN: ZAE000079711
LEI: 231800MZ1VUQEBWRF039
Sector: Financial Services
Sub-sector: Investment Services

	Authorised share capital (Shares)	Nominal value (Rand)	Number of shares in issue (Shares)	Nominal value (Rand)	Closing price (Rand per share)	Market capitalisation (R billion)
31 December 2019 ¹	400 000 000	40 000	86 877 600	8 620	119.52	10.4
30 June 2020	400 000 000	40 000	86 877 600	8 620	122.00	10.6
31 December 2020	400 000 000	40 000	86 877 600	8 588	112.50	9.8

Shareholder spread as at 31 December 2020

Number of shareholders	Shares held	%
Public		
Institutional shareholders	76 890 622	88.50
Non-institutional shareholders	5 681 633	6.54
Total	82 572 255	95.04
5 742		
Non-public		
JEF Trust	2 129 639	2.45
JSE LTIS Trusts	1 577 557	1.82
Directors and Company Secretary	58 624	0.07
5		
Total	3 765 840	4.34
114		
Total identified shares	86 373 270	99.42
Miscellaneous (below threshold)	539 505	0.62
Total share capital	86 877 600	100.0
5 856		
Geographic ownership		
South Africa	54 764 582	63.04
United States	15 544 151	17.89
United Kingdom	7 929 252	9.13
Sweden	183 735	0.21
Finland	81 612	0.09
Rest of Europe	5 312 750	6.12
Rest of world	3 061 518	3.52
Total	86 877 600	100.0

¹ The JSE has one class of shares: ordinary shares with a par value of 10 cents per share. The total number of treasury shares held by the Group as at 31 December 2020 was 3 778 968 shares (2019: 1 564 972).

Shareholder information continued

Major shareholders

Pursuant to the Companies Act, the following beneficial shareholdings equal to or exceeding 4% as at 31 December 2020 were disclosed or established from enquiries:

Names	% of total issued ordinary shares	Number of ordinary shares held
Ninety One SA Pty Limited	12.4%	10 797 626
Public Investment Corporation (SOC) Limited	10.5%	9 107 685
PSG Asset Management (Pty) Limited	7.4%	6 433 477
Allan Gray Proprietary Limited	6.6%	5 744 607
Somerset Capital Management, L.L.P.	4.6%	4 038 480
Goldman Sachs Group	4.4%	3 833 562

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

Fund managers

The directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers. At 31 December 2020, the following fund managers were responsible for managing investments of 2.5% or more of the share capital of the JSE:

Names	% of total issued	Number of ordinary shares held
Ninety One SA Pty Limited	12.4	10 797 626
Public Investment Corporation (SOC) Limited	10.5	9 107 685
PSG Asset Management (Pty) Limited	7.4	6 433 477
Allan Gray Proprietary Limited	6.6	5 744 607
Somerset Capital Management, L.L.P.	4.6	4 038 480
Goldman Sachs Group	4.4	3 833 562
J.P. Morgan Chase	3.4	2 963 870
Abax Investments (Pty) Limited	3.3	2 873 497
The Vanguard Group, Inc.	3.2	2 737 939
Oldfield Partners LLP	2.7	2 332 815

Dividend paid in year in respect of financial year ended

	31 December 2020	31 December 2019
Ordinary dividend per share	725 cents	690 cents
Special dividend per share	NIL	150 cents
Total rand value	R630 million	R730 million
Declaration date	Thursday, 25 February 2021	Monday, 24 February 2020
Last date to trade JSE shares cum dividend	Tuesday, 23 March 2021	Tuesday, 24 March 2020
JSE shares commence trading ex-dividend	Wednesday, 24 March 2021	Wednesday, 25 March 2020
Record date for purposes of determining the registered holders of JSE shares to participate in the dividend at close of business on	Friday, 26 March 2021	Friday, 27 March 2020
Dividend payment date	Monday, 29 March 2021	Monday, 30 March 2020

