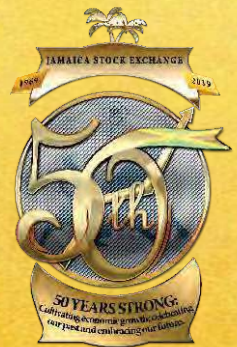




*"Stock Exchange breathing life in the Economy"*



**JAMAICA  
STOCK  
EXCHANGE**



**ANNUAL REPORT 2019**



# ANNUAL REPORT 2019

*"Stock Exchange breathing life in the Economy"*

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## *Mission* **STATEMENT**

*To contribute to the growth and  
development of the countries in which  
we operate by facilitating the mobilization,  
exchange and expansion of capital  
while providing a return on equity that is  
acceptable to our shareholders.*

## *Our Corporate* **OBJECTIVES**

The Jamaica Stock Exchange was incorporated as a private limited company in August 1968, with the stock market commencing operations in February 1969.

The Jamaica Stock Exchange is now a Public Limited Company. In June 2013 it became a publicly listed company having offered and listed its ordinary shares on its own exchange.

Its principal objectives are:

To promote the orderly and transparent development of the stock market and the stock exchange in Jamaica,

To ensure that the stock market and its broker members operate at the highest standards practicable,

To develop, apply and enforce the rules designed to ensure public confidence in the stock market and its broker-members,

To provide facilities for the transaction of stock market business, and

To conduct research, disseminate relevant information and maintain local and international relationships which can enhance the development of the Jamaican stock market.

Maximizing Shareholders' value.



**JAMAICA STOCK EXCHANGE**

“Providing A Fair, Efficient and Transparent Stock Market”

**ANNUAL REPORT 2019**

*Jamaica Stock Exchange*



**OVERSEAS ROAD TRIPS**



**UNITED STATES OF AMERICA**



*Jamaica Stock Exchange*



**OVERSEAS ROAD TRIPS**



**CANADA**



# Notice Of **43<sup>RD</sup> ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Forty-third (43rd) Annual General Meeting of the Jamaica Stock Exchange (“the Company”) will be called and held at the Jamaica Stock Exchange, 40 Harbour Street, Kingston on **Thursday, July 30, 2020** commencing at 1:00 p.m., in accordance with the Court Order dated June 24th 2020 in Claim SU 2020 CD 00227 (“the Court Order”) which is attached hereto, to consider and if thought fit, to pass the following ordinary resolutions:

## **ORDINARY RESOLUTIONS:**

- 1. Resolution No. 1 – 2019 Audited Financial Statements**  
**THAT** the Directors’ Report, the Auditors’ Report and the Audited Financial Statements for the Company and its subsidiaries (the Group) for the year ended December 31, 2019, circulated with the Notice convening the Annual General Meeting, be and are hereby adopted.
- 2. Resolution No. 2 – Re-election of Directors**  
**THAT** Mr. Derrick McKoy, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 3. Resolution No. 3 – Re-election of Directors**  
**THAT** Mrs. Janet Morrison, a director retiring by rotation and being eligible, has offered herself for re-election, be and is hereby re-elected a Director of the Company.
- 4. Resolution No. 4 – Re-election of Directors**  
**THAT** Mr. Steven Whittingham, a director retiring by rotation and being eligible, has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 5. Resolution No. 5 – Re-election of Directors**  
**THAT** Ms. Dian Black, a director retiring by rotation and being eligible has offered herself for re-election, be and is hereby re-elected a Director of the Company.
- 6. Resolution No. 6 – Re-election of Directors Pursuant to Article 109**  
**THAT** Mr. Adrian Stokes who was appointed to fill a casual vacancy and being eligible to be re-elected has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 7. Resolution No. 7 – Re-election of Directors Pursuant to Article 109**  
**THAT** Mr. Eric Scott who was appointed to fill a casual vacancy and being eligible to be re-elected has offered himself for re-election, be and is hereby re-elected a Director of the Company.
- 8. Resolution No. 8 – Re-election of Directors Pursuant to Article 109**  
**THAT** Mr. Jason Chambers who was appointed to fill a casual vacancy and being eligible to be re-elected has offered himself for re-election, be and is hereby re-elected a Director of the Company.

*Notice Of*  
**43<sup>RD</sup> ANNUAL GENERAL MEETING**

**9. Resolution No. 9 – To Ratify Dividends**

**THAT** the interim dividend of \$0.15 per share paid on August 30, 2019 and the final dividend of \$0.37 per share paid on March 31, 2020 be and is hereby declared as final, and that no further dividend be paid in respect of the year ended December 31, 2019.

**10. Resolution No. 10 – Appointment of and the Remuneration of the Auditors**

**THAT** Ernst & Young, Chartered Accountants having agreed to continue in office as Auditors, be and are hereby appointed Auditors for the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

**11. Resolution No. 11 – Remuneration of the Directors**

**THAT** the Directors be and are hereby authorized to fix their fee for the fiscal period 2020/2021.

**BY ORDER OF THE BOARD**



Roxanne Hutchinson  
Company Secretary  
Dated: July 2, 2020

**IMPORTANT NOTICE TO ALL MEMBERS:**

The 43rd Annual General Meeting of the Company (“AGM”) being called and held in accordance with the Court Order, will be a hybrid general meeting. The following shall apply to this AGM:

**1. QUORUM AND ATTENDANCE**

- a) The Managing Director, The Financial Controller, The Information Technology Manager, The Marketing Manager and the Deputy Group Business Development Manager of the Company being physically present at the AGM shall constitute the quorum; or in the absence of any such person(s), any other staff member of the Company who is a shareholder and who is physically present at the AGM may take the place of such person(s) and shall constitute the quorum.
- b) All other members of the Company and persons entitled to attend the AGM are required to join the AGM by electronic means.

**2. ELECTRONIC ACCESS TO AGM**

Information on how to access the AGM by electronic means and any updates regarding the AGM will be posted on our website at [www.jamstockex.com](http://www.jamstockex.com). We encourage you to visit our website from time to time prior to the AGM, if you plan to attend.



*Notice Of*  
**43<sup>RD</sup> ANNUAL GENERAL MEETING**

**3. VOTING AND RESOLUTIONS**

- a) Voting by shareholders at this AGM will only be facilitated in the following manner:
- 1) Completion of the Proxy Form attached hereto, indicating in advance how the shareholder wishes to vote on each resolution; and
  - 2) Appointment of either the Chairman, the Managing Director or the Company Secretary as the shareholder's proxy. The Proxy Form may also be downloaded from our website [www.jamstockex.com](http://www.jamstockex.com); and
  - 3) Mailing or dropping off the completed original Proxy Form at 40 Harbour Street, Kingston no later than forty-eight (48) hours before the date of the AGM.
- b) No new resolutions or amended resolutions will be facilitated at this AGM.

We thank you for your understanding as we navigate these times together to protect against COVID-19 and we encourage you to keep well.

**IMPORTANT NOTE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND:**

1. *A member entitled to attend and vote at the Annual General Meeting can appoint either the Chairman, the Managing Director or the Company Secretary as his/her proxy to vote on each resolution as the shareholder indicated on the Proxy Form.*
2. *The person so authorized as proxy shall be entitled to exercise the same powers as the member whom he represents.*
3. *Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at least forty-eight hours before the time appointed for holding the Annual General Meeting.*
4. *The Proxy Form shall bear the stamp duty of One Hundred Jamaican Dollars (\$100.00 JMD) before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.*

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*Notice Of*  
**43<sup>RD</sup> ANNUAL GENERAL MEETING**



**FORMAL ORDER**



**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA**

**IN THE COMMERCIAL DIVISION**

**CLAIM NO.** SU 2020 CD 00227

**IN THE MATTER OF THE COMPANIES ACT OF JAMAICA**

**AND**

**IN THE MATTER OF AN APPLICATION BY THE JAMAICA  
STOCK EXCHANGE FOR DIRECTIONS PURSUANT TO  
SECTION 130(2) OF THE COMPANIES ACT OF JAMAICA**

**IN CHAMBERS (BY ZOOM)**

**ON THE 24<sup>th</sup> DAY OF JUNE 2020**

**BEFORE THE HONOURABLE MR JUSTICE K. LAING**

**UPON** the Fixed Date Claim Form filed on June 9, 2020 coming on hearing and **AFTER HEARING** Michael Hylton, Q.C., Kevin Powell and Melissa McLeod instructed by Hylton Powell, Attorneys-at-Law for the Applicant, Nerine Small, Catherine Williams and Novia Cotterell instructed by the Director of State Proceedings, Attorney-at-law for the Attorney General, and Marc Morgan, Attorney-at-Law for the Financial Services Commission of Jamaica with Marlene Street Forrest and Lance Hylton, representatives for the Applicant present, all by Zoom

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. Notwithstanding the provisions of the Companies Act, the provisions of each of their articles of incorporation regarding the holding of annual general

*(Cont'd on next page)*

*Notice Of*  
**43<sup>RD</sup> ANNUAL GENERAL MEETING**

meetings and any notice of an annual meeting, information circular or other documents that may be or already have been disseminated by the companies identified in the Appendix to this Order (“the Companies”) may call and conduct their 2020 annual general meetings (“the Annual Meetings”, which term includes Annual Meetings conducted following an adjournment or postponement) in accordance with this Order and any Annual Meeting called or held in accordance with this order shall be valid.

2. Each Company is permitted to conduct its Annual Meeting by either:
  - (a) Holding a meeting with one or more shareholders present at a physical venue with a live stream or broadcast of the meeting by electronic means or software (including webcasting, videoconferencing, teleconferencing, a combination of these and/or other electronic means) which allows all shareholders access to see and hear the proceedings, ask questions in such reasonable order and manner as the chairman may allow, and to vote electronically including before the meeting or by a proxy chosen from among the persons the company indicates will be physically present at the meeting; or
  - (b) Holding a meeting entirely by live stream or broadcast of the meeting by electronic means or software (including webcasting, videoconferencing, teleconferencing, a combination of these and/or other electronic means) which allows all shareholders access to see and hear the proceedings, ask questions in such reasonable order and manner as the chairman may allow, and to vote electronically including before the meeting.
3. The Companies are permitted to provide their shareholders with notices of the Annual Meeting, resolutions, draft resolutions proposed to be passed,

*Notice Of*  
**43<sup>RD</sup> ANNUAL GENERAL MEETING**

circulars, proxy forms, financials including profit and loss accounts, balance sheets and auditor’s reports and any other documents necessary or relevant for the conduct of an annual general meeting by one or more of the following means: electronic mail, pre-paid mail, posting links to access the documents on their respective websites and/or the Jamaica Stock Exchange’s website

4. Any notice or document delivered in accordance with this order shall satisfy all requirements for serving documents for an Annual Meeting notwithstanding any provision to the contrary in the Companies Act or the Companies’ articles of incorporation.
5. The failure or inability of a shareholder to attend or remain in an Annual Meeting held in accordance with paragraph 2 of this order as a result of mistake or of events beyond the control of a Company shall not constitute a defect in the calling of the Annual Meeting and shall not invalidate any resolutions passed or proceedings taken at that Annual Meeting.
6. Liberty to apply.
7. The Applicant’s attorneys-at-law to prepare file and serve this order on the Attorney General, the Financial Services Commission of Jamaica and the Office of the Registrar of Companies.

**BY THE COURT**

---

**JUDGE**

**FILED BY Hylton Powell**, 11A Oxford Road, Kingston 5 in the parish of Saint Andrew for and on behalf of the Claimant whose address for service is that of its attorneys-at-law (Attention: Melissa S. McLeod, Att. No. 4611). Telephone number: 926-1672 and facsimile number: 929-7587.

*(Cont’d on next page)*

*Notice Of*  
**43<sup>RD</sup> ANNUAL GENERAL MEETING**

**APPENDIX**

**COMPANY NAME**

1. Barita Investments Limited
2. Berger Paints Jamaica Limited
3. Caribbean Cement Limited
4. FosRich Company Limited
5. JMMB Group Limited
6. Lasco Distributors Limited
7. Lasco Financial Services Limited
8. Lasco Manufacturing Limited
9. Main Event Limited
10. Mayberry Investments Limited
11. Sagicor Group Jamaica Limited
12. Supreme Ventures Limited
13. The Jamaica Stock Exchange
14. Trans Jamaica Highway
15. Victoria Mutual Investments Limited
16. Wigton Windfarm Limited

*From the Chairman's Desk*  
**CHAIRMAN'S REPORT**



**Mr. Julian Mair**  
Chairman  
Jamaica Stock Exchange

**I**t is with a sense of pride that I write my first report as Chairman to you our shareholders of the Jamaica Stock Exchange (JSE).

2019 was a year for achieving milestones for the Jamaica Stock Exchange (JSE); a year in which revenue grew 28% year over year increasing to \$1.8 billion from \$1.4 billion. Net Profits climbed to another record level of \$625 Million an increase of 52% from \$410M in 2018. Total Equity increased to \$1.1B from \$0.9B, a 19% increase, while earnings per stock moved to \$0.74 from \$0.59, a 25% increase. Our performance this year called for recognition and this we did as part of our 50th anniversary celebrations.

In mid-January of 2019 the JSE earned by Bloomberg, the distinction of being the Best Performing Exchange in 2018 and the Exchange that has given the Best Return to investors over the last 5 years of over 500%. The success of the JSE was celebrated by the Canadian Securities Commission (CSE), when the JSE visited Toronto in August. Over at the New York Stock Exchange, the JSE was celebrated at a Bell Ringing ceremony where the Jamaican flag was raised.

#### **2019 Global Performance**

Trade tensions dominated the news and equity markets reacted in 2019 until a thaw in U.S. trade tensions with its top trading partners. The shift resulted in equities moving sharply higher into the end of the year. Not to be understated is the positive impact the 180-degree policy shift, from various central banks [most notably the U.S. Federal Reserve (Fed)], had on equities and bond yields.

According to Bloomberg, the JSE continued to maintain its place among the top exchanges in the world coming in 5<sup>th</sup> place for 2019 when ranked by performance, relative to the other 94 national benchmarks tracked around the world.

*(Cont'd on next page)*

## CHAIRMAN'S REPORT *(Cont'd)*

### The Jamaican Economy

Jamaica successfully concluded its economic reform program in 2019, which was supported by a US\$1.66 billion Stand-By Arrangement from the International Monetary Fund (IMF). The Government was steadfast in implementing the necessary structural and fiscal reforms which resulted in a stronger economy. Congratulations are in order to the Government, for staying the course of divesting state assets through the Stock Market which allowed for increased inclusivity and greater transparency. They did this by bringing one of the biggest IPOs in history to market, that of Wigton Windfarm. Wigton attracted over 32,000 participants with bids totaling in excess of JA\$14 billion in response of the Government need to raise \$J5.5 billion.

There was an all-time low unemployment rate, and a significant reduction in public debt. Unemployment fell to a low of 7% and the Debt to GDP ratio fell below 100% for the first time in approximately 20years.

With these positive indicators in the Jamaican economy, and buoyed by an increased level of consumer and investor confidence the majority of Listed Companies posted significantly impressive performances resulting in the consistent growth in the Markets.

### 2020 Outlook

In 2020, The Board and Management look forward to a positive 2020 with great anticipation as the JSE continues its diversification drive through:

- ✓ The introduction of new products and services
- ✓ New listings including the divestment of Government assets through the markets
- ✓ New investors participating in the market and current investors increasing their portfolios
- ✓ More interest in the markets from the Diaspora and the region
- ✓ The continued growth of the various business units.

### Conclusion

In 2019 we celebrated our 50<sup>th</sup> Anniversary and we are proud to be a catalyst of the Jamaican landscape mobilizing capital to businesses, assisting investors in wealth creation and contributing to the growth and development of our country.

Looking forward to the next 50 years, we are committed to fostering resilience for our shareholders and the overall economy through investing in various areas of our business. The investments will provide diversification and support to an ever expanding client base and the needs of our local and regional economy. We continue to invest in technology to further connect Investors and Issuers and create a robust platform for development and future growth. In 2019, underpinned by this mission, we transitioned to the NASDAQ platform – a platform for growth within our current business lines and a platform to grow in areas that we can only imagine at this point.

As I pen this message I reside on an Island as a small part of a World that is grappling with the Covid 19 pandemic, racial inequity and the uncertainty of our individual and shared futures. I sit here confident that the challenges that have presented themselves have only served to make us stronger as a people and to help humanity embrace what is precious to each of us and collectively. My optimism in these uncertain times extends not just for our Country but also for our beloved JSE, which must remain and improve on our stellar work to act as a critical component for growth in our economy and our society, connecting those with needs with those who are interested, motivated and able to help.

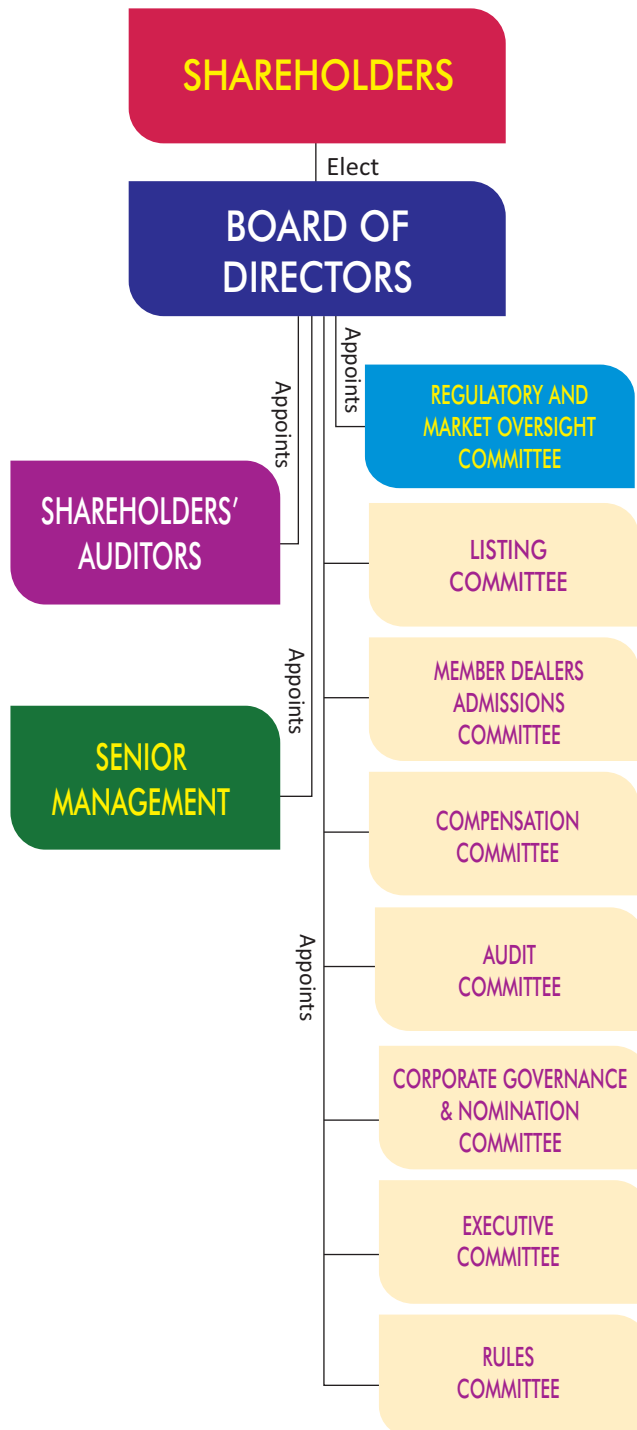
One Love



.....  
Julian Mair  
Chairman

# Corporate GOVERNANCE

## Principles & Practices



### PREAMBLE

The Jamaica Stock Exchange recognizes that as a national self-regulatory organization with a mission to ensure and promote a fair and efficient stock market, it must embrace and practice sound corporate governance. These principles and the attendant structures should serve the best interests of all stakeholders and emphasize the highest standards of transparency, oversight and independence.

The intent is to protect the investing public while advancing the interests of shareholders and member/dealers. Confidence in the stock market will be enhanced by the clear demarcation of regulatory and normal operational functions.

These practices are consistent with world best practices and adhere to the relevant legal and regulatory framework. The corporate governance core practices of the JSE are rooted in the acceptance of the following principles:

1. Corporate Governance should establish a clear foundation for Management and Board oversight. The role and responsibilities of Board and Management should therefore be clearly outlined to facilitate accountability.
2. The Board of Directors should be structured and selected to ensure effectiveness, independence and protection of the public's interests through appropriate selection and operating processes.
3. Ethical standards and responsible decision-making should be promoted.
4. Governance should ensure that there is accurate, timely and full financial and governance reporting with strong internal controls and risk management.
5. Material information regarding the company's operations should be disclosed in a timely manner to the public and regulatory entities.
6. There should be regular reviews of Board and Management performance to enhance effectiveness. Such review should include the performance of the alternates.

*(Cont'd on next page)*



## CORPORATE GOVERNANCE

7. Remuneration should be fair to attract and retain competent skills, and reward consistent with performance objectives.
8. The interests of stakeholders should be carefully balanced, protected and promoted.

### BOARD ISSUES

#### Accountability to shareholders/stakeholders

The JSE is a public company with public responsibility. It must balance the interests of all stakeholders to foster a fair, efficient and transparent market.

#### Mission and Responsibility

The Board members have the responsibility to attend meetings and familiarize themselves with, and make decisions on issues within their purview.

#### Elections

The provisions for elections of directors are set out in the Articles of Incorporation of the JSE and stipulate election of directors on an annual basis. Interest groups identified by the Board will propose independent directors to the Corporate Governance and Nomination Committee. Where an interest group fails to make a nomination, the Corporate Governance and Nomination Committee will propose directors for election.

#### Orientation and Training

Training is made available to directors upon appointment to the Board. The Exchange will organize orientation and training for any director within three (3) months of appointment to the Board. The Board will pursue a programme of continuous training and development, with emphasis placed on members chairing committees.

#### Access to Information

The Board considers the provision of good quality, timely and accurate information as a significant priority in company procedures. Management has a responsibility to provide the Board with any information that will allow members to properly carry out its responsibilities.

#### Disclosure of Directors' Biographical Information

Sufficient biographical data with the names of all directors, nominated or elected, will be presented to shareholders and directors. This allows for the proper selection of members to specific committees.

#### Composition

Board members will be drawn from different interest groups and from member-dealers. Representation should reflect the diversity of stakeholders and the needs of the Company. The Board shall be comprised of member dealers, independent directors and a non executive chairman.

#### Multiple Board Seats

Members must declare appointments to other companies. They must, at the beginning of the year, and as many times as their positions change, give a written declaration to the Board of the Exchange with pertinent information about the other Boards on which they serve.

#### Chairman & CEO

The JSE will have a separate Chairman and CEO.

#### Independent Directors

Independent Directors must meet the criteria set out in the Appendix attached.

#### Committees

##### Composition

There are both mandatory and non-mandatory committees of the Board. The mandatory committees of the Board are comprised of the Regulatory & Market Oversight Committee, the Audit & Finance Committee, the Compensation Committee and the Listing Committee. These are referred to in the JSE's Rules.

Each Committee has a written charter outlining its purpose and responsibilities and reporting format. Committees must meet at least twice annually.

##### Review Process

The Board of the JSE conducts regular reviews of the performance of the Committees. Chairmen of Committees are required to develop and present their key performance indicators the month prior to the beginning of each year.

*(Cont'd on next page)*

## CORPORATE GOVERNANCE

### **Audit Committee**

The Audit Committee assists the Board with oversight responsibilities in regard to the integrity of the company's financial statements. It also serves as the communication link between the Board, the management team, and the auditors. The Audit Committee ensures that the Company complies with legal and regulatory requirements.

### **Member Dealers Admissions Committee**

The Member Dealers Admission Committee is responsible for processing and recording applications of Member Dealers for access of Member Dealers, attorneys/ traders, to conduct business on the floor of the Exchange and their use of these facilities.

### **Regulatory and Market Oversight Committee (RMOC)**

The Regulatory and Market Oversight Committee (hereinafter called the “RMOC”) is the Committee of the Board of Directors of the Exchange comprising the independent directors who are not the nominees or connected to any Member/Dealer of the Exchange. The Board of Directors of the Exchange has delegated responsibility to the RMOC for reviewing and ensuring compliance with and enforcement of the Laws, any Rules including Business Rules, contractual obligations and appropriate standards of conduct governing the Member/Dealers, their clients and participants on the Exchange. The RMOC is the disciplinary committee of the Exchange which has the power to impose any of the penalties specified in Rule 228 upon a Member/Dealer in respect of whom disciplinary action is taken and which results in a finding of misconduct.

### **Corporate Governance and Nomination Committee**

The Corporate Governance and Nomination Committee is responsible to develop, recommend and review Corporate Governance Principles, applicable to the Board, Management and listed companies. In addition, the Committee has the responsibility to oversee the evaluation of the Board's other committees and make recommendations in respect to the structure of and effectiveness of the Committees.

The Corporate Governance and Nomination Committee is also responsible for the recommendation of suitable candidates to fill vacancies on the Board and the suitability of alternate directors.

### **Compensation Committee**

The Compensation Committee of the JSE is made up exclusively of non-executive directors who make recommendations on the company's framework of executive remuneration. The Committee reviews and approves corporate goals in relation to the CEO's compensation, evaluates the CEO's performance in light of the company's goals and objectives and makes recommendations to the Board with respect to executive and non-executive compensation.

### **Listing Committee**

The Listing Committee ensures the quality and integrity of a listing on the JSE. It is responsible to process applications and make recommendations regarding the approval of companies wishing to list on the JSE and review and make recommendations of standards to be observed for companies to remain listed.

### **Other Committees**

These are formed as the Board of Directors see fit.

### **Board Meetings**

There are formally scheduled meetings of the Board at which matters are specifically reserved for discussions. Matters must be addressed within a reasonable time in order to prevent an overrun of pending items.

### **Procedure at Board Meetings**

In the interest of promoting and ensuring transparency all directors must:

Excuse himself/ herself from discussions in, and in making decisions on any matter in which he/she has a personal or business interest or companies on whose board he/she sits or is connected.

Further, members shall be bound by similar standards as outlined in Appendix 1- (Part K) of the JSE Rules which addresses 'Acting in Concert'.

### **General Meetings**

General Meetings of shareholders are held each year. Communication with shareholders on decisions concerning material and fundamental corporate changes are made on a timely basis.

## CORPORATE GOVERNANCE

### Performance

#### Evaluation of Board Members and Senior Executives

The Board recognizes the importance of each director (including his or her alternate working to fulfill the mandate of the company.

The Board recognizes the importance of evaluating the performance of each director, alternate director, senior executives and the Board as a whole. Their performance is subject to the review of the Corporate Governance and Nomination Committee.

### Term Limits

Nominations to the Board of Directors are reviewed by the Corporate Governance and Nomination Committee.

### Committees

#### Chairman/Deputy Chairman

The Chairman and Deputy Chairman of the Board and Chairmen of Committees have recommended term limits (from one AGM to another AGM) as follows:

- (a) The Chairman can serve for five (5) consecutive terms;
- (b) The Deputy Chairman can serve for three (3) consecutive terms;
- (c) The Chairmen of Committees can serve for three (3) consecutive terms, except for the Chairman of the Compensation Committee who can serve for a maximum of five (5) consecutive terms.

#### Committee Members

Members can sit for a maximum of five (5) consecutive years with an option to extend the term limit by two (2) years. These members are eligible to be re-elected one year after the seven (7) year consecutive stint. Past Board Chairmen should automatically sit on the Executive Committee for the year after demitting office as Chairman.

There is no term limit for members of the Regulatory and Market Oversight Committee and the Member Dealers Admission Committee.

### Age Limits

The JSE has no maximum age limit for members sitting on the Board. However, the minimum age limit is eighteen (18) years.

### Transparency

Directors are required to provide to the Corporate Governance and Nomination Committee, information as it relates to their business dealings, board affiliations and any other information that would pose a conflict of interest.

### Accounting Standards

The Jamaica Stock Exchange Board is governed by the accounting standards as communicated from the Institute of Chartered Accountants of Jamaica.

### Ethics

The Jamaica Stock Exchange currently maintains ethics and confidentiality requirements for its directors which are posted on its Website.

