

## **JSE posts solid interim performance**

**Johannesburg, 18 August 2009.** – Despite a challenging first half in which stock exchanges worldwide faced the fall-out of systemic pressures originating in 2008, JSE Ltd – the listed company that operates the Johannesburg Stock Exchange – managed to increase group revenue by 7% to R544m (2008: R509m) and operating profit by 9% to R206m (2008: R189m) during the six months to June 2009.

The first half of 2009 saw foreign investors return to the market to the tune of R38bn (First half 2008: net sellers R4bn), which along with volatile market conditions, contributed to the increased volume of equities trades – a big driver of JSE Ltd revenue. Spot equity trades rose by 31% to 9.96m (2008: 7.62m).

Russell Loubser, JSE CEO, comments: “The past six months were challenging. Our risk management and operational systems held up well, but we also maintained a tight rein on costs, focused on product and market development (including the conclusion of the acquisition of the Bond Exchange of South Africa Limited (BESA)) and took a number of other initiatives focused on delivering greater value to our issuers and investors. These have translated into solid results.”

These initiatives to advance South Africa’s financial markets – one of the key objectives of the JSE’s strategy – included:

- the launch of an innovative series of derivatives on large foreign companies in response to client demand for rand-denominated exposure to well known companies listed offshore.
- discussions with institutions with substantial off-exchange derivative exposure about the risk management advantages of bringing certain of these positions on-exchange through using bespoke Can-Do derivatives. A record number of Can-Do derivative contracts were traded in June 2009 (1,371,216), up from 196,296 in June 2008.
- the launch of the cash-settled Chicago Corn futures contract under licence from the Chicago Board of Trade (CBOT) Group, the world’s largest and most diverse derivatives exchange, paving the way for further cash settled commodities to be introduced domestically.
- almost doubling the number of currency derivatives contracts traded (on the previous period). The number of currency futures contracts traded during the period grew by almost 100% to 2.8m (2008: 1.4m).
- the launch of the Africa Board and maiden listing of Trustco Ltd from the Namibian Stock Exchange
- meeting H1 2009 technology targets following the bolstering of the JSE’s in-house IT team during 2008

Loubser adds: “In addition to these key focus areas, we continue to place emphasis on the growth of our retail market through educational initiatives

and the development of services and instruments specifically for this niche investor, an area where we see growth potential.”

Having finalised the BESA transaction in June 2009, the JSE merged BESA's market operations with the existing Yield-X business to form a new Interest Rate Division. Attention is now focused on developing a fresh interest rate strategy for the domestic fixed-income market which will be finalised in consultation with market participants in coming months.

Says Loubser: “The full transaction consideration of R240m has been paid to BESA shareholders. We anticipate that this transaction, and the combined expertise of BESA and JSE staff, will yield real benefits for market participants including economies of scale due to increased use of infrastructure, an increased range of spot and derivative interest rate products, enhanced liquidity and market volumes and improved common risk management processes.”

Looking ahead, Loubser adds that the JSE is well positioned to weather current conditions and will continue to focus on deepening liquidity and improving market competitiveness globally. This will include remaining focused on working with clients who previously traded off-exchange in the equity derivatives market but who now want to trade on-exchange to manage risk. Additional products in cash and derivatives markets should provide trading volume in the medium term, although this is not guaranteed.

“Our focus is on continual improvement across all markets and all levels of service for the benefit of issuers and investors. We are optimistic that this should be achieved through the strategic objectives discussed above, combined with the strength of JSE regulation,” he concludes.

Ends.

For further information, please visit [www.jse.co.za](http://www.jse.co.za) or contact:

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