Shareholder information continued

Shareholder diary

Events or reports in relation to the 2020/2021 financial year

Release of summarised annual financial statements with the declaration of a dividend	Thursday, 25 February 2021
Annual results presentation	Friday, 26 February 2021
Record date to determine which shareholders are entitled to receive the AGM notice	Friday, 26 March 2021
Publication of 2020 integrated annual report and posting of AGM notice	Wednesday, 31 March 2021
Last day to trade in order to be eligible to attend and vote at the AGM	Tuesday, 25 May 2021
Record date to determine the registered holders of JSE shares to participate in the AGM	Friday, 28 May 2021
Forms of proxy for the AGM to be lodged for administrative purposes by 16:00	Tuesday, 1 June 2021
AGM at 16:00 on	Thursday, 3 June 2021
Release of results of AGM	Friday, 4 June 2021
Release of summarised interim report for the six months ended 30 June 2020	Thursday, 5 August 2021

Ordinary dividend

The ordinary dividend of 725 cents per share for 2020 represents a progressive 5% increase in nominal terms and translates into an ordinary dividend pay-out ratio of 83% (2019: 87%). The Board resolved that the dividend pay-out ratio should be 67% to 100% of current profits. The previous pay-out range was 40% to 67% of current profits, and the new range reflects the fact that cash generated exceeds NPAT, largely as a consequence of the technology investments in previous years. This trend is expected to continue for the next few years. Refer to our [online annual financial statements](#).

Dividend declaration date	Thursday, 25 February 2021
Last day to trade JSE shares <i>cum</i> dividend	Tuesday, 23 March 2021
JSE share commence trading ex-dividend	Wednesday, 24 March 2021
Record date to participate in the dividend	Friday, 26 March 2021
Payment date of dividend	Monday, 29 March 2021

Share certificates may not be dematerialised or rematerialised from Wednesday, 24 March 2021 to Friday, 26 March 2021, both days inclusive.

Proxy form

JSE Limited

(Incorporated in the Republic of South Africa)

Registration number 2005/022939/06

Share code: JSE

ISIN: ZAE000079711

LEI: 231800MZ1VUQEBWRF039

("JSE" or the "Company")

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

All other dematerialised shareholders must contact their central securities depository participant or broker to make the relevant arrangements concerning voting and/or attendance via electronic means at the annual general meeting (AGM).

This proxy form relates to the sixteenth (16th) AGM of shareholders of the JSE to be held via electronic means only on Thursday, 3 June 2021 at 16:00 (South African Standard Time) and is for use by registered shareholders whose shares are registered in their own names by the record date, Friday, 28 May 2021.

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

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

- » The Meeting Specialist Proprietary Limited, One Exchange Square, 2 Gwen Lane, Sandown, Johannesburg, 2196.
- » Completed proxy forms can also be posted to The Meeting Specialist, PO Box 62043, Marshalltown, 2107 or emailed to proxy@tmsmeetings.co.za to reach them at least 48 hours before the AGM, that is by Tuesday, 1 June 2021 at 16:00. Any proxy forms not received by this time must be provided electronically to the chairman of the AGM immediately prior to the AGM, via email to groupcompanysecretary@jse.co.za.

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

I/We _____ (Name in block letters)

Of _____ (Address)

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

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

We desire to vote as follows:

	For	Against	Abstain
Ordinary resolutions			
1. To elect Mr Ian Kirk as a director			
To re-elect each of the following directors by way of separate vote:			
2.1 Ms Nolitha Fakude			
2.2 Dr Mantsika Matooane			
2.3 Ms Aarti Takoordeen			
3. To re-elect Ms Nonkululeko Nyembezi as a director for the ensuing year			
4. To reappoint Ernst & Young Inc. as the independent auditors of the Company for the ensuing year and Mr Imraan Akoodie as the designated auditor for the ensuing year			
5.1 To reappoint Dr Suresh Kana to serve as a member and chairman of the Group Audit Committee			
5.2 To reappoint Ms Zarina Bassa to serve as a member of the Group Audit Committee			
5.3 To reappoint Ms Siobhan Cleary to serve as a member of the Group Audit Committee			
5.4 To reappoint Ms Faith Khanyile to serve as a member of the Group Audit Committee			
6. Authorisation for a director or Group company secretary of the Company to implement resolutions			
Non-binding advisory resolutions			
7. Non-binding advisory vote on the remuneration policy as set out in the remuneration report of the Company			
8. Non-binding advisory vote on the implementation report as set out in the remuneration report of the Company			
Special resolutions			
9. Special resolution number 1: General authority to repurchase shares			
10. Special resolution number 2: General authority to provide financial assistance to subsidiaries in terms of sections 44 and 45 of the Companies Act			
11. Special resolution number 3: Non-executive directors emoluments for 2021			