**Specially adopted from the PSOJ's Corporate Governance Code Reviewed  
September 16, 2019 (No amendments made)**

## *Guidelines To Determining* **INDEPENDENCE OF BOARD DIRECTORS**

The Board should determine whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect or could appear to affect the director's judgement.

The Board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- Has been an employee of the company or group within the last five years
- Has, or has had within the last three years, material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company
- Has received or receives additional remuneration from that company apart from a director's fee, participates in that company's share option plan or a performance-related pay scheme, or is a member of the company's pension scheme
- Has close family ties with any of the company's advisors, directors or senior employees
- Holds cross-directorship or has significant links with other directors through involvement in other companies or bodies
- Represents a significant shareholder
- Has served on the board for more than nine years from the date of their first election.

# *Directors'* **REPORT**

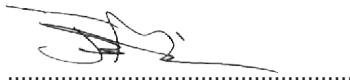
The Directors submit herewith the Audited Statements for the Jamaica Stock Exchange and its wholly-owned subsidiary, the Jamaica Central Securities Depository for the year ended December 31, 2019, along with the accompanying notes as follows:

Consolidated Statement of Profit or Loss and other Comprehensive Income Consolidated Statement of Financial Position Consolidated Statement of Changes in Equity Consolidated Statement of Cash Flows.

Operating Income for the year was \$1.9 billion compared to 2018 of \$1.4 billion, an increase of 34% over 2018. Investment Income was \$22 million for 2019 and \$19 million for 2018.

Total Expenses for the year increased by 34% to \$1.1 billion compared to \$ 817 million in 2018.

Total Consolidated Balance Sheet Assets of the Group as at December 31, 2019, were \$1.8 billion compared to \$1.5 billion in 2018, while Consolidated Shareholders' equity increased from \$ 1.1 billion in 2018 to \$1.5 billion, up 36%.



Julian Mair  
Chairman

# Directors' ATTENDANCE

Names	Designation	JSE Board	Audit Committee	Compensation Committee	Corporate Gov. & Nomination Committee	Executive Committee	Listing Committee	Member Dealers Admissions Committee	Rules Committee	RMOC Committee	Total Attendance	Average Attendance at all Meetings
McNaughton, Ian	Chairman	10/12		2/2		4/5	10/10		3/3		29/32	91%
Morrison, Livingstone	Deputy Chairman	8/12	7/9	2/2		2/5	2/3			12/12	33/43	77%
Barrett, Devon	Director	12/12	9/9			3/5					24/26	92%
Black, Dian	Director	10/12	9/9	1/2	5/5					10/12	35/40	88%
Donaldson, Kevin	Director	10/12					7/10				17/22	77%
Gooden, Steven	Director	2/12	5/9			3/5	8/10				18/36	50%
Hogarth, Matthew	Director	11/12		2/2	1/1		6/10		3/3	10/12	33/40	83%
Mair, Julian	Director	5/12			3/5	5/5					13/22	59%
*Martin, Sheree	Director	3/3			1/1						4/4	100%
McKoy, Derrick	Director	4/12							1/3		13/15	87%
McKie, Ed	Alternate Director	8/12										
Morrison, Janet	Director	8/12			4/4		2/3		3/3	12/12	29/34	85%
Pearl, Gary	Director	9/12		0/2		3/3	4/7				16/24	67%
*Scott, Eric	Director	4/5	4/5		1/1						34/38	89%
*Kiddoe, Garth	Director	6/8	4/6		3/4		7/8			5/8		
*Stokes, Adrian	Director	2/2					1/1				9/10	90%
*Mitchell, Lissant	Director	2/3				1/1	3/3					
Street Forrest, Marlene	Managing Director	11/12				5/5					16/17	94%
Whittingham, Steven	Director	8/12			3/5				3/3		15/20	75%
Leo-rhynie, Andrew	Alternate Director	1/4										

Depending on the date of appointment or resignation from the Board or a committee, the total number of meetings might vary for each director.

\*Sheree Martin: Appointed Director July 18, 2019

\*Garth Kiddoe: Died Sept 6, 2019

\*Eric Scott: Appointed Alternate Director Feb 20, 2019. Appointed Director Sept 18, 2019

\*Adrian Stokes: Appointed Director Sept 18, 2019

\*Lissant Mitchell: Resigned March 5, 2019

## *Profiles Of* **DIRECTORS**



### **Mr. Julian Mair - Chairman**

With over 20 years of experience in the financial services sector, Julian currently operates as JMMB’s Group Chief Investment Strategist. In addition to his position at JMMB, he has played a significant role in the development of Jamaica’s capital market.

His work experience includes positions at foremost Jamaican financial institutions, as Head of Treasury and Investment Services at Dehring, Bunting and Golding Limited (now Scotia Investments Jamaica Limited) and Senior Trader and Cambio Manager at JMMB. In addition, he has partnered and consulted with various international financial institutions and the Government of Jamaica, in structuring Global Bond Issues. A former Managing Director of Lets Investment Limited, his leadership resulted in the boutique operation becoming a global player in the trading of internationally issued securities.

A founding member and current Vice-President of the Jamaica Securities Dealers Association (JSDA), Julian also serves various institutions as a director, including JMMB Securities Limited, JMMB International Limited, JMMB Puesto deBolsa and Factories Corporation of Jamaica. Mr. Mair began serving as Chairman of the Jamaica Stock Exchange in January 2020.

### **Mr. Livingstone Morrison - Deputy Chairman, JSE** - Chairman, Regulatory and Market Oversight Committee (RMOC)

Mr. Livingstone Morrison is a transformational leader who is passionate about executive coaching, people development and performance improvement in general. He has vast experience in corporate governance, strategic planning and payment system development.

Mr. Morrison is a retired Deputy Governor of Bank of Jamaica who had oversight responsibility for the Administrative and Technical Services Division, the Finance and Technology Division, as well as the Payment Systems and Risk Management Division of Bank of Jamaica. His career has been dominated by his role in the management and administration of Bank of Jamaica, but also includes executive management experiences in agriculture and manufacturing and in the modernisation of the Jamaican payment, clearing and settlement system to meet international standards of safety and efficiency

Since his retirement he established LBM Consulting & Advisory Services Limited, trading as FranklinCovey Jamaica, as Jamaica’s exclusive licensee of FranklinCovey Company which operates in more than 160 countries around the globe. He is also a trained facilitator of solutions offered by the FranklinCovey Company and has positioned FranklinCovey Jamaica to support the mission of “Enabling Greatness: Great People, Great Organisations and Great Results”.

He is the proud recipient of the Order of Distinction in the Rank of Officer (OD) for service in the field of Central Banking, in particular, Finance and Administration and the Payment System. His list of awards also includes the 2018 Vocational Leadership Excellence Award, conferred by the Rotary Club of Kingston, for exemplary service and outstanding contribution to Jamaica.

Mr. Morrison is an independent board member to the JSE and its subsidiaries who was appointed as Deputy Board Chairman in 2019. He is also the Chairman of the Regulatory and Market Oversight Committee since 2009. In addition, he serves as a member of Audit Committees of both the JSE and HEART Trust/NTA.



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## *Profiles Of* **DIRECTORS**

### **Mr. Lissant Mitchell**

(December 2011 - March 2019)

Mr. Lissant Mitchell has over 20 years' experience in the local financial industry. He joined Scotia Investments in October 2007 as Senior Vice President Treasury and Capital Markets and was promoted to Chief Operating Officer in October 2010, and appointed Senior Vice President Wealth Management – Scotiabank Group Jamaica and Chief Executive Officer – Scotia Investments Jamaica Limited, November 1, 2011.

Lissant has served as the President of the Primary Dealers Association and Secretary of the Jamaica Securities Dealers Association. He sits on the Scotiabank's and Scotia Investments' Asset and Liability Committees as well as the Group's Managed Funds Investment Committee. He is also a director of Scotia Investments Jamaica Limited, Scotia Asset Management Jamaica Limited and Scotia Caribbean Income Fund.



### **Mr. Ian McNaughton**

(February 2014 - December 2019)

Mr. McNaughton is the Managing Director of Barita Investments Limited. With a BSc. in Management Studies from the University of the West Indies and an MBA from Nova Southeastern University, he possesses over thirty years of experience in the areas of Finance, Information Systems and Human Resource Management, garnered at major international manufacturing, sales and distribution entities.

He serves as Company Secretary for Barita Investments Limited and is the Chairman of the Jamaica Stock Exchange and a Director of the Jamaica Central Securities Depository.

An avid footballer, Mr. McNaughton also sits on the board of the Harbour View Football Club.



### **Dr. Adrian Stokes**

A former Commonwealth Scholar, Dr. Stokes is a graduate of the University of Manchester where he obtained a Ph.D. in International Finance. He has an MSc (Distinction) and BSc (First Class Honors) in Economics from UWI.

He is currently SVP and Head of Insurance and Wealth Management at Scotia Group Jamaica where he has primary responsibility for the growth and profitability of: wealth management, individual life, group life, and pension insurance businesses to support the strategic goals of Scotia Group Jamaica.

Adrian joined the Scotia Group in 2010 where he was the VP responsible for Strategy and Product Development at Scotia Investments Jamaica Limited (SIJL). He led the development of several product initiatives that are now vital components of the company's product portfolio. In 2012 he was promoted to Group Strategist with responsibilities covering all the subsidiaries of the Scotia Group Jamaica. Throughout this time he supported the execution of a number of regional and local projects. In 2013, he was appointed VP for Market Risk, Strategy, and Business Intelligence where he successfully led the incorporation of data analytics into the crafting and execution of key Group priorities.

Dr. Stokes is a leading commentator on the Jamaican economy and has been at the center of many private sector led initiatives to improve macroeconomic performance in Jamaica. He is a Director of the Development Bank of Jamaica.

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## *Profiles Of* **DIRECTORS**



### **Mr. Devon Barrett**

A strategic and visionary leader, Mr. Devon Barrett has been with the Victoria Mutual Family since March 2008. On September 1, 2016, Mr Barrett assumed the role of Group Chief Investment Officer with responsibility for diversifying the Group's investment portfolio. He also served with distinction at the helm of Victoria Mutual Wealth Management (VMWM) where his primary areas of focus included conceptualising and implementing the strategic direction of the Company, managing the Company's balance sheet, ensuring compliance with all regulatory requirements and managing the growth in profit and shareholders' value.

In January 2019, in keeping with the VM Group's strategic business plan, Mr. Barrett began focusing solely on his Group Chief Investment Officer role. He was also named head of the newly formed Strategic Investments Unit.

Prior to his tenure at Victoria Mutual, Mr. Barrett served in senior positions at several financial institutions including Capital and Credit Securities Limited and the Union Bank of Jamaica Limited, formerly Citizen's Bank. This accounts for 20 years of experience in managing foreign currency investments and deposits portfolios, negotiating foreign exchange and money market deals and ensuring consistent growth in the respective client bases.

Mr. Barrett holds an MBA which he acquired at Nova Southeastern University, Florida and a BSc in Management Studies from the University of the West Indies. A strong negotiator and effective communicator, he inspires his team to achieve greater levels of performance, thereby positively impacting on individual growth and development and ultimately, overall Company results.

### **Mr. Kevin Donaldson**

Kevin's journey at Sagicor started at the acquired Manufacturers Sigma as an investment analyst in 2003. He rose steadily through the ranks with many achievements along the way including building the equities unit of Pan Caribbean Financial Services and leading innovation by creating the first venture and corporate debt funds for the local market.

In 2011, Kevin joined the senior management team at Grace Kennedy Group, where he worked on mergers/acquisitions and capital allocation. Kevin re-joined Sagicor Investments in 2016 and was responsible for the Fund Management and Capital Markets Division. He was appointed Acting General Manager October 2017, with responsibility for the overall operations Sagicor Investments Jamaica Limited. In 2018, Kevin was appointed CEO of Sagicor Investments and in 2019, he was appointed Executive Vice President of Sagicor Group Jamaica.

Kevin has over 20 years' experience in the financial industry, spanning several areas of the industry such as Investment Banking, Treasury and Research and Insurance in both the local and international markets.

Kevin has an MBA (distinction) in Banking and Finance from Mona School of Business, a BSc in Economics from the University of the West Indies. He is a Director of Elite Diagnostics, Treasurer of the Jamaica Security Dealers Association and the Treasurer for Wolmer's Old Boys' Association.



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## *Profiles Of* **DIRECTORS**

### **Dr. Derrick McKoy, C.D., J.P.**

Dr. Derrick McKoy is an Attorney-at-Law in Kingston, Jamaica. He is a former Contractor General of Jamaica and a former Dean of the Faculty of Law, University of the West Indies, Mona Campus. He has served as a Commissioned Officer in the Jamaica Defence Force—Coast Guard (National Reserve). He is a Member to the Chartered Institute of Arbitrators, and a Fellow of the Asian Institute of Alternative Dispute Resolution.

Derrick holds a doctorate in law from the University of Leicester, a doctorate in Business Administration from Nova Southeastern University, an LLM in International and Comparative Law from University College London, the MBA from Barry University, and the LLB from the University of the West Indies. He is also a graduate of the Norman Manley Law School. He was a Commonwealth Scholar, and in 1999 he participated in the US International Visitors Program on "The role of Ethics in Business and Government." He has been nominated to Sigma Beta Delta International Honour Society.

He has participated in Penn State Management Development Courses, U.S. Coast Guard International Maritime Law Enforcement Training, and the Commonwealth Association of Corporate Governance's course for directors.

Derrick serves on several public and private boards. He chairs the Fair Trading Commission, the Jamaica Antidumping and Subsidies Commissioner, the Office of Utilities Regulation, the Duke of Edinburg Awards Scheme in Jamaica, and the National Compliance and Regulatory Authority. He is a former member of the Integrity Commission of Jamaica. He sits on the boards of the Jamaica Stock Exchange, M/VL Stockbrokers Ltd, the Jamaica Youth Business Trust, and the Munro College School Board as a Trust Appointed Member. He was a founding member of the Jamaica Chapter of Transparency International, and from 2006 to 2015 he was a member of the All Island Electricity Appeals Tribunal, Jamaica.

Derrick has lectured in the Faculty of Law on the LL.B. and LL.M. Programmes, and as an adjunct in the Mona School of Business, the Institute of International Relations, the Norman Manley Law School, Barry University's Andreas School of Business, and Nova Southeastern University's Huizenga School of Business. He has supervised candidates for the PhD and DBA in the Faculty of Social Sciences, UWI. Derrick has published in the areas of competition law, constitutional law, corruption, labour law, public management, governance, and the law of computers.

In 2016, Derrick was awarded the Order of Distinction, in the rank of Command (CD), for Outstanding Contribution to the Legal Profession and for Public Service in Jamaica.



### **Mr. Steven Whittingham**

Mr. Steven Whittingham is the Chief Operating Officer of the GraceKennedy Financial Group with direct oversight of GraceKennedy's insurance underwriting, insurance brokerage, merchant banking and investment businesses across the region. He is a member of the GraceKennedy Executive and also leads the Group's M&A initiatives.

Steven began his career at BlackRock in New York and worked with Morgan Stanley's Investment Banking Group in London. He has significant M&A and Private Equity experience, acquiring and operating multiple businesses in Jamaica, and has served as a director on several private and public sector boards.

Steven has a Bachelor of Science in Systems Engineering and a Bachelor of Arts in Economics from the University of Pennsylvania and an MBA from Harvard Business School.

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## *Profiles Of* **DIRECTORS**

### **Mr. Steven Gooden**

Mr. Steven Gooden is the Chief Executive Officer of NCB Capital Markets Limited, which under his leadership has become Jamaica's leading capital markets outfit, with a strong and growing presence throughout the Caribbean via the establishment of hubs in the Cayman Islands, Trinidad & Tobago and Barbados.

Steven's ascension to executive management was at 26 years old when he was appointed General Manager for one of Jamaica's leading fund management companies. In 2009, he rejoined NCB Capital Markets as Vice President, Investments and Trading where he successfully integrated the investment management functions of the Group's subsidiaries with combined assets exceeding US\$2billion.

Steven is a holder of the Chartered Financial Analyst (CFA) designation, has a Master's Degree in Finance and Economics, a Bachelor's degree in Economics and Accounting, and has received many accolades in the areas of research and portfolio management. He has also participated in executive development courses at Chicago Booth and Wharton Business Schools covering Strategy, Change Leadership and Mergers & Acquisitions.

Steven is a Board of Director of several companies within the NCB Financial Group; the Jamaica Stock Exchange Limited; the Caribbean Mezzanine Fund Limited and Mundo Finance Limited. Additionally, he is the Chairman of NCB Global Finance Limited, NCB Capital Markets (Barbados) Limited, Limners & Bards Limited and Elite Diagnostics Limited, as well as President of the Jamaica Securities Dealers Association and Wolmer's Old Boys Association.

### **Mrs. Marlene Street Forrest, C.D., J.P.**

Mrs. Marlene Street Forrest is the Managing Director of the Jamaica Stock Exchange (JSE) and Director of both its subsidiaries. Her mandate is to continue the process of developing the JSE Group and particularly the Exchange, in an atmosphere of transparency and fairness while utilizing appropriate technology in providing the greatest possible efficiencies to the market.

Mrs. Street Forrest has a wealth of experience having worked in senior management positions at varying private and public sector organizations here in Jamaica and overseas. It is under her stewardship that the JSE became demutualized and the US Denominated Market and the Junior Market were launched. She also spearheaded the Registrar Division of the Jamaica Central Securities Depository (JCSD) when she served as General Manager for this subsidiary of the JSE. Today, Mrs. Street-Forrest is a highly in-demand speaker, having given presentations at many local, regional and international conferences and seminars for the securities markets and financial services industry.

Mrs. Street Forrest attended the University of the West Indies, Mona, where she read for the Bachelors Degree in Management Studies and later gained her Masters in Business Administration at the Barry University in Florida.

In 2016 Mrs. Street Forrest was conferred with the honour of the Order of Distinction in the Rank of Commander (CD) in recognition of her outstanding leadership in the growth of the Jamaica Stock Exchange. In that same year, she also received the Afroglobal Excellence Award for Global Impact from Canada for exhibiting great leadership, vision, integrity and commitment to excellence.

She is a Justice of the Peace and serves as a Director for the Good Samaritan Inn, a Christian outreach aimed at uplifting the poor and marginalized.



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### **Mr. Gary Peart**

Mr. Gary Peart joined Mayberry Investments Limited in May 2005 as Chief Executive Officer after developing his management techniques throughout the financial industry over the course of about 20 years. During this time, he gained experience in almost every business line, including Corporate Finance, Equity, Fixed Income, and Treasury Management, all of which prepared him for his current role as CEO.

Mr. Peart was appointed to the Board of Directors of Mayberry Investments Limited in 2006 and has served as Director at several other well-known Jamaican entities. Currently, Peart sits on the Board of Lasco Financial Services, Lasco Distributors Limited, IronRock Insurance Company, Supreme Ventures Limited and is the Deputy Chairman on the Board of Jamaica Stock Exchange.

Mr. Peart currently serves as an officer of the Jamaica Securities Dealers Association.

He is a member of the Assets and Liabilities and Policy Committees of Mayberry Investments Limited.

Beyond the business world, Mr. Peart a member of the Rotary Club of St. Andrew North.



## *Profiles Of* **INDEPENDENT DIRECTORS**

### **Miss Dian Black**

Miss Dian Black is the Principal Director (PD) of the Debt Management Branch (DMB) in the Ministry of Finance and the Public Service and has had over 16 years of experience dealing with public debt-related affairs.

She is responsible for leading the strategic and operational activities of the DMB in raising adequate levels of funding to satisfy the Government’s budgetary needs, while balancing the trade-offs in costs and risks. In her capacity as PD and a senior advisor, she gives policy advice on debt management matters to senior officials in the Ministry.

She is a member of the Jamaica Stock Exchange (JSE) Board of Directors, serving as the Government of Jamaica’s liaison. Ms. Black serves on several JSE sub-committees including Member Dealer Admission, Regulatory and Market Oversight and as Chair of the Audit Committee.

She is also a member of the Caribbean Development Bank Board of Directors and Jamaica’s representative on the Latin America and Caribbean (LAC) Debt Group Steering Committee.

Ms. Black holds a B.A. from the University of the West Indies, Mona and an M.B.A. in Banking and Finance from the University of Wales and Manchester Business School.



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## *Profiles Of* **INDEPENDENT DIRECTORS**



### **Mrs. Sheree Martin**

Mrs. Martin has spent the last fifteen years as an Executive driving business value in the Financial Services and Energy sectors. Known as an inspiring and strategic leader with the proven ability to establish effective teams, she has a track record of achievements in the areas of Business Strategy, Marketing, Sales, Project Management, Organizational Transformation and Corporate Innovation.

After a distinguished career at the NCB Group, Mrs. Martin joined the Jamaica Public Service Company Ltd, in 2014 to lead HR, Government and Regulatory Affairs, Revenue Management, Customer Service and Communications, reporting to the President and CEO. The company recorded significant improvements in its survey ratings for Employee Engagement and Customer Satisfaction while she headed those portfolios.

She subsequently gained significant operational experience in the utility business when she was given executive responsibility for the JPS transmission and distribution network island-wide. Then, in November 2017, Mrs. Martin was assigned to establish the new Business Development arm of JPS where she was responsible for identifying new revenue opportunities for the company in the areas of Distributed Generation, Renewables and Energy Efficiency. Mrs. Martin left JPS in November 2018 and in January 2019, she started a new executive role at New Fortress Energy.



### **Mr. Garth Kiddoe** (deceased)

(June 2005 - September 2019)

Mr. Kiddoe was an Enterprise Consultant, with experience in Corporate Governance, Accounting, Management, Accreditation Systems and procedures and Electrical Engineering. He was also a trained Family Business Consultant. He was a part-time lecturer in Management at the University of Technology, Jamaica and was a member of the project management team for a US\$42.6 Million project funded jointly by the Government of Jamaica, the Caribbean Development Bank (CDB) and the University of Technology, Jamaica (UTECH).

Mr. Kiddoe served as a:

Chairman of the Professional Engineers Registration Board; Member of the Board of Directors of the Jamaica Stock Exchange (JSE), representing the Institute of Chartered Accountants of Jamaica (ICAJ); Chairman of the Board of the Jamaica Central Securities Depository Ltd, a subsidiary of the JSE; Chairman of the Board of Governors of the JSE e-Learning Campus; Member of the Public Accountancy Board (PAB); Member of the Practice Monitoring Committee of the PAB and; Member of some sub-Committees of the Board of the Jamaica Stock Exchange, including the Regulatory and Market Oversight, Audit and Corporate Governance Committees.



### **Mr. Eric Scott**

Mr. Eric Scott is a Chartered Accountant with over twenty (20) years of experience comprising financial accounting, external and internal auditing primarily in banking and financial services.

Mr Scott joined the Board of the Jamaica Stock Exchange in 2019 representing the Institute of Chartered Accountants of Jamaica (ICAJ) and serves on the Regulatory and Market Oversight and Audit Committees. He is also a member of the Public Accountancy Board (PAB) and Council Member of the ICAJ.

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## *Profiles Of* **INDEPENDENT DIRECTORS**



### **Matthew A. Hogarth, LL.B (Hons.)**

Mr. Matthew Hogarth is a Partner at MH&CO. specializing in the areas of banking, finance, mergers and acquisitions, corporate structuring and governance, taxation, trusts, real estate and business advisory.

Throughout his career, Mr. Hogarth has handled Initial Public Offerings (IPOs), high-value private equity and debt transactions in addition to corporate bank loan transactions for numerous international blue-chip companies, private business and legal audits and has acted in numerous cross-border matters including the management and strategy of insolvency and receivership assignments, including advising the Liquidator or Receiver on legal issues. Mr. Hogarth also has considerable experience with both residential and commercial real estate transactions, including real estate investment vehicles and structures.

Mr. Hogarth has a reputation for being solution-oriented, detailed, thorough and for his proficiency at creating practical corporate structures that marry business and the law.

### **Mrs. Janet E. Morrison**

Mrs. Janet Morrison is an attorney at law and Fellow of the Chartered Institute of Arbitrators and holds a Master’s Degree in Commercial and Corporate Law. In her capacity of an independent director of the Jamaica Stock Exchange, she is a member of the Regulatory & Market Oversight Committee, the Listing Committee, Member Dealers Admissions Committee and the Rules Committee.

Janet is a member of the General Legal Council of Jamaica, the regulatory body for the legal profession. As a member of the Jamaican Bar Association, Janet appeared before the Joint Select Committee of Parliament in deliberations on the Companies Act. She is a former member of the Insolvency Law Reform Committee which deliberated on reform of the insolvency laws of Jamaica which culminated in the enactment of the Insolvency Act, and, a former member of the sub-committee of the Board of the Jamaica International Financial Services Authority which reviewed a suite of draft legislation to form the legal framework for the establishment of an international financial services centre in Jamaica. She has presented at conferences on Corporate Governance, the Pensions (Superannuation Funds and Retirement Schemes) Act and the Companies Act and contributed legal commentaries in the Jamaican press.



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## ALTERNATE DIRECTORS

There are five Alternate Directors who have been approved by the Directors of the Exchange. These are:

1. **Mr. Ed McKie**  
alternate to **Dr. Derrick McKoy**
2. **Mr. Andrew Leo-Rhynie**  
alternate to **Mr. Steven Whittingham**

## Profile Of COMPANY SECRETARY

### Roxanne R. Hutchinson

#### Company Secretary

Roxanne was appointed to the post of Company Secretary of the Jamaica Stock Exchange Limited (the “Company”) on April 3, 2017, after serving for over four (4) years as Legal Officer of the Company and its subsidiaries. In her role as Company Secretary, she has responsibility for dealing with compliance and regulatory matters relating to the Company and providing legal and professional advice to the Board of Directors.

Roxanne holds a Bachelor of Laws (Hons.) from the University of London, and is a qualified and practicing Attorney-at-Law who specializes in Company, Trust and Commercial Law.



## JSE BOARD COMMITTEES

2019/2020

### AUDIT COMMITTEE (Rule Based)

Chairman: Miss Dian Black  
Mr. Devon Barrett  
Mr. Eric Scott  
Mr. Steven Gooden  
Mr. LivingstoneMorrison

### COMPENSATION COMMITTEE

Chairman: Mr. Julian Mair  
Mr. Livingstone Morrison  
MissDian Black  
Mr. Matthew Hogarth  
Mr. Gary Peart

### CORPORATE GOVERNANCE & NOMINATION COMMITTEE

Chairman: Mr. Matthew Hogarth  
Miss Dian Black  
Mr. Julian Mair  
Miss Sheree Martin  
Mr. StevenWhittingham (Alternate, Mr. Andrew Leo-Rhynie)

### EXECUTIVE COMMITTEE

Chairman: Mr. Julian Mair  
Mr. Livingstone Morrison  
Mr. Devon Barrett  
Mr. Jason Chambers  
Mr. Steven Gooden  
Mrs. Marlene Street Forrest

### LISTING COMMITTEE (Rule Based)

Chairman: Mr. Julian Mair  
Mr. Livingstone Morrison  
Mr. Kevin Donaldson  
Mr. Steven Gooden  
Mr. Matthew Hogarth  
Mrs. Janet Morrison  
Dr. Adrian Stokes

### MEMBER DEALER ADMISSION COMMITTEE

Chairman: Mrs. Janet Morrison  
Miss Dian Black      Miss Sheree Martin  
Mr. Matthew Hogarth      Mr. LivingstoneMorrison

### REGULATORY & MARKET OVERSIGHT COMMITTEE (Rule Based)

Chairman: Mr. Livingstone Morrison  
Miss Dian Black  
Mr. Eric Scott  
Mr. Matthew Hogarth  
Mrs. Janet Morrison

### RULES COMMITTEE

Chairman: Mr. Julian Mair  
Mr. Matthew Hogarth  
Dr. Derrick McKoy (Alternate, Mr. Ed McKie)  
Mrs. Janet Morrison  
Mr. Steven Whittingham (Alternate, Mr. Andrew Leo-Rhynie)

Approved July 17, 2019  
Amended and Approved September18, 2019  
Amended and Approved April1, 2020

**NB:** Committees subject to change due to resignations of Directors

# *Group* **MANAGEMENT TEAM**



**Marlene Street Forrest**  
Managing Director, JSE



**Michelle Sirdar**  
Manager, Registrar Services Unit



**Andrea Kelly**  
General Manager, JCSD &  
JCSD Trustee Services Limited

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# Group MANAGEMENT TEAM



**Samuel Parkes**  
Principal, JSE e-Campus



**Suzette Whyte**  
Financial Controller



**Andrae St. P. Tulloch**  
Chief Regulatory  
Officer



**Roxanne R. Hutchinson**  
Manager - Legal Services/  
Company Secretary,  
JSE - Executive Office;  
Jamaica Stock Exchange

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# *Group* **MANAGEMENT TEAM**



**Suzette McNaught**  
Manager, Information  
Technology & Systems



**Riccalya Robb**  
Manager, Market  
Operations & Trading



**Neville Ellis**  
Manager, Marketing &  
Communications



**Nora Blake**  
Manager, Jamaica Social  
Stock Exchange

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*Group*  
**MANAGEMENT TEAM**



**Suzette Pryce**  
Manager, Retail  
Repo Division



**Doreen Parsons-Smith**  
Manager, Human Resources



**Kadyll G. McNaught-Hermitt**  
Manager, Depository  
Service Unit



# *Committees'* REPORTS

## 2019 Regulatory & Market Oversight Committee (RMOC)

# CHAIRMAN’S REPORT



**Mr. Livingstone Morrison**  
Chairman

The Jamaica Stock Exchange, through the Regulatory and Market Oversight Committee (RMOC) and the Regulatory and Market Oversight Department (RMOD), continued its work to ensure market integrity and transparency, with the objective of ensuring that the Jamaican economy is supported by a robust and efficient capital market. The RMOC and the independent directors who comprise its membership, are satisfied that the operational performance for 2019, and the initiatives to enhance regulatory effectiveness, are sources of stakeholder confidence in the regulatory functions of the Exchange and by extension the integrity and efficiency of the capital market.

### Operational Performance Indicators - Surveillance and Compliance

During the year, the RMOC met on eleven (11) occasions to review the RMOD's operations and to provide strategic guidance on the proper discharge of operational responsibilities pertaining to: Listed Company Compliance, Member-dealer Regulation, Market Surveillance, Enforcement, Dispute Resolution/Arbitration, Risk Assessment and rule development and amendment. The statistics provided in Table 1 below revealed that for 2019 the RMOD identified and reported on three hundred and fifteen (315) cases and had a case closure rate of 92%.

**Table 1 – Performance Indicators**

Activity	2019	2018	2017	2016	2015
Compliance and Market Surveillance Issues handled	315	486	412	303	205
Percentage of Regulatory/ Compliance Issues Closed	92%	99%	98%	95%	95%
Total Number of Enforcement Actions	41	49	62	60	60
Member-dealer timely filing of Monthly Statements	99%	97%	97%	93%	95%
Member-dealers timely filing of Quarterly Statements	98%	98%	94%	94%	100%
Member-dealers timely filing of Audited Statements	77%	92%	92%	75%	58%
Main Market Companies timely filing of Unaudited Statements	95%	93%	91%	94%	95%
Main Market Companies timely filing of Audited Statements	63%	78%	80%	73%	78%
Main Market Companies timely filing of Annual Report	74%	78%	76%	56%	86%
Junior Market Companies timely filing of Unaudited Statements	93%	90%	95%	96%	95%
Junior Market Companies timely filing of Audited Statements	74%	78%	81%	69%	87%
Junior Market Companies timely filing of Annual Report	63%	66%	77%	74%	68%
Main Market Companies timely filing of Trade Notices	97%	96%	97%	89%	85%
Junior Market Companies timely filing of Trade Notices	76%	86%	88%	84%	66%

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*2019 Regulatory & Market Oversight Committee (RMOC)*

## CHAIRMAN'S REPORT

The highlights from the operational statistics include:

- a. Improvements in the timely filing compliance rate for Member-Dealers -Monthly Reports, which increased from 97% in 2018 to 99% in 2019.
- b. Improvements in Main and Junior Market Listed Companies timely filing compliance rate for Unaudited Financial Statements, which increased from 93% and 90% in 2018 to 95% and 93% in 2019.
- c. Decline in Member-Dealers, Main and Junior Market Companies timely filing compliance rate for Audited Financial Statements in 2019 due to challenges with the adoption and implementation of accounting changes associated with IFRS 9's Expected Credit Loss Model.
- d. Decline in Main and Junior Market Companies timely filing compliance rate in 2019 because of the initial delays in the filing of Audited Financial Statements.

The decrease in case closure rate to 92% was influenced mainly by the exercise of forbearance as listed companies experienced difficulties in finalizing Audited Financial Statements.

### Enhancing Regulatory Effectiveness

In keeping with the RMOC's mandate to provide strategic guidance to the regulatory affairs of the JSE, the RMOC convened a strategic retreat, which resulted in the development of the 2019-2021 Strategic Plan to guide further growth and enhancement of the regulatory functions of the Exchange. Strategic initiatives have been designed to deliver excellence in three (3) thematic areas that are critical for the improvement and overall success of the regulatory function. These complementary and overlapping themes are:

1. Improvement of Technological Support,
2. Rigorous and Comprehensive Analysis; and
3. Enforcement and Reporting.

The RMOC has done a tremendous job in executing the strategic initiatives outlined in the Strategic Plan, with one such deliverable being the launch of an updated market surveillance system towards the end of 2019.

### Enhanced Automated Market Surveillance System

As a key strategic priority, the surveillance function of the Exchange has been re-engineered in order to enhance effectiveness and efficiency. This initiative is a key component of the modernisation programme of the Exchange under which a new trading platform, powered by Nasdaq Market Technology (Nasdaq), was implemented on 2 December 2019.

The new Automated Market Surveillance System is expected to add tremendous value to the market surveillance capabilities as it incorporates the use of artificial intelligence and machine learning to support the review and analysis of daily trading activities on the Exchange.

The improved automated market surveillance system will support continuous review and improvement in critical processes for identifying unusual trading patterns and generating alerts. We view this upgrade as a key development in the process to adopt best in class technology to support the Exchange's regulatory, surveillance and compliance functions with the consequential positive impact on market integrity, transparency and efficiency.

### Rule Development

During the year, the RMOC reviewed and approved four (4) rule amendments, which were adopted to further strengthen market standards for Initial Public Offerings and Listings as well as the filing of amendments to financial statements with the JSE. The four (4) rules that were amended during the year are as follows:

1. JSE Main Market Rule 410 – Financial Statements;
2. JSE Main Market Rule – Definition – Admitted Stock Exchange;
3. JSE Main Market Rule 403 (F) – Method of Issue – Requirement to List following approval; and
4. JSE Main Market Rule 403 – Method of Issue – Details and Basis of Allotment.

The RMOC in 2019 also contributed a significant portion of its time to the review of draft rules to support the proposed launch of the JSE's Digital Asset Market, which is expected in the upcoming year.

*(Cont'd on next page)*

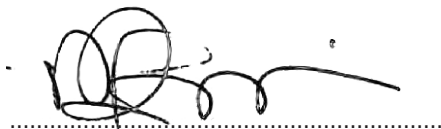
*2019 Regulatory & Market Oversight Committee (RMOC)*

## **CHAIRMAN'S REPORT**

### **Conclusion**

In closing, I wish to use this forum to once again express, for myself and on behalf of the RMOC and JSE team, regret on the passing of Director and RMOC Committee Member Mr. Garth Kiddoe. The late Director Kiddoe was a dedicated servant to the JSE and was not only instrumental to the development of the JSE's Regulatory framework but to many other areas in the JSE Group. We thank him for his service and express condolences to his family on his passing.

I also wish to extend congratulations to the JSE team on the achievement of its 50<sup>th</sup> anniversary milestone. My warmest regard is extended to the JSE's Board, Committee Members of the RMOC, the JSE's Managing Director and other executive and team members of the JSE who have exhibited an exemplary commitment to the development of the JSE over these years. As the market and the JSE evolves we will ensure that stakeholders continue to benefit from a marketplace that is equitable in all aspects. We thank all our stakeholders who have assisted us in 2019 and look forward to your contribution in 2020 as we continue our work to promote market confidence through market transparency, integrity, and efficiency.



Mr. Livingstone Morrison  
Chairman

## *Corporate Governance* & NOMINATION COMMITTEE REPORT

In its commitment to high standards of board oversight, the JSE Corporate Governance and Nominations Committee (“**the Committee**”) responsibilities met six (6) times in 2019. During this period the following changes were made and tasks undertaken:

### **Board Charter**

Since its initial establishment in 2018, the Board Charter has been amended in keeping with the requirements of the JSE and its subsidiaries. As such, the Board has since included a reference to the communication framework in its Charter in order to streamline communication within the JSE Group.

### **Communication Framework Recommendation**

The Committee recognized that within the JSE Group, effective communication between the main and the subsidiary boards is essential in ensuring that information and decisions taken at the main board-level are shared in a seamless and efficient manner. The Committee therefore developed a framework for communication between the Exchange and the subsidiaries which was approved by the Board.

### **Corporate Governance Index (CGI)**

The continued support of this joint initiative between the PSOJ Corporate Governance Committee and the Jamaica Stock Exchange to assess, on the basis of a numerical code, the corporate governance performance of listed companies. Assessments are on an ongoing basis by a committee established to monitor and evaluate the participating listed companies and comprise representatives from the Mona School of Business, the Jamaica Bar Association and the PSOJ Corporate Governance Committee. This is an ongoing measurement and is subject to review by the Committee from time to time.

### **Board Fees**

In keeping with the CGI Standards, we wish to disclose that \$13.7m was paid as fees to our directors in 2019.

### **Board Evaluation Process**

Questions were rated on a five-point scale with “1” being the lowest and “5” being the highest. The minimum standard for a Director to achieve was an average rating of “3”. The results were overall positive and were shared with the Committee and the Board accordingly.

### **Policy for Independent Directors**

Following an independent questionnaire disseminated to determine how an independent director would be defined and the rules which would govern the position, the policy for Independent Directors was completed and approved. This policy outlines: (i) How independence is

determined and that this was taken from the JSE CG principles; (ii) Nomination and Appointment of Independent Directors; (iii) Evaluation of Independent Directors; and (iv) Term Limits.

Although the JSE does not have 50% of Independent Directors on the Board, the following Board Committees comprised majority or full Independent Directors:

- The Audit Committee
- The Regulatory, Market Oversight Committee (RMOC) and
- The Corporate Governance Committee

### **Training of Directors**

All the Stock Exchange's Directors are on Boards of other Companies, therefore, the Stock Exchange during the year assesses the training that Directors have been trained in to ensure that they are in accordance with the JSE's Directors training standards. All Directors are evaluated to ensure that their training needs are fulfilled.

The areas of training that Directors must fulfil during the year are:

- Ethics
- Compliance
- Corporate Governance

### **Board Performance Evaluation**

An independent evaluation of the Board is done periodically in accordance with the JSE's Corporate Governance Principles and Practices. The JSE will be conducting its next Independent Board evaluation in 2020

### **Commitment to our Stakeholders**

The JSE is a public company and is accountable to all stakeholders and all interest groups. The JSE works to balance the diversity of interests by providing a fair, efficient and transparent Stock Exchange.

To our Customers: We continue to deliver the best products and services to ensure customer satisfaction.

To our Employees: We continue to be an organization of choice for persons to work and we have a very low attrition rate, which can be attributed to staff satisfaction.

To our Shareholders: We continue to ensure that the organization is operating at the highest standard to maximize profit and offer a fair return on shareholder value.

To our Media Partners; who are integral to our operational process: We continue to ensure that our messages are always credible.

To our Community: We continue to work with our community to ensure the growth and development of our community members.



## *Corporate Governance* & NOMINATION COMMITTEE REPORT

### **JSE Corporate Governance Principles**

The Corporate Governance Principles and Practice of the Exchange were last reviewed two (2) years ago and therefore another review was required. The Committee executed a review based on the PSOJ's Guidelines and Statements of Principles and Practices. However, the PSOJ's Guidelines/Code was to undergo a review by the PSOJ's Corporate Governance Committee with the participation of a member of the Committee. It was therefore decided that the Committee's review of its Corporate Governance Principles and Practice was to be deferred until the PSOJ has completed its exercise for the purposes of comparative analysis.

### **Resignation & Nominations of Directors**

After the reporting year 2018/2019, Miss Dian Black resigned as the Committee's Chairman and was succeeded by Mr. Matthew Hogarth in July 2019. Miss Dian Black remains as a member of the Committee.

As recommended by the Committee and approved by the Board, Mrs. Sheree Martin was appointed as an Independent Director of the Board and a member of the Committee. Mrs. Martin brings marketing, operational and numerous other skill sets to the Board and the Committee.

A moment of silence was observed for the late Director and Committee member, Mr. Garth Kiddoe. Pursuant to a review of his contributions to the Board and the Audit Committee, Mr. Kiddoe's alternate, Mr. Eric Scott, was unanimously approved by the Board to fill the vacancies created by Mr. Kiddoe's passing both at the Board and committee levels.

The Committee takes this opportunity to specially acknowledge all the members of the Committee and especially the previous Chairperson, Miss Dian Black, who has done a tremendous job in elevating the corporate governance standards within the JSE Group.

The Members of the Corporate Governance and Nominations Committee as at the date of this Report are:

Mr. Matthew Hogarth (Chairman)  
Miss Dian Black  
Mr. Julian Mair  
Mrs. Sheree Martin  
Mr. Steven Whittingham (alternate Mr. Andrew Leo Rhyne)  
Mr. Eric Scott  
Dr. Adrian Stokes



.....  
Matthew Hogarth  
Chairman

*The Jamaica Stock Exchange and Its Subsidiaries*  
**AUDIT COMMITTEE REPORT**

During 2019, the Audit Committee of the Jamaica Stock Exchange (The Exchange) was successful in the fulfillment of its mandate to assist the Board of Directors with oversight responsibilities regarding the integrity of the Company's financial statements, compliance with legal and regulatory requirements, and to serve as the conduit of communication between the Board, the management team and the internal and external auditors.

The Committee continued to focus on the review of the management accounts and the quarterly financial statements to ensure that the information released to the Board and or the general public was compliant with International Financial Reporting Standards (IFRS) and the rules of the Exchange. Another primary objective of the review of the Group's financial reports was to ensure proper and efficient cash flow management, expenditure controls, management of the investment portfolios, receivables and new products. A considerable amount of time was spent in reviewing the Investment Policy. Amendments were made to Asset limits, Prohibited Investments and Selection of Counterparties. The Group Code of Ethics was also included in the policy.

The Committee also focused on compliance with the Company's policy guidelines in respect to the effective management of the company's resources and within each period it undertook a review of outturns of the Group's financial performance for the period under review in the context of the Group's budget.

Price Waterhouse Coopers (PwC) continued to execute the internal audit function of the Exchange. Committee members reviewed the level of internal audit observations and examined the responsiveness of management to effect recommended changes. The Committee was satisfied with the level of responsiveness by management and their effort in ensuring that the standards set, as outlined by the policies relating to operational controls and risk management strategies were maintained and improved.

The Committee evaluated the work of the External Auditors, Ernst & Young and was satisfied with their performance. The impact of new and revised IFRS standards for 2020 was also discussed with the auditors. A number of meetings were held with the Committee to ensure that members were brought up to date with the applicability of the new standards. The Committee also ensured that the auditors were provided with access to data, information and explanations on a timely basis.

During the year, the Committee also reviewed the Purpose Driven targets for the Exchange, in light of the fact that the targets set by the board were significantly surpassed by the end of 2018. The updated targets were approved by the Board. Members also reviewed and recommended to the Board for approval, the JSE Staff Option Plan. In keeping with policy, the Committee also did a comprehensive review of the changes and updates to the Group's Investment Policy.

The requirement is for the Committee to meet at least four (4) times per year. However, nine (9) meetings were held during the year with satisfactory attendance from all members. There was a decrease in the number of meetings, down from thirteen (13) in the previous financial year. The Committee is satisfied with the work conducted and is of the view that it has fulfilled its mandate for the review period. The composition of the Committee was also in compliance with the rules of the Exchange.

The current members of the Committee are:-

1. Ms. Dian Black (Chair) - Independent Non-Executive
2. Mr. Devon Barrett - Non-Executive
3. Mr. Steven Gooden – Non-Executive
4. Mr. Livingstone Morrison - Independent Non-Executive
5. Mr. Eric Scott – Independent Non-Executive



.....  
Dian Black  
Chair

*The Jamaica Stock Exchange and Its Subsidiaries*  
**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the JSE is made up exclusively of non-executive directors and is chaired by the Chairman of the board, Mr. Julian Mair. Other members of the Committee are:

Chairman:        Mr. Julian Mair  
                      Mr. Livingstone Morrison  
                      Miss Dian Black  
                      Mr. Matthew Hogarth  
                      Mr. Gary Peart

The Committee's mandate is to make recommendations on the Company's framework of executive remuneration. The Committee reviews and approves corporate goals in relation to the CEO's performance in light of the company's objectives and makes recommendations to the Board with respect to executive and non-executives' compensation.

Please note that no remuneration is made to the Managing Director in the capacity as a member of the Board.

Director's Fee totalled \$13.7 Million in 2019 and represented a \$1.1 Million increase from 2018, which was \$12.6 Million.



.....  
Julian Mair  
Chairman

# MANAGING DIRECTOR'S REPORT



**Mrs. Marlene Street Forrest**  
Managing Director  
Jamaica Stock Exchange

**2019** was a golden year for the Jamaica Stock Exchange (JSE). The JSE celebrated its 50<sup>th</sup> Anniversary with its subsidiary and all its stakeholders actively participating in the events aimed at broadening and deepening the interest in the market. JSE Group continued on the path of success. The market was also in a celebratory mood as all markets were active and the indices continued to advance, recording growth of approximately 35% in the Main Market and 3% in the Junior Market. Seventeen securities were listed across all markets in 2019.

This was a year of important developments on many fronts for the JSE Group. We continued on our path of diversification and other market developments in an effort to provide enhanced customer service and satisfaction. In an effort to ensure that the market had the very best in technology to power trading, emphasis was placed on the preparations necessary to welcome in 2020 the migration to NASDAQ order matching engine which is considered a 'best in class' architecture globally.

The Jamaica Stock Exchange successfully collaborated with our broker-members to seamlessly utilize technology to efficiently onboard over 38,000 accounts in the Wigton IPO, which is the largest number of investors since the inception of the Exchange. Our message of wealth creation through the Exchange also saw a further shift in the demographics with both male and female equally participating in the market.

As we are aware that the Exchange Group plays a pivotal role in economic development, we have been engaging our regional and global counterparts and expanding our footprint outside of Jamaica in order to facilitate greater global connectivity through our markets. With the listing of one Canadian company in the year we expect this will be the beginning of other global listings.

#### **Review of 2019 Performance**

Our results as a Group were excellent because, despite not having what is termed large 'one-off' transactions, our markets delivered steady performances which rivalled those of the previous year. According to Bloomberg data, the Jamaica Stock Exchange was ranked the fifth best performing Exchange in the world for 2019. Companies also raised in excess of \$34 billion during the year.

We strongly believe that this positive performance and the keen interest in the market, demonstrated by the level and growth of activities, resulted from our comprehensive approach to marketing our products and services and our market education programme, targeted at both the demand and supply sides of the market. To balance this also, is the stable economic environment that we have been experiencing which has resulted in the lowering of interest earned on government and other debt securities, and the positive Business and Consumer Index.

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## MANAGING DIRECTOR'S REPORT

The Group's financial position has also benefited significantly from the diversification of our activities across multiple business lines, each contributing a positive net profit, with the JCSD Trustee Services returning strong performance. Our strategy to provide excellent and independent support service to the financial market has proven to be sound and we will continue to explore other avenues for expansion.

The Group has also grown because we have embraced the philosophy that we must provide the best service to our members and partners even in the most challenging times. We must be seen as a bastion of integrity and transparency with a purpose-driven mandate as the gatekeeper of good corporate governance. We believe we are encouraging this by enlisting our listed companies' and brokers' support on a journey with us as we implement our Corporate Governance Index. We were extremely pleased with the co-operation of many of our listed companies who have embraced the Corporate Governance Index as a means to measure their performance relating to good governance. These are some of the initiatives we are certain, have and will attract global attention and participation in our markets.

As a Group, we are pleased to report that we are now providing a broader range of product offerings to the market. With each new product or service added we ensure that it is of a quality that will continue to instill in the market a level of confidence and goodwill for what we offer.

### ENVIRONMENTAL FACTORS

#### Economic Overview

The Economic Programme Oversight Committee (EPOC), in its January 2020 release, provided an update on the performance of the Jamaican economy for the period ended November 2019. The International Monetary Fund (IMF) completed its 6<sup>th</sup> and last review of the country's Stand-by Arrangement (SBA). The SBA expired effective November 10, 2019. Except for the inflation target, the government is expected to meet the Quantitative Performance for the GOJ Economic Reform Programme (ERP) for the period ended December 2019.

For the April to November 2019 period Revenue and Grants amounted to \$405.0 billion outperforming the budget of \$400.1 billion by 1.2%. Tax Revenues for the period of 436.1 billion surpassed the budget by 1.4% or \$5.0 billion. Recurrent & Capital Expenditure during the period totaled \$393.5 billion, 3.0% less than budgeted. The Primary Balance of \$94.1 billion for the period April to November 2019 exceeded the budgeted target by \$14.2 billion or 17.77%. This was largely due to higher than projected Revenue and Grants coupled with under-expenditure.

In December 2019, the All Jamaica Consumer Price Index realized an

inflation rate of 0.5%, resulting in a calendar year inflation rate of 6.2% for 2019. This exceeded the Bank of Jamaica (BOJ) target of 4.0 to 6.0. Increased energy and food prices were the main contributing factors to the higher than anticipated calendar inflation rate for 2019. The calendar year inflation rate for 2018 was 2.4% while in 2017 the

An unemployment rate of 7.2% was reported for October 2019. This represents a 1.5% decline in comparison to the 8.7% reported for October 2018. The Employed Labour Force for October 2019 was 1,248,400 which was 2.4% or 29,200 more than the 1,219,700 recorded in October 2018.

The Jamaican dollar closed at \$132.5690 to US\$1.00 on December 31, 2019. This represents a decline of JA\$4.849 or 3.80% since the start of the year. The Jamaican dollar declined by JA\$2.63 or 2.10% in 2018 and appreciated by JA\$3.27 or 2.55% in 2017. Treasury Bill yields for the month of December 2019 were 1.25% and 1.42% for the 90-day and 180-day instruments respectively.

At the end of December 2019 the Net International Reserves (NIR) stood at US\$3.16 billion. This reflects an 4.98% increase over the US\$3.01 billion recorded in 2018.

#### Global Review of Stock Markets for 2019

According to the Market Insider, the S&P 500 soared 29% in 2019, its best performance since 2013. The Nasdaq Composite and the Dow Jones Industrial Average also posted healthy returns in 2019. The tech-heavy Nasdaq jumped 35% to notch its best gain since 2013. The 30-stock Dow index soared 22%, its strongest yearly performance since 2017. All three major indexes leaped to record highs multiple times in December, pushed higher by news of a finalized phase-one trade deal between the US and China.

The global bull run saw the Stoxx Europe 600 jump 23% during the year. China's Shanghai Composite rose 22%, and Japan's Nikkei 225 gained 18%.

Commodities and safe-haven assets also gained value throughout the year. Gold posted its biggest jump since 2010 after soaring 19%. Oil finished up 35%, its best performance since 2016.

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# MANAGING DIRECTOR'S REPORT

## JSE MARKET PERFORMANCE IN 2019

Stock Market Statistics	Value 2019	Value 2018	Change	Change %
Main JSE Index	509,916.44	379,790.86	↑ 130,125.58	↑ 34.26
All Jamaican Composite Index	559,853.26	416,842.73	↑ 143,010.53	↑ 34.31
JSE Select Index	13,064.81	9,725.59	↑ 3,339.22	↑ 34.33
JSE Combined Index	505,253.97	384,556.48	↑ 120,697.49	↑ 31.39
Junior Market Index	3,348.96	3,246.84	↑ 102.12	↑ 3.15
JSE USD Equities Market Index	226.23	159.61	↑ 66.62	↑ 41.74
Market Capitalization (Combined Market)	\$2.08 Trillion	\$1.52 Trillion	↑ \$557.69 Billion	↑ 36.60

With the exception of the JSE's Junior Market Index, all the JSE indices advanced by over 31% in 2019 in comparison to December 2018. The JSE USD Equities Market Index advanced by 41.74% to close at 226.23 points, the largest increase for 2019. The JSE Junior Market registered the smallest increase of 3.15% closing at 3,348.96 points.

As at December 31, 2019, the market capitalization of the JSE Combined market amounted to \$2.08 trillion.

According to Bloomberg, the JSE Main Market Index ranked 5<sup>th</sup> out of 96 stock exchanges worldwide in 2019.

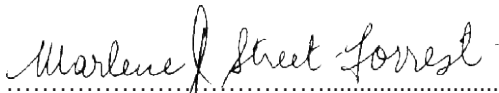
## THE YEAR 2020

At the time of penning this report, I am aware as you all are of the COVID-19 the global pandemic which is taking its toll in ravaging both the social and financial fabric of economies. Most countries have been hard hit and many listed and unlisted companies are experiencing severe difficulty in trying to stay afloat. The JSE Group has not been spared. As the Stock Market is the weathervane of the economy the toll on many companies is reflected in stock prices that have declined. As our economy is heavily reliant on tourism and remittances the closing of our borders and the impact of the virus on many of the main corridors for remittance will negatively impact the markets. While we anticipate negative growth during this year as we fight the unseen enemy, we believe that our companies are seeking out opportunities for growth which will be manifested in ensuing years.

Improving the social sector is more critical now than ever. Consequently, while we have launched the Jamaica Social Stock Exchange in 2018 we believed it was important to improve on the product. It is appropriate at this point to thank IDB/MIF for supporting the JSE/JSSE as we seek to build the infrastructure and to assist with developing a sound ecosystem through the project 'Innovating Finance through the Social Sector'. This is slated for implementation over the period 2020-2022.

We are proud of our achievements to date, we acknowledge that there are some choppy seas ahead but we will through good governance, fortitude and innovation withstand the tides. Further details on our 2019 performance will be provided in our segment dubbed 'Roll Call'.

I thank you once again for being our partners on our journey to serve with excellence even in the ensuing year of uncertainty.



Marlene J. Street Forrest  
Managing Director, JSE

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# JSE MANAGERS’ ROLL CALL

## DEPARTMENTAL HIGHLIGHTS 2019

### Information Technology

2019 was a year of continued collaboration and engagement with significant focus being placed on implementing a Trading and Surveillance Platform that will allow the JSE to strengthen the products and service delivery of the organization. Strategically, the Exchange is now poised to leverage the capabilities of the new platform in an effort to achieve its long-term goals and objectives and also strengthen the Market in 2020 and beyond.

We remain committed to ensuring that we continue to deliver consistent and reliable services while ensuring that the technology employed is in a state of continuous improvement. The partnerships we have formed will also allow for the JSE to take advantage of emerging trends and technology and by extension, the delivery of new products in 2020 and beyond.

We have made significant progress in the following areas and have achieved several successes in 2019.

#### Successful initiatives during 2019;

1. Implemented the Nasdaq Trading and Surveillance Platform
2. Implemented a Fund Management System for the Trustee Division
3. Implemented the Jamaica Social Stock Exchange Website
4. Continued pilot on the Trading of Digital Currency
5. Online Trading Phase IV
  - a. Integration with New Trading Platform
  - b. New Features
  - c. Addition of other member dealers.