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

Signed at _____ on _____ 2021

_____ Signature

_____ (Authorised representative of shareholder)

or (individual shareholder)

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

Notes to the proxy form

JSE Limited

(Incorporated in the Republic of South Africa)

Registration number 2005/022939/06

Share code: JSE

ISIN: ZAE000079711

LEI: 231800MZ1VUQEBWRF039

("JSE" or the "Company")

Summary of the rights of a shareholder to be represented by proxy in terms of section 58 of the Companies Act, read with the Company's memorandum of incorporation

1. At any time, a shareholder may appoint any individual, including an individual who is not a shareholder of the Company, as a proxy to:
 - » participate in, and speak and vote at a shareholders' meeting on behalf of the shareholder; or give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60 of the Companies Act.
2. A shareholder of the Company may not appoint two or more persons concurrently as proxies.
3. A proxy may not delegate the proxy's authority to act on behalf of the shareholder to another person.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder; the appointment is revocable unless the proxy appointment expressly states otherwise; and if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder.
5. A registered shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided overleaf, with or without deleting "the chairman of the AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the chairman of the AGM. The person whose name appears first on the proxy form and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
6. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that shareholder, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
8. **For administrative purposes only, the completed proxy forms must be lodged with The Meeting Specialist Proprietary Limited, One Exchange Square, 2 Gwen Lane, Sandown, Johannesburg, 2196.** Completed proxy forms can also be posted to The Meeting Specialist PO Box 62043, Marshalltown, 2107 or emailed to proxy@tmsmeetings.co.za to reach them 48 hours before the AGM, that is by Tuesday, 1 June 2021 at 16:00. Any proxy forms not received by this time must be provided electronically to the chairman of the AGM immediately prior to the commencement of the AGM, via email to groupcompanysecretary@jse.co.za. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to the proxy form prior to the proxy exercising a shareholder's right at the meeting, unless previously recorded or waived by the chairman of the AGM.
9. The proxy form must be dated and signed. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.
10. The proxy appointment in terms of the proxy form shall remain valid only until the end of the AGM held on Thursday, 3 June 2021 or at any adjournment thereof.

Corporate information and directorate

JSE Limited

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

Registered office

One Exchange Square
2 Gwen Lane
Sandown, 2196

Postal address

Private Bag X991174 Sandton, 2146

Contacts

Telephone: +27 (0) 11 520 7000

Web: www.jse.co.za

Investor relations: ir@jse.co.za

Group company secretary: GroupCompanySecretary@jse.co.za

Directors as at 31 December 2020

N Nyembezi¹ (Chairman)
ZBM Bassa¹
MS Cleary¹
VN Fakude¹
Dr SP Kana¹ (Lead Independent Director)
FN Khanyile¹
IM Kirk²
BJ Kruger²
Dr MA Matookane¹
Dr L Fourie (Group CEO)³
A Takoordeen (Group CFO)³

Changes to the Board in 2020

MS Cleary⁴
IM Kirk⁵
F Daniels⁶

¹ Independent non-executive director.

² Non-executive director.

³ Executive director.

⁴ Appointed effective 1 February 2020.

⁵ Appointed effective 1 October 2020.

⁶ Resigned effective 8 July 2020.

Group company secretary

GA Brookes

Transfer secretary

JSE Investor Services Proprietary Limited
19 Ameshoff Street
Johannesburg, 2001

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)
1 Merchant Place
Corner Fredman and Rivonia Road
Sandton, 2196

AGM scrutineers

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

Auditors

Ernst & Young Inc.
102 Rivonia Road
Sandton, 2196

Bankers

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

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

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