#### Projects to be implemented in 2020;

1. Cybersecurity, IT Governance, and Risk Management Framework
2. Implementation of Short Selling
3. Implementation of Direct Market Access (DMA) Solution
4. Upgraded eCampus Website
5. Trading of Government Bonds (in collaboration with the Bank of Jamaica)
6. Online Trading Phase V
  - a. Addition of other member dealers
  - b. New features

#### Ongoing Initiatives in 2020;

1. Continued work on our Digital Transformation initiatives
2. Business Solutions geared towards achieving the group's strategy
3. Business Continuity – continuous improvements
4. IT Governance, Security, and Service Delivery – continuous improvements



Mr. Sanjay Campbell JSE, Technical Support staff, Information Technology Department, demonstrates the e-Campus platform and how it works to PSOJ representatives

#### 5. Customer Service and Support – continuous improvements

The JSE Group recognizes the rapid change in the technological landscape and prides ourselves in having an IT infrastructure that is managed according to industry standards and best practices. Consequently, the Group's technology unit will continue to leverage successful standards and practices and to adopt new frameworks where applicable. For the year 2020/2021, we will continue to build out in areas such as network & infrastructure, information security, risk management, quality assurance and management information systems.

Our team stands ready and remains committed to the initiatives to be achieved in 2020 and will continue to expand its capacity to ensure that the Group takes advantage of market opportunities through the utilization of efficient and effective use of technology.

### Marketing and Communications Activities

The JSE continued its strong focus on market education in 2019. Multiple approaches were used to reach different target audiences. The strategies bore fruit and over 13,960 new accounts were opened in 2019.

### Standard Stock Market Workshop

The popular workshop on the “Art of Buying and Selling Shares” was oversubscribed and numerous enquiries continued to be received. In order to meet the increased demand for information, a video was

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## JSE MANAGERS' ROLL CALL



**Mrs. Marlene Street Forrest (right), Managing Director of the Jamaica Stock Exchange (JSE), congratulates April Walters, Portfolio Strategist at NCB Capital Markets Limited (NCBCM), on winning the JSE's Market Research Competition 2nd Quarter.**

created on “How to Buy and Sell Shares”, which has been airing on television, in cinemas and on the JSE's YouTube channel.

### Regional Investments & Capital Markets Conference

The Annual Regional Investments and Capital Markets Conference continues to grow in status each year and 2019 was no different. There were over 700 participants, up from 470 in the previous year, a near 50% increase.

The Conference attracts some of the most acclaimed and innovative business leaders, heads of states, government and regulatory officials, NGOs and elite professionals, and is well-supported each year by loyal sponsors from the wide range of industries in Jamaica, the Caribbean, North America and Europe. These top decision-makers look forward to this timely three-day conference in January to deliberate, plan, connect, build relationships, initiate partnerships and business deals to empower them to be ahead throughout the business year. The broad objectives of the JSE's Conference are:

- To bring together key participants of all industries to discuss and present ideas on issues pertinent to the development of their sectors in the face of the global crises.
- To facilitate a forum for the development of strategies necessary for the future growth of all sectors in the region in spite of the challenges.

- To assist in the creation of partnerships and improve understanding between financial institutions and the other sectors to allow for new investment opportunities to emerge.

### Schools' Educational Programme

The school programme gives students an understanding of:

- The role and functions of the stock market
- The importance of savings and investments
- Investments using stocks
- The importance of financial literacy

**Stock Market Game for High Schools:** The Stock Market Game is designed to promote a better understanding of the stock market and how it works. It is a simulation of the live market giving students the opportunity to practice buying and selling of stocks, with risk-free capital, on the Jamaica Stock Exchange platform. It is aimed at high school students in 4<sup>th</sup> to 6<sup>th</sup> forms. Participation in the game strengthens students' critical thinking, builds confidence and self-esteem. Most importantly, the Stock Market Game instills an appreciation of the need to save and invest at an early age.

Jamaica College won the Top School, Student and Teacher awards in the 2018/19 competition. Second place school was Kingston College and third-place school went to Ardenne High.

**High School Education Programme:** The schools' education programme continues to grow from strength to strength. In 2017, 86 schools benefitted from the programme; 2018 had 88 schools involved and in 2019, 110 schools visited the Exchange. This is a 25% increase over 2018. This shows increased interest in the markets and the success of marketing efforts undertaken by the Marketing Department. The table below shows the trend.

Period Under Review	Jan - Dec 2017	Jan - Dec 2018	Jan - Dec 2019
Total Schools	86	88	110
Total Students	2,115	2000	2751
Total Teachers	44	144	250

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## JSE MANAGERS' ROLL CALL

**Public Investor Outreach Forums:** In 2019, the JSE hosted its largest outreach ever in Kingston, at the Emancipation Park, with over 1300 persons in attendance. This level of participation was the result of the JSE's marketing campaigns and Bloomberg's international recognition of the JSE as the Number One Performing Exchange in the world. The table below sets out the jump in public attendance at JSE's outreaches:

	Jan 17 - Dec 2017	Jan 2018 - Dec 2018	Jan 2019 - Dec 2019
Total Public Outreach	3	5	6
Total Attendees	680	800	2214

The JSE Public Investor Forum outreaches are designed to engage Jamaicans across the length and breadth of the country on how the stock market works and how Jamaicans can use this medium to invest and create wealth.

**Corporate Outreach:** The JSE conducted a total of 55 Workplace Outreach in 2019, compared to 20 in 2018 and 15 in 2017; a 175% increase over 2018. This is phenomenal and shows the level of interest that has been generated in the market and companies' willingness to assist their employees to create wealth in the stock market.

The **Corporate Outreach** is an exciting 40-minute presentation tailored for employees in the Jamaican workforce to improve their understanding of the stock market and the different products they can invest in to create personal wealth.

**National Investor Education Week:** The JSE conducted its 13<sup>th</sup> National Investor Education Week (NIEW) in 2019. The week of activities included:

- ✓ Church Service at the North Street SDA Church
- ✓ Open House "Celebration" and Investor Expo at the JSE New Multi-Purpose Building
- ✓ Youth Forum at the JSE at the JSE New Multi-purpose Building
- ✓ Public Outreach in Portland
- ✓ Kiddies Fest at Hope Zoo

The Open House success exceeded expectations and had almost 3,000 persons attending the free education sessions held throughout the day. The Open House targeted existing investors but was also well-supported by young and potential investors. This range of interest is very positive for the dynamism of the market. The Youth Forum saw over 150 youngsters from across Jamaica attending this event and learning more about the stock markets. The NIEW's Outreach in Portland was a first in that parish. The JSE Team was accompanied by Member Dealer, Barita Investments Limited. The market education was done in

two tranches; first, a morning session was conducted with the Portland Municipal's employees; following which, open presentations were conducted for the general public.

**National Investor Education Week** is designed to improve financial literacy in Jamaica. NIEW delivers free-market education to a wide demographic of Jamaicans, providing information on the range of products and services in the financial sector and demonstrating how they can benefit as Jamaicans from the opportunities.

**Best Practices Awards:** 2019 marked the 15<sup>th</sup> year since the JSE established the Best Practices Awards. Since its inception, every year the Awards Ceremony is held at The Jamaica Pegasus Hotel. The year's current ceremony looks one year back, recognizing the prior year's performance of the companies listed on the Exchange.

The 2019 event was well supported with 494 persons in attendance. This is a 15% increase over 2018. This was due to the committees' continuous push to encourage more companies to get involved in the process, which was reinforced with a Best Practices Workshop held in August 2019.

There are six (6) categories of awards for both the Junior and Main markets' companies and five (5) categories for Member Dealers. GraceKennedy Limited and NCB Financial Group Limited (NCBFG) starred at the December function, jointly capturing the Main Market's top award, the coveted Governor-General's Award for Excellence. LASCO Manufacturing Limited received the Governor-General's Award for Excellence in the Junior Market category. The Member Dealers' Overall Winner was JN Fund Management Limited. The Company received the JSE Chairman's Award. These awards were presented in December 2019 to the companies that were assessed as having performed outstandingly in best practices standards during 2018.

**Expositions and Conferences:** Local Expos and Conferences are other means by which the JSE brings market education and its benefits to diverse gatherings of Jamaicans. The JSE moved aggressively in 2019 to spread the good news regarding the opportunities for wealth creation in the stock market, capitalizing on JSE's 50<sup>th</sup> Anniversary activities and Bloomberg's World #1 Stock Market recognition of the JSE. In 2017 the JSE attended a total of 11 conferences and expos; in 2018, 13 and in 2019, 35 events. A 169% increase over 2018.

Period under Review	Jan - Dec 2017	Jan - Dec 2018	Jan - Dec 2019
Total Expos	11	13	35
Total visitors to JSE's Booth	1400	1600	2143

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## JSE MANAGERS' ROLL CALL

**Publications:** The Exchange publishes a number of market-related publications aimed at assisting the investment community as a whole - investors, potential investors, academia and researchers - to make better informed investment decisions, and generally, to provide market updates. These publications are:

1. The Stock Market Review
2. The Pocket Book
3. The Yearbook
4. A Guide to the Jamaican Securities Markets
5. The Corporate Governance Index

**Bell Ringing Ceremony:** The JSE Group is always looking for new ways to highlight the market's value to investors and stakeholders and to deliver new products and services to the markets. The JSE established a “Bell Ringing Ceremony” that offers companies an opportunity to strengthen their brand loyalty in the markets by launching their new products and innovations, present name changes, announce anniversary celebrations and book launches under the auspices of the JSE's Bell Ringing, Market Opening, ceremony. In 2019 there were five Bell Ringing Ceremonies:

1. Jamaica Social Stock Exchange Website Launch
2. Dr. Lawrence Nicholson, Author and Publisher of “Understanding the Caribbean Enterprise”
3. International Women's Day
4. Visit of the Leader of the Opposition - Dr. Peter Phillips M.P.

**50<sup>th</sup> Anniversary Celebration:** 2019 was the year when the JSE turned 50 as an operational organization with a mandate to serve Jamaica and the Region, through the mobilization of capital to companies and creating wealth opportunities for investors. The JSE hosted the following events to mark this important milestone:

1. Two Thanksgiving Church Services
2. Market Meets the Market by the Sea
3. 5K Run/Walk to raise funds to purchase incubators for two major hospitals
4. JSE 50<sup>th</sup> Awards Recognition Ceremony
5. Two Financial Extravaganzas (Public Outreach held in St. Elizabeth and Portland)
6. Two Diaspora Outreaches in Canada
7. Diaspora Outreaches in three states in the USA – New York, Philadelphia and...
8. National Investor Education Week
9. 50<sup>th</sup> Anniversary Best Practices Awards Ceremony

**Market Research Competition:** The 2019/20 competition started in January 2019. There have been three quarterly winners, to date:

1. First Quarter Winner - Sharif Small, Victoria Mutual Wealth Management
2. Second Quarter Winner - April Walters, NCB Capital Markets
3. Third Quarter Winner - Andre Rumble, PROVEN

The fourth quarter winner and the grand final will be held in 2020.

The Market Research Competition, which was formerly known as the Broker Analyst Competition, is one where every quarter the JSE invites analysts from the securities industry, tertiary institutions and the media to submit analyses of listed companies based on the past performance and future expectations. Participants conduct research, perform analyses and prepare submissions on the selected company using the JSE's required criteria and format.

Objectives of the Market Research Competition:

- To increase the interest and involvement of analysts and observers in the Jamaican stock market through in-depth analyses of the performance of listed companies.
- To enhance the research, analysis and presentation skills of the entrants, enabling them to better understand the market, improve their communication skills and, in the case of broker representatives, to better advise their clients.
- To encourage listed companies to improve the content and timeliness of the information provided to shareholders, while encouraging shareholders to become more involved in these companies.
- To emphasize the Jamaica Stock Exchange's commitment to providing public education on the stock market.
- To benefit the investing public through increased exposure to market analyses.
- To stimulate the interest and involvement of the wider public in the stock market.

## JSE MANAGERS' ROLL CALL

### e-Campus

The e-Campus of the JSE was founded in 2010. Its programs are structured to help with the transformation of individual performances in the financial services arena.

The core objective of the e-Campus is to address the vital needs of continuing professional education for the Financial Services Industry and other business sectors. At the e-Campus, participants are pushed to put theory into practice; something we call experiential learning. The e-Campus prepares desk ready operant, so on leaving each individual is prepared to go straight into that dream job, or to provide increased performance in their current role. The e-Campus prepares individuals for that next step, whether it is setting out on a course of academic study that will define their professional life, or building skills to land a better job, the e-Campus Post Graduate programs offer a diverse range of options to match the needs of the financial services sector.

The JSE e-Campus Professional Qualifications prepare people to work in various functionary positions within the Financial Services sector. Our programs involve practical training which makes our participants “Desk Ready”. The professional programmes are linked with specific Desk requirements or job description and are designed to help participants enhance, develop and reinforce relevant skills for a particular career path.

At the Jamaica Stock Exchange (JSE), we endeavour to contribute to the educational development of professionals in the Financial Services Industry as well as those who aspire to work in the Industry. The fulfillment of these educational initiatives is accomplished through our training arm, the JSE e-Campus. The JSE e-Campus has been providing quality training at affordable rates for the Sector over the past nine (9) years since its inception in 2010.

The JSE e-Campus offers key training via our e-learning platform which allows students the flexibility of attending courses online. However, through our blended learning programme, students also get the opportunity to interact with lecturers and tutors during lively face-to-face sessions. Streaming access is also granted to participants who are unable to physically attend face-to-face sessions. Sessions are also recorded to allow participants the opportunity to review lecture sessions as needed.

As the e-Campus grows, so does the range of services on offer. The year 2019 proved to be very positive for the e-Campus with quite a few noteworthy accomplishments made.

The Campus launched its newest Professional Post Graduate Certificate program in “Compliance and Information Governance” which provides participants with the skills to meet the ever-growing



**Mrs Marlene Street Forrest, JSE's Managing Director and Mr. Milverton Reynolds ©, Managing Director of the Development Bank of Jamaica (DBJ) signed a Memorandum of Understanding (MOU) with the Jamaica Stock Exchange for the development and delivery of a series Alternative Investments Certificate courses and workshops for professionals in the capital markets. Witnessing the MOU is the Principal of the JSE e-Campus, Mr. Samuel Parkes. The signing took place at the JSE's 14th Regional Investment & Capital Markets Conference, January 23, 2019.**

demand for compliance management and effective information security management. This program prepares participants become leaders in tomorrow's changing compliance and information landscape.

Typically compliance and information governance have been taught as distinct subjects in different discipline areas. In recognition of the relationship that exists between compliance and information governance and the protection of personal data this programme brings together these subjects in one multi-disciplinary qualification.

The e-Campus continues to offer, “JSE Online Securities Course” which provides participants with the necessary level of exposure to the relevant products and services that the Securities Market has to offer. This course helps participants to develop knowledge skills and competencies needed to make informed decisions and to increase their level of financial literacy. It has been accepted by the Financial Services Commission (FSC) as an approved course of study for meeting academic qualification requirements for registration under the Securities Act as a dealer/investment advisor representative. The other flagship programmes on offer include tutoring for the Institute of Chartered Secretaries and Administrators' (ICSA) Chartered Secretaries and the Corporate Governance certification. Customized training workshops are also available for corporate clients to assist in meeting their employees' training needs. The e-Campus has seen a significant increase in the demand for this service. Consequently, we continue to work with our existing and new clients to provide the best quality training as we fulfil the JSE e-Campus' mission of, “Providing High Quality Continuing Professional Education, Training and Information in the area of Financial Services in Jamaica and the Caribbean, mainly through e-Learning facilities and other appropriate technologies.”

The JSE e-Campus looks forward to a productive and rewarding year in 2020.

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## JSE MANAGERS' ROLL CALL

### HUMAN RESOURCES

We at the JSE can confidently state that we have a dedicated and dynamic workforce who continues to demonstrate a great level of drive, determination and efficiency to achieve our strategic objectives. Our team's dedication and hard work have contributed to the JSE's success, and growth which has continued to have a positive impact on the Jamaican economy.

The year 2019 was the year of our 50<sup>th</sup> Golden Anniversary. There we saw the pride of those team members who were recognized for their sterling services to the JSE Group, which spanned from 5 years to 25 years of service.

In our quest to have a holistic approach for the welfare of our team, the JSE's Staff Social Committee (JSESSC) was introduced. The JSESSC's main objectives are to maintain camaraderie among team members which contributed to teambuilding through social activities, chat-in and “edutainment” sessions.

Professional development is of paramount importance to prepare our team to effectively achieve the company's objectives. Therefore, in 2019 staff development and creativity were enhanced through training programmes offered by the JSE's e-Campus, professional workshops and other advanced training; for example, our Management Team participated in a series of Franklyn Covey Management training which was very effective in their quest to lead and motivate their team for greater efficiencies within their respective departments.

Team JSE stands ready and is motivated to effectively continue to execute the company's strategies.



The creative essence of the JSE's popular waterfront experience, Market Meets the Market by the Sea, is credited to the JSE's Human Resource Manager.

### Our Employees:

The JSE continues to be an organization of choice that boasts low attrition rate. We are committed to empowering our team members to effectively achieve their potential and realize their goals and purpose through professional coaching in addition to learning and development opportunities offered by our e-Campus and other training institutions. Our Team Leaders were further empowered through training including leadership training in Franklin Covey Leadership series.

We encourage staff advancement and four team members from the Finance, Registrar Services and Depository Services were promoted during the year. Our Social Staff Committee continued to engage teams through social activities and creative networking sessions thereby contributing to effective camaraderie and teambuilding.

### Welfare of its Employees

Our responsibility at the JSE is to provide a safe and healthy work environment for our team members and as such we have in place our Disaster Preparedness Plan which is communicated to all team members and other policies in respect to safety including COVID-19 and HIV/AIDS.

### Training of Employees in Ethics

The JSE's Employees' Code of Ethics (“the Code”) clearly stipulates the standards of acceptable behaviour that is required of all team members in keeping with the Organization's values and principles. It charges to staff to exude certain principles including compliance with laws, rules and regulations, competition and fair trading, confidentiality, reporting of any illegal or unethical behaviour. This “Code” is included in the Employees' Handbook which was signed for by each team member.

### Human Resources Development

A copy of the JSE's Employee Handbook which covers the human development policies and practices is placed in the JSE's Library and will be uploaded on our website.

# CORPORATE SOCIAL RESPONSIBILITY

The Jamaica Stock Exchange understands that economic growth and Corporate Social Responsibility (CSR) are mutually interlinked activities to promote and maintain sustainable development. The Company makes sure to give its support to the vulnerable and destitute in the society and well as contribute to social upliftment projects that advances the country's growth and capacity building of its populace. Therefore, the JSE's CSR activities and contributions greatly focus on the elderly, young adults, children, and in this period, have extended to the care of premature babies. Jamaica's education and health sectors have been primary beneficiaries of JSE's expanded Corporate Social Responsibility in 2019.

**St. Michael's Primary School:** The School is nestled in Downtown Kingston at 6a Tower Street, an acknowledged volatile environment and is populated mainly by children who reside in the surrounding communities. The JSE has maintained a longstanding sustenance programme with the School that ensures that each student has a hot breakfast each morning, adequately nourished, to participate in the school's learning curriculum. It has been proven that when children are properly fed, their ability to be attentive and learn improve. The students at St Michael's gain positive exposure through their participation in JSE's public events. In 2019, the School's Dance and Drama clubs rendered featured performances at celebratory events commemorating the JSE's 50<sup>th</sup> Anniversary. The JSE will continue to involve these students in its activities and expose their talents afield.

**Denham Town Golden Age Home:** The dignity of the elderly is an important social principle that the JSE values and to this end contributes to the care of the elderly and destitute in the society. The JSE is committed to continuing its support of the Denham Town Golden Age Home and in 2019 donated a deep freezer to that institution. This will allow the institution to store their

perishable products and accept donations in food kind that they will be able to store for a longer period.

## SCHOLARSHIPS

Recipients	Year Awarded	Graduated
Shani Smith	2019 -2021	Current Recipient
Meisha-Marie Webster	2016-2018	Upper Second Class Honours
Samoya Smith	2016-2018	First Class Honours
Jahnoy Lieth	2015-2017	Second Class Honours (Lower)
Jerahmeel James	2013-2015	Upper Second Class Honours
Kadine Blake	2010-2012	First Class Honours
Latoya Williams	2008-2010	Upper Second Class Honours
Oma Coke	2008-2010	First Class Honours
Andre Williams	2008-2010	Upper Second Class Honours
Sanchia Henry	2004-2006	First Class Honours

**Scholarships:** The JSE continues its thrust to strengthen financial education through its scholarship programme at the University of the West Indies and the University of Technology, Jamaica. As part of its 50<sup>th</sup> Anniversary, the JSE added another scholarship. The Northern Caribbean University Scholarship which takes effect for the academic year 2020 – 2021.

The JSE continues its quest to assist University students with scholarships. The Jamaica Stock Exchange Scholarship given to UWI students was established in 1994 by the Jamaica Stock Exchange to mark its 25th anniversary. The scholarship is awarded to students pursuing studies in Business. Table above shows some of the recipients who have benefitted since the 2004/2005 academic year:



**Shani Smith, Current Scholarship Recipient**

**Hospital Incubators:** The JSE hosted an inaugural 5K Road Race during its 50<sup>th</sup> Anniversary celebration, the proceeds of which is being used to procure two incubators that are to be donated to the Victoria Jubilee Hospital's Neonatal Department and University Hospital Newborn Special Care Unit/ Neonatal Intensive Care Unit; responding to a need to take care of premature babies and providing assistance to the Health Sector. The incubators will be donated in 2020.

*JSE Group*

# 2019 MANAGEMENT'S DISCUSSION AND ANALYSIS

## Introduction

The Jamaica Stock Exchange Group comprises the Jamaica Stock Exchange Limited (JSE), Jamaica Central Securities Depository Limited (JCSD) and JCSD Trustee Services Limited (JCSDTS). The Management Discussion and Analysis (MD&A) of the JSE Group's financial condition and results of its operations are provided to enable stakeholders to assess the financial health, material changes and results of its operations for the year ended December 31, 2019. It provides information on liquidity and capital resources and gives a comparative examination of the current year under review against the previous year's performance. The MD&A should be read in conjunction with the Audited Financial Statements and must be considered as complementary information to that which is provided in the audited statements and the accompanying notes. The information presented is based on the best judgment of management, taking into consideration all internal systems and controls, plans and current programmes and policies being pursued.

The JSE's securities are publicly traded on the Exchange and as a result we are most conscious not only of our responsibility as a listed company but as a regulator of listed companies. It therefore operates with the framework of ensuring that its regulatory responsibilities are conducted in an atmosphere of transparency and that its commercial operations are discharged in order to ensure market growth and shareholders' profitability. This accounts for our demutualized structure where good corporate governance including separation of critical functions have resulted in a vibrant Exchange which all stakeholders can trust.

The JSE has 701,250,000 shares now in issue. During the year 2019, the price of the JSE shares advanced from \$10.26 to close at \$27.58, reflecting a 168.8% appreciation in the stock price. The volume and value traded amounted to 46.2M units and \$1.09BM respectively, compared with the previous year of 49.8M units and \$382.4M.

Our policy is that shareholders who have invested in the JSE should participate in the earnings of the Company through dividend distribution. Consequently, for the calendar year 2019, the Company distributed \$280M representing 2018 final and 2019 interim dividend payment. Compared the previous year \$220M representing 2018 interim and 2017 final payment.

Business and Consumer Confidence remained very high in 2019 and the overall economic environment remained optimistic, which translated into continued vibrant market performance. This positively impacted our profitability. We are pleased that the continuation from the previous year of improved market conditions has also assisted our outstanding performance. Internally as the JSE celebrated its 50<sup>th</sup> year anniversary our thrust was on market education for both investors and issuers which resulted in improved market activities such as new products and services. This has also contributed to the growth in the Group's core revenue streams. We expect that the Group will see continued growth from its diversification efforts and continued improvement in the macro-economic conditions in the future.

## Risk Management

Risk Management is the remit of everyone at the JSE, and with this in mind, the JSE created the Risk and Compliance Department, to have direct oversight for Risk Management. This Department is to ensure that the JSE identifies, assesses and manages all areas of risk, especially those set out under the Corporate Governance framework.

The Group Audit Committee is also a Risk Management arm. The purpose of this Committee is to ensure that the financial and operational reporting processes, risk management, the audit process, the monitoring, compliance with laws and regulations, as well as the code of conduct, all adhere to, to ensure the long term survival of the JSE.

The JSE has gone even further and has developed Risk Management policies to govern the JSE and the importance of this was brought into sharp focus by the onset of the COVID-19 pandemic worldwide.

## Sustaining the Environment

The JSE is very aware of the need to protect the environment, and of such, the JSE has included this in its Business Continuity Policy, which is updated every year to ensure that it is in line with the current local and international trends.

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*JSE Group*  
**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**

Further, with the establishment of the Jamaica Social Stock Exchange (JSSE), the JSSE, through its initiative, will demonstrate a practical application of the five (5) P's of the United Nations Sustainable Development Goals (SDGs) with a People-Centered Approach of People, Planet, Prosperity, Partnerships and Peace.

Believing in the Value proposition, “Sustainable Growth in the Social Sector is Good for Business”. The JSSE will be implementing this socially-oriented initiative in phases. Therefore, the JSSE in the future will be working with companies which will assist in the restoration of Jamaica's key historic sites and landmarks.

The JSE is also working to put together the framework for the development and launch of a Climate Change Bond.

**COVID - 19**

Subsequent to the closing of 2019 the world began to experience the effects of the SARS –CoV2 (Coronavirus COVID -19) resulting in the Most Hon. Andrew Holness, by the Disaster Risk Management (Enforcement Measures) Order declaring on March 13, 2020, Jamaica a disaster area due to the effects of the virus. This imposed various restrictions aimed at protecting our country. The entire globe has suffered financial setback and markets locally and internationally have been negatively impacted. There is general uncertainty in the market place and many plans for listings and investing have been put on hold. While we seek to capitalize on the opportunities that these conditions may present, we believe 2020 results for the Group will be negatively impacted given the global forecast of negative growth.

**The Jamaica Social Stock Exchange (JSSE)**

In January 2019 the Jamaica Stock Exchange launched the Jamaica Social Stock Exchange (JSSE). This subsidiary we believe will provide a transparent avenue for social entities to raise social capital which should result in further growth of the social sector which is critical to our growth, development and long-term sustainability.



**JSSE Promoting Social Growth Through Partnership**

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*JSE Group*  
**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**

**UPDATE ON THE IMPLEMENTATION OF THE GROUP STRATEGIC PLAN**

The strategic plan for the period 2019-2021, which is shown below is designed to focus our team in achieving the strategy of growth which is critical to our sustainability

**STRATEGIC PLAN 2019 – 2021  
PURPOSE-DRIVEN INDICATORS & TARGETS**

**(A) Jamaica Stock Exchange**

PERFORMANCE INDICATORS	2019 TARGET	2019 ACTUAL	2020	2021
1. Value of Transactions /year	\$ 82.5B	\$112.5B	\$ 94.8B	\$ 109B
2. Net Profit	\$ 254.5M	\$332M	\$ 292.7 M	\$ 336.6M
3. Net # New Listings/year	15	14	18	20
4. Amount of Capital Mobilized	\$23B	19.6B	\$25.7B	\$28.8B
5. Return of Equity relative to T-bill	T+ 29%	T+ 35%	T+29%	T+33%

**(B)Jamaica Central Securities Depository Group**

PERFORMANCE INDICATORS	2019 TARGET	2019 ACTUAL	2020	2021
1.Net Profit \$M	\$280.7M	\$365.4M	\$311.6 M	\$345.8M
2.Return on equity ( relative to T- Bill)	T+43%	T+55%	T+43%	T+47%
3.Trustee Market Share- Non Govt. bonds & Unit Trusts)	90%	85%	90%	92%
4.Funds Under Administration	\$ 1.13T	\$1.3T	\$1.3T	\$1.5T
5.Registry market share, %	70%	72%	80%	85%
6.Value of securities in custody \$T	\$6.5T	\$6.3T	\$7.0T	\$7.3T
7.# of Trustee Clients	160	187	184	200

There is an awareness that the JSE has surpassed most of its purpose-driven targets for 2020 and 2021 and the team will be holding a mini-strategic retreat within the first quarter of 2020 in order to provide its perspective on these targets moving forward.

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**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our major strategic objectives, are aligned to making the market efficient, satisfying and bringing value to all our customers and ultimately creating a sustainable business model which will lend itself to long-term profitability of the Group.

The Company has maintained a solid reputation since its inception 50 years ago and has consistently over the last sixteen (16) years pursued a path of revenue diversification, through new products and services offered by the Group. The results of this effort are seen in the Group's reaping the benefits, notably the profitability of the JCSD Trustee Services and Registrar Services and from other initiatives that are making a significant contribution to the operating revenue of the Company. We understand that underpinning our growth must be a thrust also for the development of the social sector with products which we believe will complement and propel further sustainable growth and development.

Cess revenue and Investment Income, which were at one time considered usually the two major sources of revenue of the Group has shifted with diversification and have been supplanted by Fee Income. Fee Income of \$1,045m continued to increase with an improvement in 2019 of \$237m or 29% over 2018.

During the year 2019 Cess income of \$697.33m represents an increase of \$202.6m or 41% increase over 2018. There were no significant Block Transactions in 2019.

Investment Income marginally increased to \$21m from \$19m for 2019 and 2018 respectively.

The Group's Financial Statements reflect an improvement in revenue (not including interest income) of \$399.7m or 40.3%, driven mainly by our Cess revenue and diversification efforts. Worthy of highlight, is the revenue posted for the e-Campus of \$48.3m, registering an improvement of over \$33.2m or 220% over 2018.

With the exception of advertising and promotion which marginally decreased all other areas of expenditure increased over the prior year with the total moving from \$817.4m in 2018 to \$1,093.3m in 2019, which represents \$276.1m or 33.3% increase in expenditure. A detailed explanation is provided further in this analysis.

The profitability of the Group increased modestly when compared to the prior year. Profit after taxation moved from \$413.1m in 2018 to \$519.9m in 2019; an increase of 25.9%.

**Vision, Strategies and Priorities**

The vision, strategies and priorities of the individual companies that comprise the JSE Group, namely the Jamaica Stock Exchange, Jamaica Central Securities Depository and JCSD Trustee Services, are complementary and aligned to the overarching objective of consistently generating an acceptable return on investment for our shareholders, facilitated by providing to our customers an innovative, transparent and customer-oriented world class Exchange and Securities Depository.

**Our 2020 Vision:** To be an innovative, transparent and customer-oriented world-class exchange, operating in over five (5) countries in the Caribbean Region; has over 100 listings and contributes significantly to capital expansion while consistently generating satisfactory returns to our shareholders.

**Our Priorities:**

- **Grow Core Business through Innovation**  
We have grown market participation by over 100% over the last ten years primarily market education and the development of new products and services. In keeping with our vision of being the premier securities market in the Caribbean, the Exchange will vigorously target the Region in 2020 and beyond to secure new listings on the main and junior markets. Given our commitment to examine and exploit market opportunities wherever they are, we are now laying the foundations to have our presence in United States and Canada through diaspora engagements and other business relationships which have been formed. This is beginning to bear fruit as in 2020 the Exchange listed a Canadian Company and signed a Memorandum of Understanding with the Canadian Securities Exchange to foster greater collaboration and encourage cross-listings.

Through market education, the Group aims to retain current investors and attract new ones, as we recognize that expansion will not be successful in the long-term without an expanding pool of financially educated investors. Continuing market education especially for new investors will be crucial to our operations especially in a climate of uncertainty. On the other hand in order to improve investor loyalty the Group

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## 2019 MANAGEMENT'S DISCUSSION AND ANALYSIS

seeks to develop appropriate products to suit the climate in which businesses operate, ultimately driven by client demands.

Through industry collaboration with organizations such as the PSOJ, the Securities Dealers Association and the Small Business Association and other stakeholders we expect to effectively bring about positive changes to the securities market including the incorporation of digital technology, rules review/ changes and the lobbying for legislative changes that are relevant for these times.

- **Continued Diversification in Related Business Lines**

We continue to diversify our activities into current, relevant and related business lines. We are utilizing a two-pronged approach, that of nurturing new business lines within the context of continuous review of those operations, while at the same time putting in the necessary infrastructure to encourage the development of other products and services. The decision taken by the Group to diversify its revenue stream is generally bearing fruits, measured by the contribution to profit. New product offerings by the JCSD's Registrar Services Division and the JCSD Trustee Services have met with success and they continue to make significant contributions to the bottom line. These product lines are still in their early stages and have the ability to grow even further. The provision of superior products and services compared to that of our competitors are the avenues that are being pursued to arrive at market penetration and growth. Due to the imperative to have a focus on new products and services, the JSE will be engaging the services of a Group Business Development Manager.

### Summary of Long Term Vision, which remains the same as the previous year and includes new initiatives:

- Offering regionally and globally diversified capital market products
- Commitment to high standards of transparency and governance
- Continuously improving shareholders' value
- Setting a strong foundation in all critical divisions and subsidiaries to allow for long-term growth and development

- Enhanced attractiveness of the equities market to investors and businesses
- Participation in the development of the Fixed Income Market
- Strong internal competences
- Being among the top employers of choice in Jamaica
- To be considered a partner that is essential to nation building
- To forge key regional and global partnerships in furtherance of these goals
- Consistent operational and overall profitability

### Summary of Our Performance Measurements

- High customer and employee satisfaction
- Financial measurement including growth and profitability targets, net profit and return on equity
- Diversification of products and services – scoring a 50:50 split with progressively less emphasis on equities contributions in each year
- Increase in listings on the Main, Junior, USD Equities, and Bond Markets
- Market Performance & Resilience
- Reduced dependence of manual intervention to drive systems functionality and efficiency.

### Overview of the Business

Both the Jamaica Stock Exchange (JSE) and its subsidiary, the Jamaica Central Securities Depository (JCSD), are licensed to operate by the Financial Services Commission. The JSE and JCSD operate electronic trading and settlement platforms respectively through a service licensing agreement with providers, Securities and Trading Technology (STT) Limited and Percival Software Limited. Due to our commitment to ensuring the best in class technology, we will in 2020 migrate to the NASDAQ order - matching engine for trading which we believe a system capable of gaining long-term acceptance and providing efficiency.

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*JSE Group*  
**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Memberships and Accreditations**

- Subscribe to the World Federation of Exchanges (WFE)
- Member of the Americas Central Securities Depositories Association (ACSDA)
- Partners of Sustainable Stock Exchanges (Global Initiative)
- ANNA Partner (Securities Numbering Agency)
- Designated Exchange in Canada
- Participant in the Canadian Depository for Securities (CDS)
- e-Campus has been:
  - CPD Certified, UK; approved by the Financial Services Commission;
  - Registered by the University Council of Jamaica (as a Tertiary Institution) and Diploma in Securities Management accredited in 2018.
  - Approved by the Ministry of Education and also accredited by the General Legal Counsel of Jamaica)
- Signatory to the UN Global Compact (Endorsing Women Empowerment Principles)
- Signed Memorandum of Understanding with the Canadian Securities Exchange
- The JSE maintained nine indices in 2019, with the Financial and Manufacturing & Distribution introduced within the year:
  - (i) The JSE Market Index
  - (ii) The JSE All Jamaican Composite Index
  - (iii) The JSE Select Index
  - (iv) The JSE Cross-Listed Index
  - (v) The JSE Junior Market Index
  - (vi) The JSE US Dollar Equities Index
  - (vii) The JSE Financial Index
  - (viii) The JSE Manufacturing & Distribution Index
  - (ix) The JSE Combined Index

The JSE Main Index is a market-weighted index comprising of the ordinary shares on the Main Market. The All Jamaican Composite Index measures the performance of Jamaican Companies only while the JSE Select Index measures the performance of the JSE's 15 most liquid securities. The JSE Junior Market Index measures the performance of the companies listed on the Junior Market. The JSE Combined Index measures the performance of all the companies listed on the Main and Junior Markets. The JSE US Dollar Equities Index measures the performance of all the companies listed on the US Dollar Equities Market. Two indices were launched in 2019, the JSE Financial Index and the JSE Manufacturing & Distribution Index. The JSE Financial Index measures the performance of all companies in the financial services sector and the JSE Manufacturing & Distribution Index measures the performance of all companies in the manufacturing & distribution sector.

JA\$34.03 billion was raised from the companies by way of initial public offerings (IPOs), additional public offering (APO) and rights issues in 2019.

**Market Depth**

- 87 listed companies offering ninety-one (91) Ordinary Securities (43 listed on the JSE Main Market, 41 listed on the JSE Junior Market and 7 listed on the US Dollar Equities Market) and twenty-seven (27) Preference Securities (16 listed on the JSE Main Market, 3 listed on the JSE Junior Market and 8 listed on the US Dollar Equities Market). Four corporate bonds are listed on the Bond Market. Trading activities are concentrated mainly around the Ordinary Shares.
- The JSE is the primary venue for the raising of equity capital in Jamaica. The total market capitalization (main and junior markets) as at December 2019 was J\$2.08 trillion. The top five stocks represented 55% of overall market capitalization.

**Market Operations & Trading**

Improvements were recorded in the market activity in 2019 in comparison to 2018. All markets recorded a marked improvement in their market statistics in 2019.

*(Cont'd on next page)*

*JSE Group*  
**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Main Market**

At the end of 2019: the JSE Index advanced by 130,125.58 points or 34.26% to close at 509,916.44 points, per Chart 1 below. The All Jamaican Composite Index increased by 143,010.53 points or 34.31% to close at 559,853.26 points, the JSE Select Index increased by 3,339.22 points or 34.33% to close at 13,064.81 points in comparison to the 2018-year end closing indices.

**Chart 1**



Market capitalization of the Main Market advanced by \$546.11 billion or 39.46% to close at \$1.92 trillion in comparison to the \$1.38 trillion at the close of 2018. Please view the chart below for more detail.

**Chart 2**



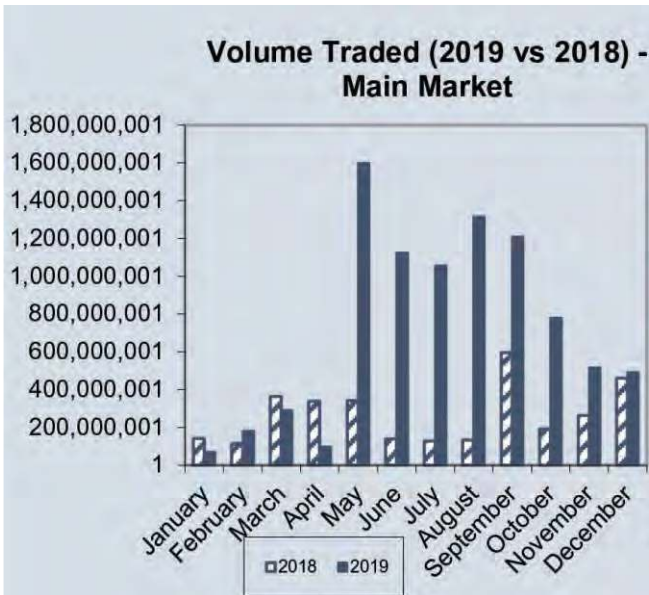
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*JSE Group*  
**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**

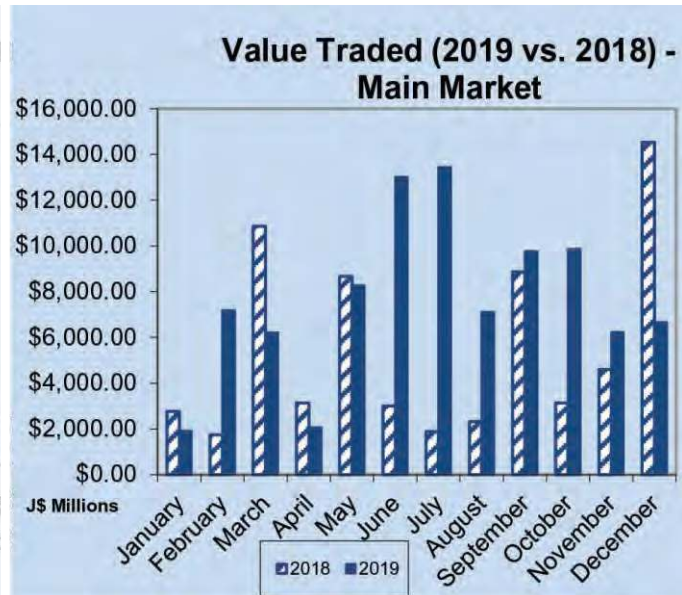
The Main Market (inclusive of block trades) recorded a total of 123,696 transactions with volume traded of 9.04 billion units valued at \$100.05 billion. This represented an increase of 103.13% in the number of transactions, an increase of 65.86% in the volume traded and an increase of 32.58% in the value traded in comparison to prior year. For the year under review, the following was recorded in the market statistics (excluding the block market): the number of transactions, volume traded and value traded increased by 103.19%, 171.55% and 40.06% respectively when compared to the market activity of 2018.

The charts below reflect the trading activity on the main market (excluding blocks) for 2019 compared to 2018. On the block market in 2019, block trades amounted to 134, an increase of 59.52%, volume traded amounted to 317.54 million units, a decline of 85.81% and valued traded amounted to \$8.29 billion, a decline of 16.68%.

**Chart 3**



**Chart 4**



The performance of the market for 2019 was also captured in the advance/decline ratio of the ordinary stocks, which indicated that twenty-six stocks advanced while ten declined. The average price appreciation was 41.58% for the ordinary stocks on the Main Market partially as a result of twelve companies reflecting significant price increase of more than 50% for the year; one company increased in price by over 150%. Presented in table 1 are the top ten advancers and decliners of the Main Market for 2019, while the succeeding charts indicate the recent five years of JSE trading history of the main market.

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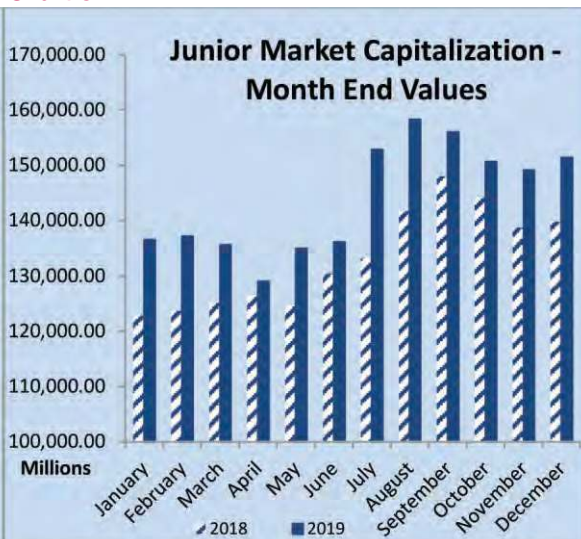

**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**
**Table 1 - Top Advancers and Decliners for 2019**

WINNERS		LOSERS	
Company	% Change	Company	% Change
Jamaica Stock Exchange Limited	168.81%	Sagicor Real Estate X Fund Limited	(33.97%)
Victoria Mutual Investments	138.30%	Kingston Wharves Limited	(20.69%)
Sygnus Credit Investments	136.83%	Berger Paints (Jamaica) Limited	(17.95%)
Wisynco Group Limited	113.07%	Carreras Limited	(13.83%)
Radio Jamaica Limited	105.62%	Ciboney Group Limited	(8.33%)
Pulse Investments Limited	100.67%	1834 Investments Limited	(7.76%)
Palace Amusement (1921)	100.00%	Sterling Investments Limited	(7.48%)
Caribbean Cement Company	96.72%	Portland JSX Limited	(4.00%)
Sagicor Group Jamaica Limited	93.70%	Salada Foods Jamaica Limited	(3.94%)
Proven Investments Limited	75.75%	Mayberry Investments Limited	(1.32%)

### Junior Market

The JSE Junior Market Index increased by 102.12 points or 3.15% to close the year at 3,348.96 points. This market welcomed the listing of six new securities during the year, bringing the total listings to forty-four securities. Market activity on the Junior Market recorded an increase of 78.06% in the number of transactions, an increase of 134.52% in the volume traded and an increase of 112.73% in the value traded. The total number of transactions amounted to 47,799 trades, the volume traded amounted to 3.32 billion units and the value traded amounted to \$12.44 billion in 2019. As at December 31, 2019, market capitalization of the Junior Market amounted to \$151.35 billion. This was an increase of \$1.58 billion or 8.29% from the start of the year. There were 250 days of trading in 2019 and 251 days of trading in 2018. The charts below (Charts 5 to 8) reflect the trading activity in the Junior Market for the year under review compared to the previous year.

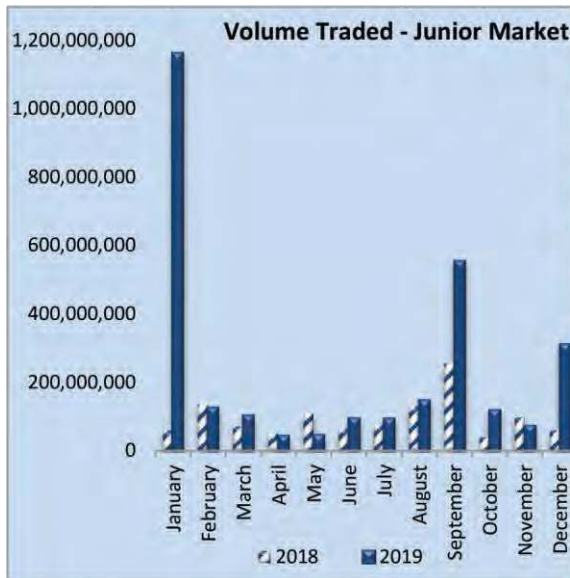
**Chart 5**

**Chart 6**


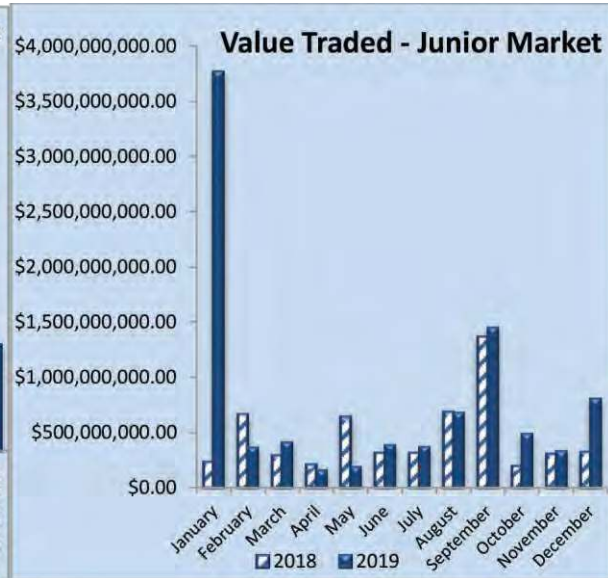
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*JSE Group*  
**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**

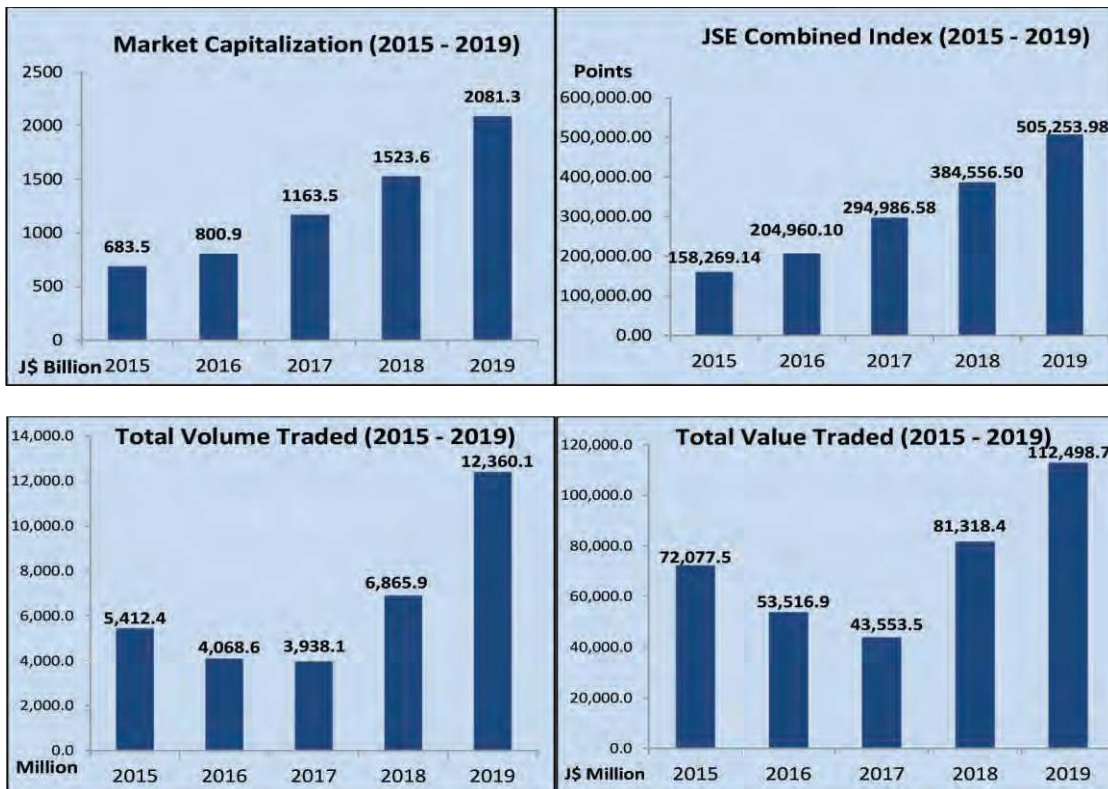
**Chart 7**



**Chart 8**



**Charts - Five Year History of Combined Market Data for the JA\$ Markets**



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**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**
**US Dollar Equities Market**

In the US Dollar Equities Market, the total volume amounted to 105.29 million units valued at US\$27.88 million in 2019. This was an increase of 141.63% in the volume traded and an increase of 218.06% in the value traded when compared to the market activity in 2018. The number of transactions stood at 2,090, representing a 76.07% increase on the 1,187 trades in 2018. The JSE USD Equities Index increased by 66.62 points or 41.74% to close at 226.23 points. Market capitalization ended the year at US\$374.61 million, an increase of 48.64% for the year. There were three new listings on the US Dollar Equities Market in 2019.

**Bond Market**

There were two new listings on the Bond Market in 2019.

**The JSE Group Financial Performance**

**TABLE 4: JSE GROUP REVENUE (INCLUSIVE OF INVESTMENT INCOME)  
PERIOD 2015 – 2019**

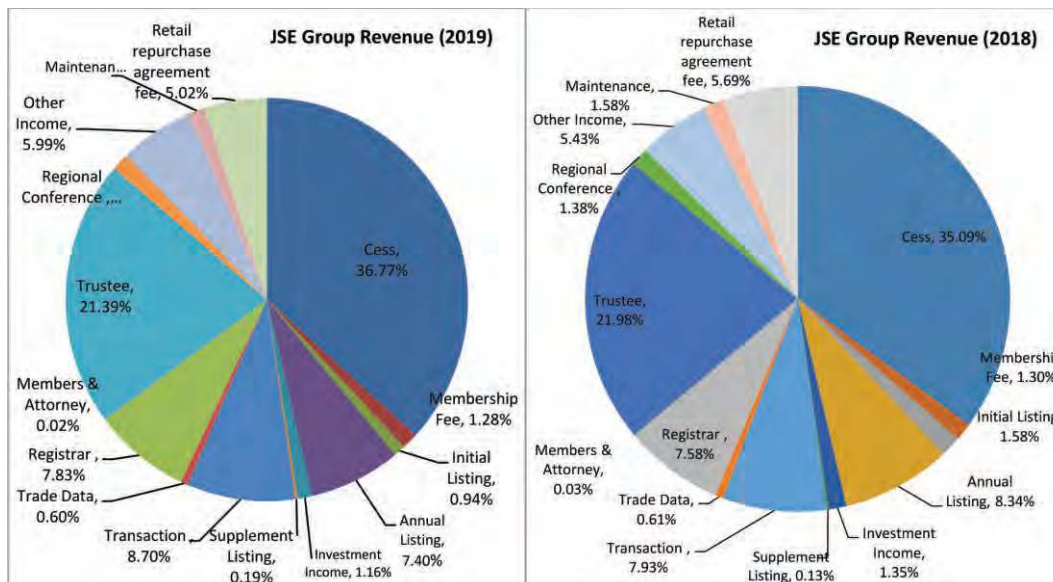
<b>GROUP REVENUE</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cess	697,321,428	494,711,000	285,776,000	330,229,000	301,882,000
<b>Fee Income</b>					
<i>Annual Listing</i>	140,300,000	117,633,333	70,648,048	63,296,524	49,612,390
<i>Initial Listing</i>	17,794,432	22,305,000	15,842,690	6,915,162	4,549,360
<i>Supplementary Listing</i>	3,679,530	1,879,787	1,785,032	2,016,254	497,144
<i>Members &amp; Attorney</i>	370,000	380,000	490,000	430,000	375,000
<i>Transaction</i>	164,961,726	111,808,378	103,061,148	31,766,185	45,009,747
<i>Maintenance</i>	24,897,054	22,245,820	12,850,003	12,238,260	8,972,863
<i>Trade Data</i>	11,399,047	8,586,351	5,233,206	5,479,766	4,945,769

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## JSE Group 2019 MANAGEMENT'S DISCUSSION AND ANALYSIS

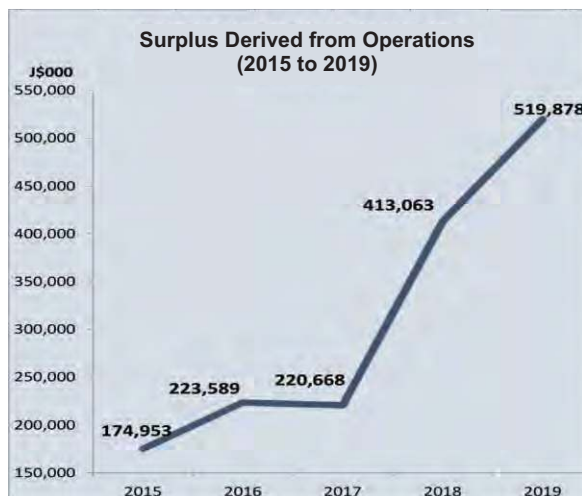
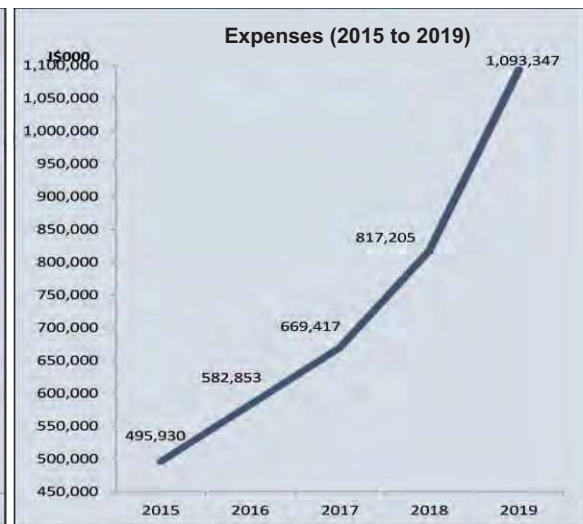
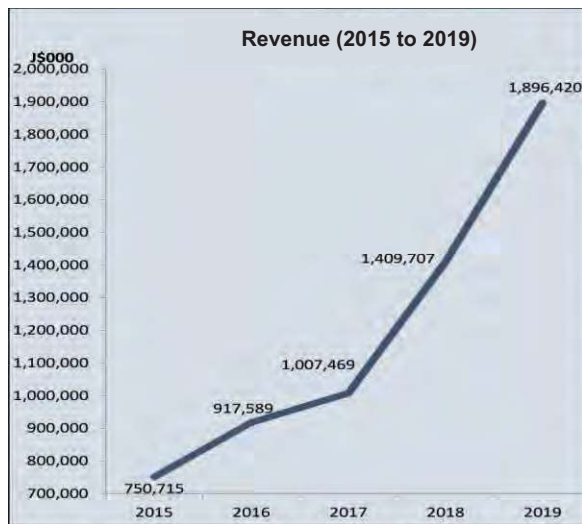
GROUP REVENUE	2019	2018	2017	2016	2015
Registrar	148,545,120	106,847,857	82,645,017	76,469,482	73,975,546
Trustee	405,650,489	309,816,569	222,192,071	158,316,544	104,519,850
Retail repurchase agreement fee	95,278,685	80,281,726	69,596,687	79,781,069	29,209,867
Membership Fee	24,193,414	18,362,659	20,556,322	18,533,064	8,155,697
<b>Other Income</b>					
Regional Conference	26,367,658	19,406,000	20,792,000	14,532,000	11,376,000
Other Income	113,613,296	76,583,520	79,681,776	65,778,048	65,209,697
<b>Sub-Total</b>	<b>1,874,371,879</b>	<b>1,390,848,000</b>	<b>991,150,000</b>	<b>865,781,358</b>	<b>708,290,930</b>
Investment Income	22,048,000	18,859,000	16,319,000	51,808,000	42,424,000
<b>TOTAL</b>	<b>1,896,419,879</b>	<b>1,409,707,000</b>	<b>1,007,469,000</b>	<b>917,589,358</b>	<b>750,714,930</b>

**Table 5**


(Cont'd on next page)

**2019 MANAGEMENT'S DISCUSSION AND ANALYSIS**
**Table 5: Five Year Key Financial Highlights and Graphical Presentations**

(\$'000)	2019	2018	2017	2016	2015
<b>Revenue</b>	<b>1,896,420</b>	1,409,707	1,007,469	917,589	750,715
<b>Expenses</b>	<b>1,093,347</b>	817,205	669,417	582,853	495,930
<b>Surplus derived from Operations</b>	<b>519,878</b>	413,063	220,668	223,589	174,953
<b>Efficiency Ratio</b>	<b>58%</b>	58%	66%	64%	66%
<b>Return on Equity</b>	<b>35.4%</b>	36.7%	23.3%	27.7%	28.1%
<b>Earnings per share \$</b>	<b>0.74</b>	0.59	0.31	0.32	0.25



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# The Chief Regulatory Officer's 2019 YEAR IN REVIEW

In 2019 the Jamaica Stock Exchange's (JSE) Regulatory and Market Oversight Committee (RMOC), provided support to the Regulatory and Market Oversight Division (RMOD) in promoting market transparency, integrity and efficiency through the consistent execution of the JSE's surveillance and compliance functions. In summary, the RMOD's responsibilities include the monitoring of market activities on the Exchange to ensure compliance with the rules of the JSE and applicable market regulations. This is achieved through the discharge of six (6) key operational activities, which are:

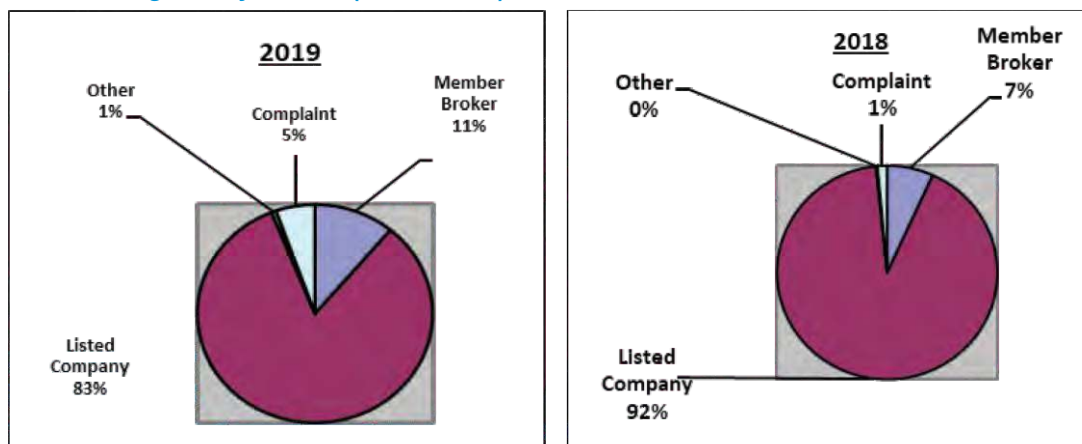
1. Listed Company Compliance;
2. Member-Dealer Regulation;
3. Market Surveillance;
4. Enforcement;
5. Dispute Resolution; and
6. Risk Assessment.

By undertaking the abovementioned activities, the RMOD during the year identified and processed three hundred and fifteen (315) compliance and market surveillance issues and continued to realize a case closure rate of over 90%, which is a key performance indicator of the Division. A summary of the regulatory issues handled by the Division in 2019 by type and group is presented in **Table 1** below.

**Table 1 - Regulatory Issues by Type & Group (2019/2018)**

Year	2019	2018
<b>Nature of Infraction</b>	<b>Total</b>	
Complaints on Member-dealers	10	3
Complaints on Listed Companies	6	4
Complaints on Other Market Participants	1	0
Compliance & Mkt. Surveillance -Member-dealers	35	33
Compliance & Mkt. Surveillance -Listed Companies	261	445
Other Compliance & Mkt. Surveillance Issues.	2	1
<b>Total</b>	<b>315</b>	<b>486</b>

**Chart – Regulatory Issues (2019/2018)**



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# The Chief Regulatory Officer's 2019 YEAR IN REVIEW

## Operational Activities

Further details on the Division's activities during the year across the six (6) core operational areas are presented in Table 2 below:

**Table 2 – Operational Activities**

	2019	2018
<b>Listed Company Compliance</b>		
Listed Company Filing Reviews	1,631	1,520
# of Reminder Notices circulated to Listed Companies	542	876
# of Orientation Sessions with Listed Companies Representatives	13	16
<b>Member-Dealer Regulation</b>		
Member/Dealer Financial Returns - Reviews	221	204
Inspection/Surveys*	13	0
Member/Dealer Training Sessions	2	0
<b>Market Surveillance</b>		
# of Exception of Reports - Arising from Market Surveillance Activities	23	38
<b>Enforcement</b>		
# of Enforcement Action	45	49
Fines Levied - \$	\$5.2 Mil	\$3.9 Mil
<b>Dispute Resolution</b>		
Total # of Complaints	17	7
# of Complaints Closed during the Year	15	7
<b>Risk Assessment</b>		
Risk Assessments	1	1
<b>Other Operational Activities</b>		
# of Outreach Sessions	2	5
Publication of Monthly Regulatory Report	12	12
Publication of RMOD's Bi-annual Newsletter	2	2
Rule Amendments and Additions – Approved Rules	4	7
Review of Initial Public Offering Documents	45	27

\* During the year, the RMOD administered a survey on all Member-Dealers as it pertains to Equity Order Processing and Know-Your-Customer (KYC) regulations. All member-dealers participated in the survey, and the information provided will assist the Division to assess any exposures in the industry and guide future risk-based inspections.

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## *The Chief Regulatory Officer's* **2019 YEAR IN REVIEW**

Arising from the RMOD's operational engagements in 2019, accomplishments during the year include:

1. Improvement in Main and Junior Market Companies' compliance rate for timely filing of Unaudited Financial Statements of 95% (2018; 93%) and 93% (2018; 90%) respectively.
2. 100% compliance rate for filing of share registers by Listed Companies.
3. 97% compliance rate for timely filing of dividend notices and declarations.
4. 100% compliance by Member/Dealers to JSE Rule 215 – Insurance.
5. 99% and 98% compliance rate for timely filing of Member/Dealers Monthly and Quarterly Financial Returns.

In addition to the above achievements, the RMOD during the year worked diligently to test and launch an upgraded Automated Market Surveillance System (AMSS), which will assist in strengthening the technological infrastructure that support our surveillance, analysis and reporting functions.

### **Together We Achieve**

Before we set our sights on 2020 and beyond, I must take this opportunity to thank the members of the RMOD for the doubling of efforts in 2019, which supported the achievement of the operational and strategic targets for the year. The team worked assiduously to provide keen oversight of market activities that contributed to the identification and closing of issues that could threaten the integrity of the market.

I also wish to acknowledge our Chairman, Mr. Livingstone Morrison, for his stewardship during the year and all the members of the RMOD for the direction, oversight and deep commitment to the proper conduct of the JSE's regulatory affairs. We also wish to thank the JSE's Managing Director for the constant support and perspective given to the JSE's Regulatory operations and undertakings.

We must also recognize and thank all our stakeholders for their engagement with the JSE's team during the year. We look forward to continuing our collaboration in the year 2020 and beyond as we strive to satisfy our goal of ensuring a transparent and confident market.



Mr. Andrae Tulloch, Chief Regulatory Officer (RMOD), makes his presentation at the Wigton Wind Farm Listing.



The JSE's Regulatory & Market Oversight Division (RMOD) 100th Meeting: (L-R) – The Chairman, Mr. Livingstone Morrison (centre) greets Mr. Matthew Hogarth, Partner at MH&CO (left). The other Committee members seen are Mrs. Janet Morrison, Partner at DunnCox (2nd left); Miss Dian Black, Director of Debt Management Unit of the Ministry of Finance and the Public Service and Mr. Andrae Tulloch, JSE's Chief Regulatory Officer.

# SHAREHOLDINGS

Top 11 for Jamaica Stock Exchange  
As at December 31, 2019

Name	Joint Holders	Volume	Percentage
SAGICOR POOLED EQUITY FUND		<u>73,109,006</u>	<u>10.42</u>
	<i>Client total ownership</i>	<b>73,109,006</b>	<b>10.42</b>
JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY		<u>64,063,847</u>	<u>9.14</u>
	<i>Client total ownership</i>	<b>64,063,847</b>	<b>9.14</b>
VMWM (PRINCIPAL TRADING A/C)		<u>51,000,000</u>	<u>7.27</u>
	<i>Client total ownership</i>	<b>51,000,000</b>	<b>7.27</b>
GK CAPITAL MANAGEMENT LIMITED		<u>51,000,000</u>	<u>7.27</u>
	<i>Client total ownership</i>	<b>51,000,000</b>	<b>7.27</b>
M/VL INVESTMENT ACCOUNT		23,500,000	3.35
		25,275,000	3.60
		<u>763,360</u>	<u>0.11</u>
	<i>Client total ownership</i>	<b>49,538,360</b>	<b>7.06</b>
CORNERSTONE INVESTMENT HOLDINGS LIMITED		<u>48,000,000</u>	<u>6.84</u>
	<i>Client total ownership</i>	<b>48,000,000</b>	<b>6.84</b>
JMMB LONG TERM EQUITY PORTFOLIO		<u>44,200,000</u>	<u>5.60</u>
	<i>Client total ownership</i>	<b>44,200,000</b>	<b>5.60</b>
MAYBERRY CO A/C 120008		<u>39,258,211</u>	<u>6.87</u>
	<i>Client total ownership</i>	<b>39,258,211</b>	<b>6.87</b>
SJIML A/C 3119		<u>35,235,572</u>	<u>5.02</u>
	<i>Client total ownership</i>	<b>35,235,572</b>	<b>5.02</b>
JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR		<u>30,195,020</u>	<u>4.31</u>
	<i>Client total ownership</i>	<b>30,195,020</b>	<b>4.31</b>
JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE		<u>19,817,917</u>	<u>2.83</u>
	<i>Client total ownership</i>	<b>19,817,917</b>	<b>2.83</b>

# SHAREHOLDINGS

## Executives' Holdings for Jamaica Stock Exchange As at December 31, 2019

Name	Joint Holders	Volume	Percentage
MARLENE STREET FORREST	Keena Street	<u>75,000.00</u> <b>75,000.00</b>	<u>0.01</u> <b>0.01</b>
SUZETTE MCNAUGHT	Minette McLeish	<u>30,000.00</u> <b>30,000.00</b>	<u>0.00</u> <b>0.00</b>
SUZETTE WHYTE	Felix Whyte	<u>22,000.00</u> <b>22,000.00</b>	<u>0.00</u> <b>0.00</b>
NEVILLE ELLIS	Judith Vynel Ellis	<u>10,000.00</u> <b>10,000.00</b>	<u>0.00</u> <b>0.00</b>
JOSSETTE MCGRATH		<u>6,700.00</u> <b>6,700.00</b>	<u>0.00</u> <b>0.00</b>
SUZETTE PRYCE		<u>5,000.00</u> <b>5,000.00</b>	<u>0.00</u> <b>0.00</b>
RICCALYA ROBB		<u>5,000.00</u> <b>5,000.00</b>	<u>0.00</u> <b>0.00</b>

## Directors' Holdings for Jamaica Stock Exchange As at December 31, 2019

Name	Joint Holders	Volume	Percentage
DIAN BLACK	Key Members Holdings	2,000.00	0.0003
	Connected Party Holdings	<u>0.00</u>	<u>0.0000</u>
	Combined Holdings	<b>2,000.00</b>	<b>0.0003</b>
DERRICK MCKOY	WIFE	3,581,170.00	0.5107
Grace McKoy	Key Members Holdings	0.00	0
	Connected Party Holdings	<u>3,581,170.00</u>	<u>0.5107</u>
	Combined Holdings	<b>3,581,170.00</b>	<b>0.5107</b>
MARLENE STREET FORREST	Key Members Holdings	75,000.00	0.01
	Connected Party Holdings	<u>0.00</u>	<u>0.00</u>
	Combined Holdings	<b>75,000.00</b>	<b>0.01</b>

### ALTERNATE DIRECTORS

EDWIN MCKIE	Key Members Holdings	1,239,004	0.18
	Connected Party Holding	<u>0</u>	<u>0.00</u>
	Combined Holdings	<b>1,239,004</b>	<b>0.18</b>

# SUBSIDIARIES’ REPORT FOR 2019

## Overview

The JCSD Group continued to make great strides in the market with several great accomplishments throughout the year. The largest IPO ever to be listed on the Jamaica Stock Exchange was processed by the team in 2019. This was the WIGTON IPO where over 31,200 applications were processed. This IPO yielded a total of 11,772 new accounts in the JCSD. Overall the total accounts opened in the JCSD for 2019 was 48,167 bringing the total accounts in the JCSD to 208,161 as at the end of 2019.

The JCSD Trustee Services further diversified its product offering with the launch of a Funds Management System to provide back office support for fund managers. We are currently offering this service to three fund managers and we are in discussion with other fund managers to offer this service.

On the 6<sup>th</sup> of September 2019, the JCSD and JCSD Trustee Services lost its chairman, Mr. Lynval Garth Kiddoe. Mr. Kiddoe served both boards for eight (8) years. His legacy to the JCSD and the JCSD Trustee Services will always be remembered.

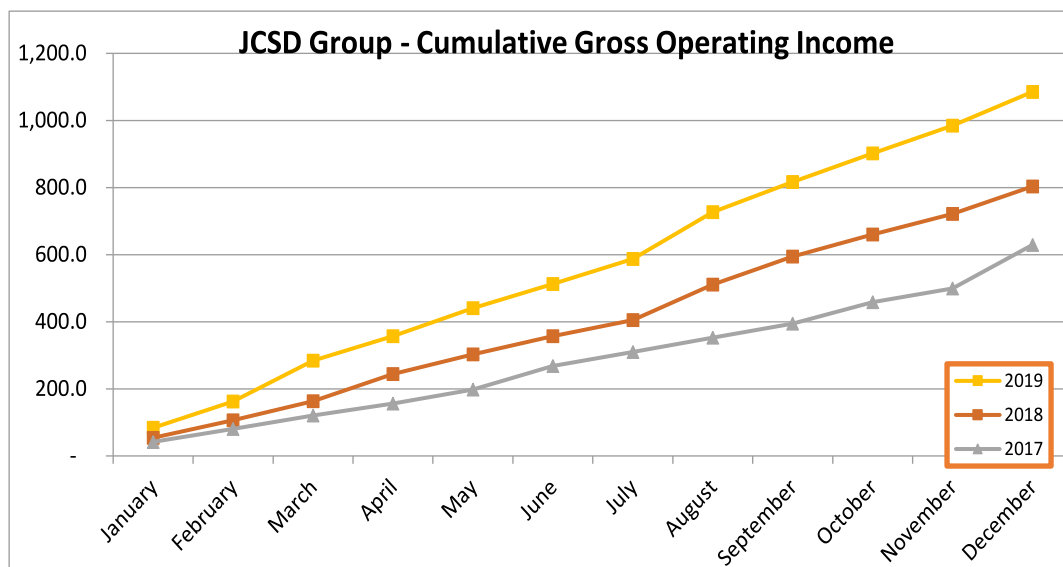
## Financial Highlights

The group's financial performance for 2019 was 43% above 2018. The year's total revenue of \$955M was mainly contributed by the Trustee Services department and resulted mainly from an increase in trustee clients. Trustee fees amounted to 43.7% of the total income for JCSD Group in 2019. The combined JCSDTS income lines now comprise approximately 52.7% of total JCSD Group revenue for the year. The Retail Repo performance was also 19% better than 2018. All revenue areas for the JCSD increased with the exception of maintenance fees. Cess fees increased by 41% and transaction fees by 48%.

The JCSD Group (JCSD & JCSD Trustee Services) total expenses of \$401M represented a 19.69% increase over 2018. This was due mainly to increased securities commission fees, bad debts from expected credit loss and staff cost, donations and scholarships.

The Group's after tax profits of \$365M for 2019 represented a 43.7% increase above prior year.

The consolidated year-end balance sheet reflected a strengthened capital position with equity increasing by 45%, while total assets increased by 21% to end 2019 at \$804M. During the year an interim dividend of \$178M was paid to the parent company, The Jamaica Stock Exchange.





## SUBSIDIARIES' REPORT FOR 2019

### **Operations**

We continue to streamline our operations to ensure our efficiency levels are maintained or improved where necessary. This will ensure our continued growth and excellent performance in the years to come.

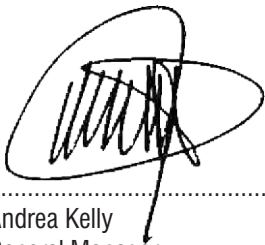
### **New Offerings for 2020**

We will be rolling out our Direct Market Access in 2020 with our focus on the Canadian market in the first phase. This will give the Canadian investors access to our local equities and the Jamaican investors access to the Canadian market.

We will also introduce short selling to our local equity investors. This will bring more liquidity to the market.

### **Conclusion and Vision**

The JCSD group is well-positioned to capitalize on all market opportunities, transform all threats to opportunity and remedy our weaknesses to be the standard-bearer for all financial services now and in the future to satisfy our shareholders' expectations.



Andrea Kelly  
General Manager  
JCSD and JCSDTS



## **JAMAICA STOCK EXCHANGE**

AND ITS SUBSIDIARIES

## **CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

DECEMBER 31, 2019

(Expressed in Jamaican Dollars)



**JAMAICA  
STOCK  
EXCHANGE**

“Providing A Fair, Efficient and  
Transparent Stock Market”

**ANNUAL  
REPORT 2019**



Chartered Accountants

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## INDEPENDENT AUDITOR'S REPORT

To the Members of The Jamaica Stock Exchange Limited

Report on the Audit of the Separate and Consolidated Financial Statements

### Opinion

We have audited the separate financial statements of The Jamaica Stock Exchange Limited (the Company) and the consolidated financial statements of the Company and its subsidiaries (the Group), which comprise the separate and consolidated statements of financial position as at December 31, 2019, the separate and consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the financial position of the Company and the Group as at December 31, 2019 and of the separate and consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

To The Members of The Jamaica Stock Exchange Limited (Continued)

Report on the Audit of the Separate and Consolidated Financial Statements (Continued)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit losses	
<p>IFRS 9 introduced an expected credit loss (“ECL”) model (Notes 2(e)) to record allowances for losses for trade receivables, corporate and sovereign bonds and other financial assets at amortized cost and at fair value through other comprehensive income.</p> <p>This is a key audit matter as the estimation of ECLs is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Further, models used to determine credit impairment for corporate and sovereign bonds could be complex.</p> <p>Under the general approach, judgment was used in determining the criteria for significant increases in credit risk, the probability of default (PD) and loss given default (LGD). This approach was used for investment securities.</p> <p>The Group utilised the simplified approach for trade receivables. Under the simplified approach, the historical loss rate and forward-looking factors were the judgements considered.</p>	<p>We evaluated the modelling techniques and methodologies developed by the Group in order to estimate ECLs, and assessed their compliance with the requirements of IFRS 9.</p> <p>We tested the completeness and accuracy of input data to the models used to determine the ECLs. We assessed the reasonableness of the methodologies and assumptions applied in determining the 12 month and lifetime probabilities of default (PD), loss given default (LGD), exposure at default (EAD) and staging. We assessed external source data and assumptions, particularly with respect to forward looking information (FLI) by referencing independent sources.</p> <p>We also assessed the adequacy of disclosures in the consolidated financial statements and concluded they were adequate.</p>


**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

To The Members of The Jamaica Stock Exchange Limited (Continued)

Report on the Audit of the Separate and Consolidated Financial Statements (Continued)

**Key Audit Matters (Continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Valuation of financial instruments and fair value hierarchy</b>	
<p>As detailed in Note 8 Investment in Securities, the Group's investments are classified as fair value through profit and loss (FVPL), fair value through other comprehensive income (FVOCI) and at amortised cost.</p> <p>Valuation techniques may be subjective and involve assumptions about pricing factors. Changes in these assumptions could result in significantly different values.</p> <p>All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: - Level 1 categorized investment valuations are based on quoted prices (unadjusted) in active markets. - Level 2 categorized investment valuations are based on other than quoted prices included within Level 1, that are observable either directly or indirectly. - Level 3 categorized investment valuations are based on unobservable inputs for the asset.</p> <p>Given the inherent subjectivity in the valuation of Level 2 and Level 3 debt investments, we determined this to be a key area for our audit. The Level 2 investments at FVOCI and FVTPL as at December 31, 2019 amounted to \$229.07 million. The Group has no Level 3 fair value investments.</p>	<p>Our audit procedures comprised, amongst others, an assessment of the methodology and the appropriateness of the valuation models and inputs used to value investments classified as FVPL and FVOCI.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the design and implementation of the Group's controls over the measurement and management of valuation risk including independent price verification.</li> <li>• Testing, for a selection of pricing inputs used, that they were externally sourced and were correctly inputted into pricing models.</li> <li>• Reperforming an independent valuation of the Group's securities with the assistance of our internal Transaction Advisory Services team.</li> <li>• Assessing the completeness and accuracy of the disclosures relating to investments to assess compliance with the disclosure requirements of IFRS.</li> <li>• Based on our tests, we concluded that financial instruments were fairly valued and properly categorized in the fair value hierarchy.</li> </ul>



## INDEPENDENT AUDITOR’S REPORT (CONTINUED)

To The Members of The Jamaica Stock Exchange Limited (Continued)

Report on the Audit of the Separate and Consolidated Financial Statements (Continued)

Other information included in the Group’s Annual Report

Other information consists of the information included in the Group’s 2019 Annual Report other than the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information. The Group’s 2019 Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### Responsibilities of Management and the Board of Directors for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company’s and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company’s and the Group’s financial reporting process.



## INDEPENDENT AUDITOR’S REPORT (CONTINUED)

To The Members of The Jamaica Stock Exchange Limited (Continued)

Report on the Audit of the Separate and Consolidated Financial Statements (Continued)

Auditor’s Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s and the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that presents a true and fair view.



## INDEPENDENT AUDITOR’S REPORT (CONTINUED)

To The Members of The Jamaica Stock Exchange Limited (Continued)

Report on the Audit of the Separate and Consolidated Financial Statements (Continued)

Auditor’s Responsibilities for the Audit of the Separate and Consolidated Financial Statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

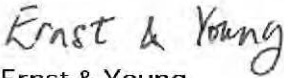
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditor’s report is Kayann Sudlow.



Ernst & Young  
Kingston, Jamaica

February 27, 2020





**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

	Notes	2019 \$'000	2018 \$'000
<b>Non-current assets</b>			
Property and equipment	4	590,999	491,222
Intangible assets	5	142,296	49,162
Post employment benefit asset	7(b)	130,110	89,812
Investment in securities	8(a)	204,159	141,856
Long-term receivables	9	14,982	15,564
<b>Total non-current assets</b>		<b>1,082,546</b>	<b>787,616</b>
<b>Current assets</b>			
Income tax recoverable		-	-
Due from related party	10(b)	682	2,684
Trade and other receivables	11	270,218	247,773
Investment in securities	8(b)	24,906	18,422
Government securities purchased under resale agreements	12	320,168	214,390
Cash and cash equivalents	13	107,112	240,943
<b>Total current assets</b>		<b>723,086</b>	<b>724,212</b>
<b>Total assets</b>		<b>1,805,632</b>	<b>1,511,828</b>
<b>Equity</b>			
Share capital	14	238,146	238,146
Fair value reserve	15	29,838	11,065
Property revaluation reserve	4	237,377	176,422
Revenue reserve non-distributable	16	48,367	48,367
Revenue reserve	17	916,525	651,367
<b>Total equity</b>		<b>1,470,253</b>	<b>1,125,367</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	18	103,874	54,158
<b>Total non-current liabilities</b>		<b>103,874</b>	<b>54,158</b>
<b>Current liabilities</b>			
Income tax payable		43,847	52,315
Contract liabilities	32	24,217	20,448
Payables and accruals	19	163,441	259,540
<b>Total current liabilities</b>		<b>231,505</b>	<b>332,303</b>
<b>Total equity and liabilities</b>		<b>1,805,632</b>	<b>1,511,828</b>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved for issue by the Board of Directors on February 27, 2020 and signed on its behalf by:

  
 \_\_\_\_\_  
 Julian Mair Chairman

  
 \_\_\_\_\_  
 Marlene J. Street Forrest Managing Director

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/(LOSS)  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

	Notes	2019 \$'000	2018 \$'000
<b>Revenue</b>			
Cess		697,321	494,711
Fee income		1,045,070	808,148
E-campus		48,305	15,063
Other operating income	20	83,676	72,926
		<u>1,874,372</u>	<u>1,390,848</u>
<b>Expenses</b>			
Staff costs	21	450,093	353,065
Property expenses		179,512	136,285
Depreciation and amortization	4,5	59,408	50,384
Advertising and promotion		139,326	59,332
Professional fees		49,979	55,483
Securities commission fees		103,041	74,362
Net impairment losses on financial assets	29(d)	7,051	15,365
E-campus		41,656	19,407
Other operating expenses		63,281	53,522
		<u>1,093,347</u>	<u>817,205</u>
Investment income	22(a)	22,048	18,859
Profit before taxation	23	803,073	592,502
Taxation	24	(283,195)	(179,439)
Profit for the year	25	<u>519,878</u>	<u>413,063</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset	7(c)	38,671	(44,402)
Deferred income tax on item that will never be reclassified to profit or loss	18	(12,891)	14,801
Revaluation surplus on land	4	28,200	2,800
Revaluation surplus on property and equipment	4	49,134	44,978
Deferred income tax on revaluation surplus	18	(16,379)	(14,993)
		<u>86,735</u>	<u>3,184</u>
Items that may be reclassified to profit or loss:			
Changes in the fair value of debt investments at fair value through other comprehensive income	15	26,939	(7,962)
Net impairment gain/(loss)	15	814	(305)
Realised gains on sales of debt investments	15	-	(642)
Deferred income tax on items that may be reclassified to profit or loss	18	(8,980)	2,765
		<u>18,773</u>	<u>(6,144)</u>
Other comprehensive income/(loss) for the year, net of taxes		<u>105,508</u>	<u>(2,960)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>625,386</u></u>	<u><u>410,103</u></u>
Earnings per stock unit	26	<u>\$0.74</u>	<u>\$0.59</u>

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

	Share Capital \$'000 (Note 14)	Fair Value Reserve \$'000 (Note 15)	Property Revaluation Reserve \$'000 (Note 4)	Revenue Reserve Non- Distributable \$'000 (Note 16)	Revenue Reserve \$'000 (Note 17)	Total \$'000
Balance at January 1, 2018	238,146	17,209	143,637	48,367	477,929	925,288
Profit for the year	-	-	-	-	413,063	413,063
Other comprehensive income:						
Depreciation in fair value of investments, net of taxes	-	(6,144)	-	-	-	(6,144)
Re-measurement of employees benefit assets, net of taxes	-	-	-	-	(29,601)	(29,601)
Revaluation surplus of property, plant and equipment, net of taxes	-	-	32,785	-	-	32,785
Total comprehensive income for the year	-	(6,144)	32,785	-	383,462	410,103
Dividend (Note 30)	-	-	-	-	(210,024)	(210,024)
Balance at December 31, 2018	238,146	11,065	176,422	48,367	651,367	1,125,367
Profit for the year	-	-	-	-	519,878	519,878
Other comprehensive income:						
Appreciation in fair value of investments, net of taxes	-	18,773	-	-	-	18,773
Re-measurement of employees benefit assets, net of taxes	-	-	-	-	25,780	25,780
Revaluation surplus of property, plant and equipment, net of taxes	-	-	60,955	-	-	60,955
Total comprehensive income for the year	-	18,773	60,955	-	545,658	625,386
Dividend (Note 30)	-	-	-	-	(280,500)	(280,500)
Balance at December 31, 2019	238,146	29,838	237,377	48,367	916,525	1,470,253

The accompanying notes form an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(Expressed in Jamaican Dollars)**

	Notes	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Profit for the year		519,878	413,063
Adjustments for:			
Depreciation of property and equipment	4	31,384	28,950
Amortisation of intangible assets	5	28,023	21,434
Gain on sale of debt investments	15	-	(642)
Net impairment on investment	15	814	(305)
Loss on disposal of property and equipment		129	145
Write off of intangible assets		128	-
(Gain)/loss on investment through profit and loss	22	(1,420)	899
Investment premium/discount	22	750	596
Foreign exchange (gains)/losses on investments		(5,108)	(3,786)
Employee benefits expense	7(c)	13,980	4,814
Net impairment on financial assets	29(d)	7,051	15,365
Income tax charge	24	283,195	179,439
Interest income	22(a)	(16,271)	(16,174)
Operating cash flows before movements in working capital		862,533	643,798
Increase in trade and other receivables		(22,447)	(92,939)
Increase contract liabilities		3,769	20,448
Decrease in payables and accruals		(96,096)	34,604
Post employment benefit contributions	7(d)	(15,607)	(12,467)
Cash provided by operations		732,152	593,444
Income tax paid		(280,198)	(135,047)
Cash provided by operating activities		451,954	458,397
<b>Cash flows from investing activities</b>			
Investment securities, net		(45,000)	(18,053)
Proceeds from disposal of property and equipment		-	208
Government securities purchased under resale agreements		(105,854)	(47,501)
Receipts from related parties		2,001	(3,439)
Proceeds from sale of debt investments		9,135	44,200
Acquisition of property and equipment	4	(53,837)	(129,221)
Acquisition of intangible assets	5	(127,085)	(11,050)
Long-term receivables		580	(4,409)
Interest received		13,632	17,796
Cash used in investing activities		(306,428)	(151,469)
<b>Cash flows from financing activity</b>			
Dividends paid		(280,500)	(210,024)
Cash used in financing activity		(280,500)	(210,024)
Net (decrease) increase in cash and cash equivalents		(134,974)	96,904
Cash and cash equivalents at the beginning of the year		240,943	143,164
Effect of foreign exchange rate changes		1,143	875
Cash and cash equivalents at the end of the year	13	107,112	240,943


The accompanying notes form an integral part of these financial statements

**SEPARATE STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

	Notes	2019 \$'000	2018 \$'000
<b>Non-current assets</b>			
Property and equipment	4	566,874	460,250
Intangible assets	5	115,497	27,490
Investment in subsidiary	6	61,000	61,000
Post employment benefit asset	7(b)	94,674	63,570
Investment in securities	8(a)	110,327	96,437
Long-term receivables	9	10,794	10,374
<b>Total non-current assets</b>		<b>959,166</b>	<b>719,121</b>
<b>Current assets</b>			
Income tax recoverable		6,802	-
Due from related party	10(b)	682	2,684
Trade and other receivables	11	91,651	128,817
Investment in securities	8(b)	12,487	16,202
Government securities purchased under resale agreements	12	62,164	38,916
Cash and cash equivalents	13	19,374	81,678
<b>Total current assets</b>		<b>193,160</b>	<b>268,297</b>
<b>Total assets</b>		<b>1,152,326</b>	<b>987,418</b>
<b>Equity</b>			
Share capital	14	238,146	238,146
Fair value reserve	15	19,058	8,261
Property revaluation reserve	4	237,377	176,422
Revenue reserve	17	395,706	322,852
<b>Total equity</b>		<b>890,287</b>	<b>745,681</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	18	83,188	43,160
<b>Total non-current liabilities</b>		<b>83,188</b>	<b>43,160</b>
<b>Current liabilities</b>			
Due to related party	10(b)	56,552	79,584
Income tax payable		-	25,890
Contract liabilities	32	14,429	12,406
Payables and accruals	19	107,870	80,697
<b>Total current liabilities</b>		<b>178,851</b>	<b>198,577</b>
<b>Total equity and liabilities</b>		<b>1,152,326</b>	<b>987,418</b>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved for issue by the Board of Directors on February 27, 2020 and signed on its behalf by:



Julian Mair Chairman



Marlene J. Street Forrest Managing Director

**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

	Notes	2019 \$'000	2018 \$'000
<b>Revenue</b>			
Cess		610,156	432,870
Fee income		181,414	158,598
E-campus		48,305	15,063
Other operating income	20	262,570	231,254
		<u>1,102,445</u>	<u>837,785</u>
<b>Expenses</b>			
Staff costs	21	241,916	196,136
Property expenses		98,007	75,345
Depreciation and amortization	4,5	43,567	34,447
Advertising and promotion		129,476	55,054
Professional fees		30,934	30,857
Securities commission fees		92,948	68,772
Net impairment loss (gains) on financial assets	29(d)	2,606	(3,236)
E-campus expenses		41,656	19,407
Other operating expenses		13,899	11,968
		<u>695,009</u>	<u>488,750</u>
Investment income	22(a)	11,336	10,125
Profit before taxation	23	418,772	359,160
Taxation	24	(86,297)	(43,003)
Profit for the year	25	<u>332,475</u>	<u>316,157</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will never be reclassified to profit or loss:			
Remeasurement gain/ (loss) of employee benefits asset	7(c)	31,319	(31,082)
Deferred income tax on item that will never be reclassified to profit or loss	18	(10,440)	10,361
Revaluation surplus on land	4	28,200	2,800
Revaluation surplus on property and equipment	4	49,134	44,978
Deferred income tax on revaluation surplus	18	(16,379)	(14,993)
		<u>81,834</u>	<u>12,064</u>
Items that may be reclassified to profit or loss:			
Changes in the fair value of debt investments of fair value through other comprehensive income	15	16,155	(4,485)
Net impairment loss	15	27	(253)
Realised gains on sale of debt instrument financial assets	15	-	(642)
Deferred income tax on items that may be reclassified to profit or loss	15,18	(5,385)	1,709
		<u>10,797</u>	<u>(3,671)</u>
Other comprehensive income for the year, net of taxes		92,631	8,393
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>425,106</u>	<u>324,550</u>

The accompanying notes form an integral part of these financial statements.

**SEPARATE STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

	Share Capital \$'000 (Note 14)	Fair Value Reserve \$'000 (Note 15)	Property Revaluation Reserve \$'000 (Note 4)	Revenue Reserve \$'000 (Note 17)	Total \$'000
Balances at January 1, 2018	238,146	11,932	143,637	237,440	631,155
Profit for the year	-	-	-	316,157	316,157
Other comprehensive income:					
Depreciation in fair value of investments, net of taxes	-	(3,671)	-	-	(3,671)
Remeasurement of employee benefits assets, net of taxes	-	-	-	(20,721)	(20,721)
Revaluation of land & building, net of taxes	-	-	32,785	-	32,785
Total comprehensive income for the year	-	(3,671)	32,785	295,436	324,550
Dividend (Note 30)	-	-	-	(210,024)	(210,024)
Balance at December 31, 2018	238,146	8,261	176,422	322,852	745,681
Profit for the year	-	-	-	332,475	332,475
Other comprehensive income:					
Appreciation in fair value of investments, net of taxes	-	10,797	-	-	10,797
Remeasurement of employee benefits assets, net of taxes	-	-	-	20,879	20,879
Revaluation of land and building, net of taxes	-	-	60,955	-	60,955
Total comprehensive income for the year	-	10,797	60,955	353,354	425,106
Dividend (Note 30)	-	-	-	(280,500)	(280,500)
Balance at December 31, 2019	238,146	19,058	237,377	395,706	890,287

The accompanying notes form an integral part of these financial statements.

**SEPARATE STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

	Notes	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Profit for the year		332,475	316,157
Adjustments for:			
Depreciation of property and equipment	4	22,030	19,478
Amortisation of intangible assets	5	21,537	14,969
Loss on disposal of property and equipment		129	15
Net impairment on investments		-	52
Net (gain)/loss on investment through profit and loss	22(a)	(1,149)	999
Foreign exchange gain		(3,091)	(2,203)
Investment premium/discount		596	-
Post employment benefit expense	7(c)	10,033	4,093
Impairment loss on financial assets recognized/(reversed)	29(d)	2,606	(3,236)
Gain on sale of debt investments financial assets	15	(27)	(253)
Net gain reclassified to profit on sale of investment		-	(642)
Income tax charge	24	86,297	43,003
Interest income	22(a)	(7,693)	(8,973)
Dividend income	20	(178,000)	(159,000)
Operating cash flows before movements in working capital		285,743	224,459
Decrease/(Increase) in trade and other receivables		33,960	(64,645)
Increase in contract liabilities		2,023	12,406
Increase in trade and other payables		28,108	14,602
Post employment benefit contributions	7(d)	(9,819)	(7,688)
Cash provided by operations		340,015	179,134
Income tax paid		(111,165)	(9,344)
Cash provided by operating activities		228,850	169,790
<b>Cash flows from investing activities</b>			
Net acquisition of investments in securities		-	(31,733)
Proceeds from sale of investments in debts			
- financial assets		9,135	20,000
Government securities purchased under resale agreements		(23,248)	(874)
Receipts from/(advances to) related parties		(21,032)	84,776
Acquisition of property and equipment	4	(51,330)	(121,746)
Acquisition of intangible assets	5	(109,663)	(4,486)
Long-term receivable		(420)	(3,448)
Dividend received		178,000	159,000
Interest received		7,770	10,022
Cash (used in)/provided by investing activities		(10,788)	111,511
<b>Cash flows from financing activities</b>			
Dividend paid	30	(280,500)	(210,024)
Cash used in financing activities		(280,500)	(210,024)
Net (decrease)/increase in cash and cash equivalents		(62,438)	71,277
Cash and cash equivalents at the beginning of the year		81,678	10,293
Effect of foreign exchange rate changes		134	108
Cash and cash equivalents at the end of the year	13	19,374	81,678

The accompanying notes form an integral part of these financial statements.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

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**1. Identification and principal activities**

The Jamaica Stock Exchange Limited (the Company) is incorporated in Jamaica as a public limited liability company. The main activities of the Company are the regulation and operation of a stock exchange and the development of the stock market in Jamaica. The Company performs the twin role of regulating participants in the stock market, and operating an efficient platform on which that market trades. The Company is domiciled in Jamaica with registered office at 40 Harbour Street, Kingston, Jamaica and is listed on the Main Market of the Jamaica Stock Exchange.

The Group comprises the Company and its wholly-owned subsidiary as detailed below:

<u>Subsidiaries</u>	<u>Principal Activity</u>
Jamaica Central Securities Depository Limited (JCSD) and its wholly-owned subsidiary, JCSD Trustee Services Limited (Incorporated July 21, 2008)	To establish and maintain a Central Securities Depository (CSD) in Jamaica to facilitate the transfer of ownership of securities by book entry, including shares, stocks, bonds or debentures of companies and other eligible securities. Its subsidiary JCSD Trustee Services Limited provides trustee custodianship and related services.

Both the JCSD and its subsidiary are incorporated and domiciled in Jamaica. The Company and its subsidiaries are herein referred to as the Group.

**2. Statement of compliance and basis of preparation**

(a) Statement of compliance:

The financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act.

(b) Adoption of new and revised International Financial Reporting Standards:

**Standards and interpretations adopted during the year**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2019, the nature and the impact of each new standard or amendment is described below:

The Group applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (continued)**

- (b) Adoption of new and revised International Financial Reporting Standards (continued):

**Standards and interpretations adopted during the year (continued)*****IFRS 16 Leases***

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

A right of use asset and lease obligation has been recognised on the statement of financial position for each operating lease of the subsidiaries. In addition, depreciation and interest expense has been recognised in the statement of profit or loss and comprehensive income. The operating leases throughout the Group relate to intercompany leases and have been eliminated upon consolidation of the Group. As such adoption of the standard has not impacted the Group's and the Company's consolidated and separate financial statements, respectively.

***Amendments to IAS 19: Plan Amendment, Curtailment or Settlement***

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).
- The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (continued)**

- (b) Adoption of new and revised International Financial Reporting Standards (continued):

**Standards and interpretations adopted during the year (continued)*****Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (continued)***

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments did not have an impact on the consolidated financial statements.

***Amendments to IAS 28: Long-term interests in associates and joint ventures***

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments did not have an impact on the Group's consolidated financial statements.

***Amendments to IFRS 9 - Prepayment Features with Negative Compensation***

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**2. Statement of compliance and basis of preparation (continued)**

(b) Adoption of new and revised International Financial Reporting Standards (continued):

**Standards and interpretations adopted during the year (continued)**

**Amendments to IFRS 9 - Prepayment Features with Negative Compensation (continued)**

The amendments must be applied retrospectively; earlier application is permitted. The amendment provides specific transition provisions if it is only applied in 2019 rather than in 2018 with the remainder of IFRS 9. The amendments are effective for annual periods beginning on or after January 1, 2019. These amendments had no impact on the Group’s consolidated financial statements.

**IFRIC Interpretation 23 Uncertainty over Income Tax Treatments**

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after January 1, 2019, but certain transition reliefs are available. These amendments had no impact on the Group’s consolidated financial statements.

**Annual Improvements 2015 - 2017 Cycle (issued in December 2017)**

These improvements include:

- IFRS 3 Business Combinations  
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. The amendments had no impact on the Group’s consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
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**2. Statement of compliance and basis of preparation (continued)**

- (b) Adoption of new and revised International Financial Reporting Standards (Continued)

**Standards and interpretations adopted during the year (continued)**

***Annual Improvements 2015 - 2017 Cycle (issued in December 2017) (continued)***

These improvements include (continued):

- **IFRS 11 Joint Arrangements**

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. The amendments had no impact on the Group's consolidated financial statements.

- **IAS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. These amendments had no impact on the Group's consolidated financial statements.

- **IAS 23 Borrowing Costs**

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the Group's consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**2. Statement of compliance and basis of preparation (continued)**

- (b) Adoption of new and revised International Financial Reporting Standards (Continued)

**Standards and interpretations adopted during the year (continued)*****Annual Improvements 2015 - 2017 Cycle (issued in December 2017) (continued)*****IFRS 3 Business Combination - Definition of a Business - Amendments to IFRS 3**

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 with earlier application permitted. The amendments had no impact on the consolidated financial statements of the Group.

**New revised and amended standards and interpretations that are not yet effective****IAS 1 and IAS 8 - Definition of Material - Amendments to IAS 1 and IAS 8**

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2020 and are not expected to have any impact on the consolidated financial statements of the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**2. Statement of compliance and basis of preparation (continued)****(b) Adoption of new and revised International Financial Reporting Standards (Continued)****New revised and amended standards and interpretations that are not yet effective (continued)****Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective but will not have an impact on the Group's consolidated financial statements.

**IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after January 1, 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group does not have insurance contracts therefore the amendments are not expected to have an impact on its consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**2. Statement of compliance and basis of preparation (Continued)**

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

**New revised and amended standards and interpretations that are not yet effective (continued)**

***The Conceptual Framework for Financial Reporting***

Effective immediately for the IASB and the IFRS Interpretations Committee. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after January 1, 2020.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 - The objective of financial reporting
- Chapter 2 - Qualitative characteristics of useful financial information
- Chapter 3 - Financial statements and the reporting entity
- Chapter 4 - The elements of financial statements
- Chapter 5 - Recognition and derecognition
- Chapter 6 - Measurement
- Chapter 7 - Presentation and disclosure
- Chapter 8 - Concepts of capital and capital maintenance

The changes to the *Conceptual Framework* may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

The directors and management have not yet assessed the impact of the application of this Framework on the consolidated Group's financial statements.

***Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7***

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (Continued)**

(b) Adoption of new and revised International Financial Reporting Standards (Continued)

**New revised and amended standards and interpretations that are not yet effective  
(continued)**

***Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (continued)***

The amendments to IFRS 9

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or hedging instrument.

Application of the reliefs is mandatory. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable
- Assessment when to reclassify the amount in the cash flow hedge reserve to profit and loss
- The assessment of the economic relationship between the hedged item and the hedging instrument

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

The fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedging items are initially designated within the hedging relationship.

To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value.

The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

*The amendments to IAS 39*

The corresponding amendments are consistent with those for IFRS 9, but with the following differences:

- For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedge cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**2. Statement of compliance and basis of preparation (Continued)**

- (b) Adoption of new and revised International Financial Reporting Standards (continued)

**New revised and amended standards and interpretations that are not yet effective  
(continued)**

***Interest Rate Benchmark Reform- Amendments to IFRS 9, IAS 39 and IFRS 7 (continued)***

*The amendments to IAS 39 (continued)*

- For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.
- For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed. These amendments are effective for annual periods beginning on or after 1 January 2020. Management has not yet assessed the impact of these amendments.

- (c) Basis of measurement and functional currency

The Group's consolidated financial statements have been prepared on the historical cost basis, except for financial assets classified as fair value through profit and loss and fair value through other comprehensive income and freehold land and buildings that are measured at revalued amounts or fair values as set out in the accounting policies at Notes 3(h) and 3(d), respectively. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Unless otherwise stated, the financial statements are presented in thousands of Jamaica dollars (\$'000). The Jamaican dollar is the functional and presentation currency of the Group and Company.

- (d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (Continued)****(d) Basis of consolidation (continued)**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IFRS 9, it is measured at fair value at each reporting date and changes in fair value shall be recognised in the profit and loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

**(e) Accounting estimates and judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

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**2. Statement of compliance and basis of preparation (Continued)****(e) Accounting estimates and judgements (continued)**

- Allowance for credit losses

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held, if any, or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the general approach for calculating the ECL considers changes to the borrower and credit risk related variables such as changes in the probability of default (PD) and loss given default (GD), exposure amounts, collateral values, migration of default probabilities and internal credit risk ratings and supportable forward, looking information, including macroeconomic factors. It is the Group's policy to measure ECLs on such financial instruments at FVOCI and amortised cost on a 12-month basis.

At year end, the loss allowance provision recognised in respect of trade receivables of the Group amounted to \$43.04 million (2018: \$37.84 million) and for the Company \$10.32 million (2018: \$7.75 million), in respect of repurchase agreements, \$1.23 million (2018: \$0.34 million) for the Group and \$0.051 million (2018: \$0.044 million) for Company (2018: \$0.19 million) and in relation to bonds measured at FVOCI, \$0.79 million for the Group and \$nil million (2018: \$nil) for the Company.

- Fair value of financial instruments

As described in Note 29, management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Group. The financial assets of the Group at the end of the reporting period stated at fair value determined in this manner amounted to \$229.07 million (2018: \$160.28 million) and \$122.81 million for the Company (2018: \$112.64 million) (Note 8).

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**2. Statement of compliance and basis of preparation (Continued)****(e) Accounting estimates and judgements (Continued)**

- Fair value of financial instruments (continued)

Had the fair value of these securities been 2% higher or lower the fair value reserve for the Group would increase/decrease by \$4.58 million (2017: \$3.21 million) and \$2.46 million for the Company (2018: \$2.53 million).

- Employee benefits

As disclosed in Note 7, the Group operates a defined benefit pension plan. The retirement benefit asset disclosed in the statement of financial position for the Group is \$130.11 million (2018: \$89.81 million) and Company \$94.68 million (2018: \$63.57 million). The defined benefits plan, is subject to estimates in respect of periodic costs which costs are dependent on returns on assets, future discount rates, rates of salary increases and inflation rate in respect of the pension plan.

The estimated return on pension assets assumption is determined by considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group estimates the appropriate discount rate annually which rate is used to determine the present value of estimated cash outflows expected to be required to settle the pension and post-retirement benefit obligations. Actuaries are contracted in this regard.

To determine the appropriate discount rate in the absence of high quality corporate bonds, the interest rate on government bonds that have maturities approximating the related pension liabilities was considered.

Note 7(i) gives details of sensitivity analysis in respect of the above.

- Fair value of land and buildings

Included in the statement of financial position are land and buildings with a carrying value of \$516 million at fair value as determined by an external valuator less accumulated depreciation (Note 4).

The Group engaged an external valuation specialist to determine the appropriate valuation techniques and inputs for fair value measurements.

- Residual value and expected useful life of property and equipment

The residual value and the useful life of each asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful life of an asset is defined in terms of the asset's expected utility to the Group.

- Taxes

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates taking cognizance of possible differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group.

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**2. Statement of compliance and basis of preparation (Continued)**

## (e) Accounting estimates and judgements (Continued)

## • Leases

The Group cannot readily determine the interest rate explicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as subsidiary’s stand-alone credit rating).

**3. Significant accounting policies**

## (a) Foreign currencies

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Group operates (its functional currency).

In preparing the financial statements of the Group, transactions in currencies other than the Group’s functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items, are recognised in profit or loss in the period in which they arise. The gain or loss on the change in fair value is treated in line with the recognition of the gain or loss on change in fair value of the item; i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit and loss are also recognized in OCI or profit or loss respectively.

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**3. Significant accounting policies**

(b) Current vs. non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group's Board of Directors determines the policies and procedures for recurring fair value measurement, such as property, plant and equipment (specifically land and buildings).

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**3. Significant accounting policies (Continued)**

(c) Fair value measurement (Continued)

External valuers are involved for valuation of significant assets, such as property, plant and equipment (specifically land and buildings). Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group’s accounting policies.

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



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**3. Significant accounting policies (Continued)****(d) Property and equipment**

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued buildings is recognised in profit or loss. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in property revaluation reserve is transferred directly to revenue reserve.

Furniture and fixtures, office equipment, computer hardware and motor vehicles held for use in the supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less accumulated depreciation and impairment losses.

Properties in the course of construction for supply of goods and services or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land and capital work-in-progress are not depreciated.

Depreciation is recognised so as to write off the cost of property and equipment (other than freehold land, land improvements and work-in-progress) less residual values, over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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**3. Significant accounting policies (Continued)**

(e) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(f) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit and loss.

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**3. Significant accounting policies (Continued)**

(f) Impairment of tangible and intangible assets (Continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Employee benefit costs

*Pension obligations*

The Group operates a defined benefit pension plan. The cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at the end of each reporting period.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through the statement of profit or loss and other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under expenses in consolidated statement of profit or loss and other comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(h) Financial assets and liabilities

Financial assets comprise cash and cash equivalents, government securities purchased under resale agreements, investment securities, due from related parties and receivables. Financial liabilities comprise payables, contract liabilities and due to related parties.

(i) **Recognition**

The Group initially recognises financial instruments on the date at which the Group becomes a party to the contractual provisions of the instrument, i.e., the date that they are originated.

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**3. Significant accounting policies (Continued)**

(h) Financial assets and liabilities (Continued)

(ii) **Derecognition**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

The Group enters into transactions whereby it transfers assets but retains either all or a portion of the risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all risks and rewards include, for example, repurchase transactions.

(iii) **Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

The initial recognition and subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

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**3. Significant accounting policies (Continued)**

## (h) Financial assets and liabilities (continued)

(iii) **Measurement (Continued)***Debt instruments (Continued)*

- Fair Value through other comprehensive Income (FVOCI) - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.
- Fair value through profit and loss (FVPL) - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The measurement of financial assets subsequent to initial recognition depends upon their classification as set out in Note 3(h)(iv) below.

Financial liabilities are measured at amortised cost after initial recognition, using the effective interest rate method, with interest expense recognised on an effective yield basis except where the recognition of interest would be immaterial.

(iv) **Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

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**3. Significant accounting policies (Continued)**

(h) Financial assets and liabilities (continued)

(iv) **Classification (continued)**

For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when its business model for managing those assets changes.

(v) **Identification and measurement of impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See Note 29(d) for further details.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Impairment losses on debt instrument securities measured at FVOCI are recognised by transferring the cumulative loss that has been recognised directly in other comprehensive income in equity to profit or loss. The cumulative loss that is removed from equity and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

If, in a subsequent period, the fair value of an impaired debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired FVOCI security is recognised in other comprehensive income.

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**3. Significant accounting policies (Continued)**

(i) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase the asset at a fixed price on a future date (repurchase agreements) and securities purchased under agreements to resell the asset at a fixed price on a future date (reverse repurchase agreements) are treated as collateralised financing transactions. In the case of reverse repurchase agreements, the underlying asset is not recognized in the Group's consolidated financial statements; in the case of repurchase agreements the underlying collateral is not derecognized from the Group's consolidated financial statements but is segregated as pledged assets. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective interest method.

(j) Investment in subsidiary

Investment in subsidiary is stated at cost in the separate financial statements of the Company.

(k) Taxation

Income tax expense represents the sum of tax current and deferred tax.

(i) Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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**3. Significant accounting policies (Continued)**

(k) Taxation (Continued)

(ii) Deferred tax (continued)

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(l) Related party transactions and balances

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”, that is, the company).

(a) A person or a close member of that person’s family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.



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**3. Significant accounting policies (Continued)**

- (l) Related party transactions and balances (Continued)
- (b) An entity is related to the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan established for the benefit of employees of either the company or an entity related to the reporting entity.
  - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (c) A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.
- (m) Revenue recognition
- (i) Cess income

Cess income which is based on a percentage of the volume of business done through brokers of the Group and derived from levies on investors, is accounted for on the accruals basis and is recognized at a point in time. There are no expected significant revenue reversals associated with this revenue stream.
  - (ii) Fee income

Fee income derived from annual listing fees charged to listed companies is accounted for on the accruals basis and is recognized over time. Fee income also includes initial listing fees paid by entities wishing to be listed on the Stock Exchange. These are accounted for when they become due. The annual listing fee is paid by entity listed on the stock exchange which gives them the privilege of their shares being traded on the exchange to provide them with capital.

Fee income of the subsidiaries include:

    - Membership fees

These are annual fees charged to the brokers and institutional investors who participate in the Jamaica Central Securities Depository (JCSD), and are accounted for on the accrual basis and recognized over time.
    - Account maintenance fees

These are monthly fees charged to the brokers and institutional investors who participate in the JCSD, and are accounted for on the accrual basis and are recognized over time.
    - User fees

These include charges per transaction for deposits, withdrawals and delivery orders (trades), and are accounted for on the accrual basis and are recognized at a point time.

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**3. Significant accounting policies (Continued)**

(m) Revenue recognition (Continued)

(ii) Fee income (continued)

Trustee service fee

These include service fees charged for the provision of trustee services, company management, custodianship and related services and are accounted for on the accrual basis. Trustee services and company management are recognised over time. Retail repurchase fees are at a point in time. There are no expected significant revenue reversals associated with this revenue stream.

(iii) E-campus income

This represents revenue generated from JSE offering of post graduate certificate and diploma courses, to professionals and is accounted for on the accrual basis. The recognition pattern for E-campus income includes income recognised at a point in time and also over time.

(iv) Members/dealers license fee

These are fees levied on members/dealers annually. Additionally, an initial fee determined on the basis of a bid is payable by new dealers subject to approval by the Board of Directors. The recognition pattern for this income stream is over time.

(v) Other operating income:

This includes income related to other services and events of the Group such as website charges and conferences and is accounted for on the accrual basis.

(vi) Investment income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably. Interest income is accrued on a time basis and is recognised in the statement of comprehensive income, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(n) Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
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**4. Property and equipment**

## The Group

	Freehold land \$'000	Freehold buildings \$'000	Furniture & fixtures \$'000	Office equipment \$'000	Computer hardware \$'000	Motor vehicles \$'000	Work-in- progress \$'000	Total \$'000
<b>Cost</b>								
January 1, 2018	95,000	160,000	17,570	66,208	85,137	3,678	1,070	428,663
Transfers to intangible assets	-	1,070	268	438	-	-	(1,070)	706
Additions	31,000	57,555	2,502	9,134	3,576	-	25,454	129,221
Disposals	-	-	(386)	(1,281)	(455)	-	-	(2,122)
Revaluation	2,800	40,975	-	-	-	-	-	43,775
December 31, 2018	128,800	259,600	19,954	74,499	88,258	3,678	25,454	600,243
Transfers to intangible assets	8,000	16,999	455	-	-	-	(25,454)	-
Reclassification	-	-	119	-	-	-	-	119
Additions	-	32,531	1,942	7,918	5,064	-	6,382	53,837
Disposals	-	-	-	(287)	-	-	-	(287)
Revaluation	28,200	41,870	-	-	-	-	-	70,070
December 31, 2019	165,000	351,000	22,470	82,130	93,322	3,678	6,382	723,982
<b>Depreciation</b>								
January 1, 2018	-	-	10,245	36,209	36,018	3,372	-	85,844
Charge for the year	-	4,003	1,124	11,040	12,476	306	-	28,949
Eliminated on disposals	-	-	(353)	(1,276)	(140)	-	-	(1,769)
Revaluation adjustment	-	(4,003)	-	-	-	-	-	(4,003)
December 31, 2018	-	-	11,016	45,973	48,354	3,678	-	109,021
Charge for year (Note 23)	-	7,264	1,328	10,114	12,678	-	-	31,384
Eliminated on disposals	-	-	-	(158)	-	-	-	(158)
Revaluation	-	(7,264)	-	-	-	-	-	(7,264)
December 31, 2019	-	-	12,344	55,929	61,032	3,678	-	132,983
<b>Carrying amounts</b>								
December 31, 2019	165,000	351,000	10,126	26,201	32,290	-	6,382	590,999
December 31, 2018	128,800	259,600	8,938	28,526	39,904	-	25,454	491,222

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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 (Expressed in Jamaican Dollars)

**4. Property and equipment (Continued)**

## The Company

	Freehold land \$'000	Freehold buildings \$'000	Furniture & fixtures \$'000	Office equipment \$'000	Computer hardware \$'000	Motor vehicles \$'000	Work-in- progress \$'000	Total \$'000
<b>Cost</b>								
January 1, 2018	95,000	160,000	12,368	47,793	46,012	3,678	1,070	365,921
Transfers to intangible assets	-	1,070	268	438	-	-	(1,070)	706
Additions	31,000	57,555	2,230	3,108	2,399	-	25,454	121,746
Disposal	-	-	(365)	(649)	6	-	-	(1,008)
Revaluation	2,800	40,975	-	-	-	-	-	43,775
December 31, 2018	128,800	259,600	14,501	50,690	48,417	3,678	25,454	531,140
Transfers to intangible assets	8,000	16,999	455	-	-	-	(25,454)	-
Reclassification	-	-	119	-	-	-	-	119
Additions	-	32,531	1,385	7,743	3,289	-	6,382	51,330
Disposal	-	-	-	(287)	-	-	-	(287)
Revaluation	28,200	41,870	-	-	-	-	-	70,070
December 31, 2019	165,000	351,000	16,460	58,146	51,706	3,678	6,382	652,372
<b>Depreciation</b>								
January 1, 2018	-	-	7,364	25,231	20,441	3,372	-	56,408
Charge for year ( Note 23)	-	4,003	811	7,755	6,603	306	-	19,478
Eliminated on disposals	-	-	(351)	(644)	2	-	-	(993)
Revaluation adjustment	-	(4,003)	-	-	-	-	-	(4,003)
December 31, 2018	-	-	7,824	32,342	27,046	3,678	-	70,890
Charge for year (Note 23)	-	7,264	976	6,967	6,823	-	-	22,030
Eliminated on disposals	-	-	-	(158)	-	-	-	(158)
Revaluation adjustment	-	(7,264)	-	-	-	-	-	(7,264)
December 31, 2019	-	-	8,800	39,151	33,869	3,678	-	85,498
<b>Carrying amounts</b>								
December 31, 2019	165,000	351,000	7,660	18,995	17,837	-	6,382	566,874
December 31, 2018	128,800	259,600	6,677	18,348	21,371	-	25,454	460,250

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**

**4. Property and equipment (Continued)**

The Group’s policy is to record its land and building at fair value. Consequently freehold land and buildings are included at valuation based on fair market value (See Note 3(d)) as expressed by external professional valuers, Easton Douglas Consultants Limited on December 2019.

The fair value was determined based on the cost approach that reflects the prices of properties comparable in quality and location.

Had the land and buildings been measured on a historical cost basis, their carrying amount would have been as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$’000</b>	<b>\$’000</b>
Freehold land	43,997	35,997
Freehold buildings	174,881	137,362

The following useful lives are used in the calculation of depreciation of property and equipment:

Buildings	-	40 years
Furniture and fixtures	-	10 years
Office equipment	-	5 years
Computer hardware	-	5 years
Motor vehicles	-	5 years

No depreciation is provided on freehold land, land improvements and work-in-progress.

Property revaluation reserve

The property revaluation reserve represents the fair value gains and losses arising on the revaluation of land and buildings that have been recognised in other comprehensive income.

	<b>The Group and the Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$’000</b>	<b>\$’000</b>
Balance at January 1	176,422	143,637
Net gain arising on revaluation of land and buildings	77,334	47,778
Deferred tax adjustments on buildings	(16,379)	(14,993)
Balance at December 31	<u>237,377</u>	<u>176,422</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Expressed in Jamaican Dollars)**
**5. Intangible assets**

	The Group			The Company		
	Computer Software \$'000	Computer Development Project \$'000	Total \$'000	Computer Software \$'000	Computer Development Projects \$'000	Total \$'000
<b>Cost</b>						
January 1, 2018	75,957	21,719	97,676	51,490	9,852	61,342
Transfers to property and equipment	4,592	(5,298)	(706)	4,592	(5,298)	(706)
Additions	3,751	7,299	11,050	2,996	1,490	4,486
Transfer to subsidiary	4,554	(4,554)	-	-	(4,554)	(4,554)
December 31, 2018	88,854	19,166	108,020	59,078	1,490	60,568
Transfers to property and equipment	1,327	(7,136)	(5,809)	1,327	(1,327)	-
Additions	115,552	11,533	127,085	98,710	10,953	109,663
Reclassification	-	(119)	(119)	-	(119)	(119)
December 31, 2019	205,733	23,444	229,177	159,115	10,997	170,112
<b>Amortisation</b>						
January 1, 2018	37,424	-	37,424	18,109	-	18,109
Charge for the year	21,434	-	21,434	14,969	-	14,969
December 31, 2018	58,858	-	58,858	33,078	-	33,078
Charge for the year	28,023	-	28,023	21,537	-	21,537
December 31, 2019	86,881	-	86,881	54,615	-	54,615
<b>Carrying amounts</b>						
December 31, 2019	118,852	23,444	142,296	104,500	10,997	115,497
December 31, 2018	25,442	23,720	49,162	26,000	1,490	27,490

Amortisation of the computer software is calculated based on an estimated useful life of 3 - 5 years. Amortisation is not calculated on computer software in development.

During 2018, computer software amounting to \$4.55 million was transferred at cost to JCSD Trustee Services Limited (a subsidiary).

**6. Investment in subsidiary**

	The Company	
	2019 \$'000	2018 \$'000
Shares at cost in Jamaica Central Securities Depository Limited	61,000	61,000

**7. Employee benefits**

The Group operates a defined benefit pension plan for its employees. The plan is open to all permanent employees and is administered by Victoria Mutual Pensions Management Limited. The plan is funded by employee contributions of 5% of pensionable salary, with an option for additional voluntary contributions of up to 8.4% of pensionable salary. The companies in the Group contribute to the plan at rates determined periodically by external actuarial valuations (currently 6.6% of pensionable salary) to meet the obligations of the plan.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**


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**7. Employee benefits (Continued)**

Pension benefits are determined on the basis of 2% of final annual pensionable salary times pensionable years of service.

The Trustees administer an irrevocable trust for providing pensions and other benefits to employees of The Jamaica Stock Exchange Limited and Jamaica Central Securities Depository Limited (the employers). The benefits are provided in accordance with the provisions of the rules of The Jamaica Stock Exchange Superannuation Pension Plan (the Plan) (formerly Jamaica Stock Exchange Pension Scheme) and funding as recommended by the actuaries to meet past and future liabilities of the Plan.

Contributions are received from The Jamaica Stock Exchange Limited and Jamaica Central Securities Depository Limited on behalf of the employees who are eligible for membership. Management determines the level of contribution required to the Plan on the recommendation of the Trustees. The Trustees make and approve changes by the Investment Manager, Custodian/Trustee, Actuary, Plan Administrator and Investment Consultant; monitor and review performance of the Investment Manager at least quarterly; review the Plan's performance on a quarterly basis and approve any deviation from investment policy; review the actuarial valuation, changes in methods and assumptions and their impact upon the Plan; and review investment policies and principles at least annually.

Performance targets are set to achieve appropriate investment asset mix and diversification, rate of return above inflation and rate of return above a benchmark portfolio constructed on specified market indices and Government instruments. The primary objective of the Plan is to maximize the benefit paid to members at retirement through optimisation of returns on investments within constraint of risk exposure in the asset mix strategy. The asset mix of the Plan consists of long-term asset mix strategy with average equity content providing that the equity component is well diversified. The Plan is exposed to interest rate risk, inflation and changes in life expectancy for pensioners. Note 7(g) details the Plan's exposure in respect of various financial assets.

The most recent triennial actuarial valuation was carried out at December 31, 2018, by Duggan Consulting Limited, a qualified actuary. The valuation indicated that the Plan was adequately funded with funding ration of 103% to finance past service liabilities. The present value of the defined benefit obligation and the related current service costs and past service costs have been measured using the projected unit credit method.

(a) Principal assumptions used for the purpose of the actuarial valuations:

**Financial Assumptions**

	<b>2019</b>	<b>2018</b>
Discount rate	7.5%	7.0%
Expected rate of future salary increases	5.0%	4.0%
Future pension increases	-%	-%
Administrative expenses	1.6%	1.5%

The weighted average duration of the defined benefit obligation as at December 31, 2019 is 17.9 years (2018: 18.2 years) for the Group and 16.9 years (2018: 17.1 years) for the Company.

**Mortality**

American 1994 Group Annuitant Mortality (GAM94) table with 5 year mortality improvement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**7. Employee benefits (Continued)**

- (b) Amount included in the separate and consolidated statement of financial position in respect of the Plan:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Fair value of plan assets	660,742	525,156	480,789	371,707
Present value of defined benefit obligations	(530,632)	(435,344)	(386,115)	(308,137)
Net asset in the statement of financial position	<u>130,110</u>	<u>89,812</u>	<u>94,674</u>	<u>63,570</u>

- (c) Amounts recognised in profit or loss and other comprehensive income in respect of the plan:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Items in profit or loss				
Current service costs	19,136	13,995	13,659	10,635
Interest costs	32,191	29,220	23,084	20,490
Return on plan assets	(37,347)	(38,401)	(26,709)	(27,032)
Net expense for year recognised in profit or loss	<u>13,980</u>	<u>4,814</u>	<u>10,034</u>	<u>4,093</u>
Items in Other Comprehensive Income (OCI):				
Re-measurements loss on obligation for OCI	42,816	36,162	31,354	34,528
Re-measurements loss (gain) on assets for OCI	(81,487)	8,240	(62,673)	(3,446)
Total re-measurements for OCI	<u>(38,671)</u>	<u>44,402</u>	<u>(31,319)</u>	<u>31,082</u>
	<u>(24,691)</u>	<u>49,216</u>	<u>(21,285)</u>	<u>35,175</u>

- (d) Movement in the net asset recognised in the separate and consolidated statement of financial position:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net asset at start of year	89,812	126,561	63,570	91,057
Net income/(loss) from profit or loss and OCI	24,691	(49,216)	21,285	(35,175)
Contributions by Company	<u>15,607</u>	<u>12,467</u>	<u>9,819</u>	<u>7,688</u>
Net asset at end of year	<u>130,110</u>	<u>89,812</u>	<u>94,674</u>	<u>63,570</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**7. Employee benefits (Continued)**

(e) Changes on the present value of the defined benefit obligations:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Opening defined benefit obligations	435,344	338,474	308,137	243,520
Service cost	30,984	23,439	21,098	16,459
Interest cost	32,191	29,220	23,084	20,490
Members' contributions	9,915	7,856	6,005	5,006
Benefits paid/deferred benefits (net)	(20,618)	193	(3,563)	(11,866)
Re-measurement loss	42,816	36,162	31,354	34,528
Closing defined benefit obligations	<u>530,632</u>	<u>435,344</u>	<u>386,115</u>	<u>308,137</u>

(f) Changes in fair value of Plan assets:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Opening fair value of Plan assets	525,156	465,035	371,707	334,577
Members' contributions	21,763	17,300	13,444	10,830
Employer's contributions	15,607	12,467	9,819	7,688
Interest income on plan assets	37,347	38,401	26,709	27,032
Benefits paid/deferred benefits (net)	(20,618)	193	(3,563)	(11,866)
Re-measurement gain on asset for OCI	81,487	(8,240)	62,673	3,446
Closing fair value of plan assets	<u>660,742</u>	<u>525,156</u>	<u>480,789</u>	<u>371,707</u>

(g) The fair value of Plan assets is analysed as follows:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Corporate bonds	127,165	158,398	92,532	112,114
Equity investments	333,314	230,994	242,536	163,498
Foreign currency bonds	-	-	-	-
Government of Jamaica securities	103,688	48,859	75,449	34,582
Real estate	-	-	-	-
Repurchase agreements	35,505	3,216	25,835	2,276
Unit trust	10,294	7,415	7,490	5,248
Certificate of deposit	22,238	33,526	16,181	23,730
VMWM Deferred Shares	16,450	16,450	11,970	11,643
Others	12,088	26,298	8,796	18,616
Fair value of Plan assets	<u>660,742</u>	<u>525,156</u>	<u>480,789</u>	<u>371,707</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**7. Employee benefits (Continued)**

(h) The history of experience adjustments is as follows:

	<b>The Group and The Company Defined Benefit Pension Plan</b>				
	<b>2019 \$'000</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Present value of defined benefit obligation	(530,632)	(435,344)	(338,474)	(262,999)	(208,767)
Fair value of plan assets	660,742	525,157	465,036	395,454	327,556
Surplus in the plan	<u>130,110</u>	<u>89,813</u>	<u>126,562</u>	<u>132,455</u>	<u>118,789</u>
Re-measurement loss on obligation for OCI	42,816	36,162	31,154	26,412	21,065
Re-measurement gain/(loss) on assets for OCI	<u>(81,487)</u>	<u>8,240</u>	<u>(16,722)</u>	<u>33,799</u>	<u>67,890</u>

	<b>The Company Defined Benefit Pension Plan</b>				
	<b>2019 \$'000</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>	<b>2016 \$'000</b>	<b>2015 \$'000</b>
Present value of defined benefit obligation	(386,115)	(308,137)	(243,520)	(183,804)	(138,081)
Fair value of plan assets	480,789	371,707	334,577	276,374	216,649
Surplus in the plan	<u>94,674</u>	<u>63,570</u>	<u>91,057</u>	<u>92,570</u>	<u>78,568</u>
Re-measurement loss on obligation for OCI	31,354	34,528	31,589	23,311	7,826
Re-measurement gain/(loss) on assets for OCI	<u>(62,673)</u>	<u>(3,446)</u>	<u>(24,428)</u>	<u>33,371</u>	<u>36,974</u>

(i) Sensitivity analyses

## 1. Discount rate

	<b>2019</b>			
	<b>Group</b>		<b>Company</b>	
	<b>1% decrease in Discount rate Assumption \$'000</b>	<b>1% increase in Discount rate Assumption \$'000</b>	<b>1% decrease in Discount rate Assumption \$'000</b>	<b>1% increase in Discount rate Assumption \$'000</b>
Defined benefit obligation	<u>572,534</u>	<u>(493,806)</u>	<u>414,334</u>	<u>(361,131)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**7. Employee benefits (Continued)**

## (i) Sensitivity analyses (continued)

## 1. Discount rate (continued)

	2018			
	Group		Company	
	1% decrease in Discount rate Assumption \$'000	1% increase in Discount rate Assumption \$'000	1% decrease in Discount rate Assumption \$'000	1% increase in Discount rate Assumption \$'000
Defined benefit obligation	470,045	(404,907)	331,326	(287,697)

## 2. Salary Assumption

	2019			
	Group		Company	
	1% decrease in Salary Assumption \$'000	1% increase in Salary Assumption \$'000	1% decrease in Salary Assumption \$'000	1% increase in Salary Assumption \$'000
Defined benefit obligation	(514,153)	548,111	(375,476)	397,364

	2018			
	Group		Company	
	1% decrease in Salary Assumption \$'000	1% increase in Salary Assumption \$'000	1% decrease in Salary Assumption \$'000	1% increase in Salary Assumption \$'000
Defined benefit obligation	(422,483)	449,203	(299,780)	317,088

## 3. Actuarial losses on defined benefit obligation arising from:

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assumptions	6,153	(8,267)	5,184	(6,802)
Experience adjustments	(48,970)	(27,895)	(36,539)	(27,726)
Total actuarial losses	(42,817)	(36,162)	(31,355)	(34,528)

The Group and the Company expect to make contributions of \$22.5 million and \$10.7 million, respectively, (2018: \$18.70 million and \$9.30 million, respectively) to the defined benefit plan during the next financial year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**7. Employee benefits (Continued)**

The Plan assets do not include any of the Group's own financial instruments, nor any property occupied by or other assets used by the Group.

**8. Investment in securities**

(a) Non-current:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Investment in securities at FVOCI:				
GOJ Variable Rates Benchmark Investment Notes 2.12% (2023) 2.03% (2018: 2020- 2023)	4,022	18,359		4,415
Victoria Mutual Building Society FR 7% Note 2024	50,976	-	-	-
GOJ US\$ 8% Global Bond 2039 (nominal value US\$540,000)	110,327	92,022	110,327	92,022
GOJ US\$ 8% Global Bond 2039 (nominal value US\$190,000)	38,834	31,475	-	-
	<u>204,159</u>	<u>141,856</u>	<u>110,327</u>	<u>96,437</u>

Included in the investment balances above is interest receivable in the amount of \$4.05 million for the Group and \$1.63 million for the Company (2018: \$2.23 million for the Group and \$1.64 million for the Company).

(b) Current:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Investment in securities at FVOCI:				
GOJ VR 1.99% Benchmark Investments 2020	14,345	-	4,417	-
GOJ FR 8.5% Benchmark Investments 2019	-	9,767	-	9,767
	14,345	9,767	4,417	9,767
Investment in securities at FVPL:				
Investment in Unit Trust	10,561	8,655	8,070	6,435
	<u>24,906</u>	<u>18,422</u>	<u>12,487</u>	<u>16,202</u>

Included in the investment balances above is interest receivable in the amount for the Group and \$0.021 million for the Company (2018: \$0.39 million for the Group and the Company).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**8. Investment in securities (Continued)**

(c) Movement in investment in securities:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
The movement for the year in debt instrument financial assets is as follows:				
Balance at January 1	160,278	218,545	112,639	143,641
Additions	45,000	-	-	-
Foreign exchange gain/(loss)	10,304	(5,846)	7,961	(1,643)
Investment premium/discount	(751)	(892)	(597)	(875)
Fair value gains/losses through profit and loss	1,420	(1,443)	1,149	(1,543)
Movement in fair value of debt instrument financial assets	21,949	(5,886)	10,797	(6,941)
Disposal of investments	(9,135)	(44,200)	(9,135)	(20,000)
Balance at December 31	<u>229,065</u>	<u>160,278</u>	<u>122,814</u>	<u>112,639</u>

**9. Long-term receivables**

These represent loans granted to employees predominantly for motor vehicle purchases. The loans are repayable by monthly installments and are for a period of 5 years. These loans carry an interest rate of 10% per annum. The current portion of these loans, due within twelve months from the end of the reporting period, amounting to \$7.23 million (2018: \$7.24 million) for the Group and \$4.78 million (2018: \$4.34 million) for the Company is included in other receivables (Note 11). Management has determined that any ECL on these loans would be immaterial to the consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**10. Related party transactions/balances**

- (a) During the year, the Group and the Company had the following transactions with related parties in the normal course of business.

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Subsidiary				
Jamaica Central Securities Depository Limited				
Lease payments/(2018 Rental Income)	-	-	4,109	2,163
Professional fees	-	-	1,409	1,058
Related party				
JSE Compensation Fund				
Administrative fee	24,360	30,915	24,360	30,915

- (b) Amount due from/(to) related parties

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Jamaica Central Securities Depository Limited	-	-	(56,552)	(79,584)
Amount owed by related party: JSE Compensation Fund	682	2,684	682	2,684

- (c) Dividend received during the year

During the year, dividend of \$178 million (2018: \$159 million) was received from the Company's subsidiary (Note 20).

- (d) Compensation of key management personnel

The remuneration of management during the year were as follows:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Short-term benefits	90,132	66,502	47,923	33,324
Post employment benefits	4,547	3,393	2,352	1,630
	94,679	69,895	50,275	34,954

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**10. Related party transactions/balances (Continued)**

## (e) Loans to related parties

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Loans to key management personnel	4,680	2,707	3,708	2,160

**11. Trade and other receivables**

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cess receivable	58,253	99,651	50,644	86,690
Fees receivable	140,561	93,336	-	-
E-campus	13,332	5,765	13,332	5,765
Registrar service fee	32,032	25,093	-	-
Other	22,810	31,606	22,446	26,791
	266,988	255,451	86,422	119,246
Less: Loss allowance (Note 29(d))	(43,037)	(37,836)	(10,320)	(7,749)
	223,951	217,615	76,102	111,497
Prepayments	46,267	30,158	15,549	17,320
	270,218	247,773	91,651	128,817

The average credit period on services is 30 days. No interest is charged on the trade and other receivables in accordance with the Group's policy.

**12. Government securities purchased under resale agreements**

The Group entered into repurchase agreements collateralised by the Government of Jamaica securities. These agreements may result in credit exposure in the event that the counterparties of these transactions are unable to fulfill their contractual obligations. The fair value of collateral pursuant to repurchase agreements is \$320.17 million for the Group and \$214.39 million for the Company (2018: \$214.39 million for the Group and \$38.92 million for the Company).

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Jamaican dollar denominated	265,122	178,866	47,275	27,603
United States dollar denominated Group				
US\$ 426,496 (2018:282,070 Company				
(US\$112,462) (2018: US\$89,505)	55,354	35,524	14,597	11,268
Interest receivable	1,063	335	344	89
Less: loss allowances (Note 29(d))	(1,371)	(335)	(52)	(44)
	320,168	214,390	62,164	38,916

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**12. Government securities purchased under resale agreements (Continued)**

The weighted average effective interest rates on repurchase agreements held during the year were:

	The Group		The Company	
	2019	2018	2019	2018
	%	%	%	%
Jamaican dollar denominated	2.26	2.00	2.08	2.17
United States dollar denominated	2.64	1.94	1.67	1.94

**13. Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks.

Cash and cash equivalents at the reporting date as shown in the statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash on hand and in banks	<u>107,112</u>	<u>240,943</u>	<u>19,374</u>	<u>81,678</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Of the \$107.11 million (2018: \$240.94 million) for the Group and \$19.37 million (2018: \$81.77 million) for the Company, \$10.35 million for the Group (2018: \$186.02 million) and \$6.27 million for the Company (2018: 76.60 million) are held in USD, with an interest rate of 0.10% (2018: 0.10%) for the Group and 0.10% (2018: 0.10%) for the Company, while \$13.10 million (2018: 54.92 million) for the Group and \$13.11 million (2018: \$158.28 million) for the Company are held in JMD, and are non-interest bearing.

**14. Share capital**

	2019	2018
	\$'000	\$'000
Authorised:		
2,400,000,000 ordinary shares of no par value (2018: 2,400,000,000)		
100,000,000 preference shares of no par value (2018: 100,000,000)		
Issued capital:		
701,250,000 ordinary stocks of no par value (2018: 701,250,000)		
Nil preference shares of no par value		
Issued capital:		
At January 1 and December 31 - ordinary stocks	<u>238,146</u>	<u>238,146</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**15. Fair value reserve**

The reserve represents the fair value adjustment relating to investment in securities (Note 8).

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at January 1	11,065	17,209	8,261	12,554
Net gain arising on revaluation of FVOCI	26,939	(7,962)	16,155	(4,485)
Net gain reclassified to profit on sale of investment	-	(642)	-	(642)
Deferred tax adjustments on FVOCI: financial assets (Note 18)	(8,980)	2,765	(5,385)	1,709
Net impairment investments	814	(305)	27	(253)
	<u>18,773</u>	<u>(6,144)</u>	<u>10,797</u>	<u>(3,671)</u>
Balance at December 31	<u>29,838</u>	<u>11,065</u>	<u>19,058</u>	<u>8,261</u>

The fair value reserve represents the cumulative gains and losses arising on the revaluation of FVOCI financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

**16. Revenue reserve – Non Distributable**

In order to provide custody services to its clients, JCSD Trustee Services Limited (the "subsidiary") is required by the Financial Services Commission to have a minimum of \$50 million as Non-Distributable Capital. Consequently during the year ended December 31, 2015, in order to meet this requirement, the subsidiary received approval from the Board of Directors to transfer \$48.37 million from Revenue Reserves to Revenue Reserves – Non-Distributable.

**17. Revenue reserve**

Reflected in the financial statements of the Group:

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Parent company	395,706	322,852
Subsidiaries	520,819	328,515
	<u>916,525</u>	<u>651,367</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**18. Deferred tax**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets	3,969	2,879	2,999	2,024
Deferred tax liabilities	(107,843)	(57,037)	(86,187)	(45,184)
Net position at the end of the year	<u>(103,874)</u>	<u>(54,158)</u>	<u>(83,188)</u>	<u>(43,160)</u>

The movement in the net deferred tax position was as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At January 1	(54,158)	(79,813)	(43,160)	(67,342)
Credited/(Charged) to income for the year (Note 24)	(11,466)	23,082	(7,824)	27,105
Charged to equity	(29,270)	(192)	(26,819)	(4,632)
Credited/(Charged) to fair value reserve for the year (Note 15)	(8,980)	2,765	(5,385)	1,709
At December 31	<u>(103,874)</u>	<u>(54,158)</u>	<u>(83,188)</u>	<u>(43,160)</u>

The following are the deferred tax assets and deferred tax liabilities recognised by the Group during the year:

**Deferred tax assets**

	<b>The Group</b>	
	<b>Accrued Vacation \$'000</b>	<b>Total \$'000</b>
At January 1, 2018	1,773	1,773
Credited to income for the year	1,106	1,106
At December 31, 2018	2,879	2,879
Credited to income for the year	1,090	1,090
At December 31, 2019	<u>3,969</u>	<u>3,969</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**18. Deferred tax (Continued)**
**Deferred tax assets (continued)**

	<b>The Company</b>	
	<b>Accrued Vacation \$'000</b>	<b>Total \$'000</b>
At January 1, 2018	1,151	1,151
Credited to income for the year	873	873
At December 31, 2018	2,024	2,024
Credited to income for the year	975	975
At December 31, 2019	2,999	2,999

**Deferred tax liabilities**

	<b>The Group</b>					
	<b>Capital Allowance in excess of Depreciation \$'000</b>	<b>Interest receivable \$'000</b>	<b>Unrealised gains in investment in securities \$'000</b>	<b>Retirement Benefit Asset \$'000</b>	<b>Property Revaluation Reserve \$'000</b>	<b>Total \$'000</b>
January 1, 2018	(2,073)	(1,522)	(8,986)	(42,188)	(26,817)	(81,586)
Credited/(Charged) to income for the year	23,988	539	-	(2,551)	-	21,976
Credited/(Charged) to equity for the year	-	-	-	14,801	(14,993)	(192)
Charged to fair value reserve (Note 15)	-	-	2,765	-	-	2,765
At December 31, 2018	21,915	(983)	(6,221)	(29,938)	(41,810)	(57,037)
Credited/(Charged) to income for the year	(11,253)	(760)	-	(543)	-	(12,556)
Credited/(Charged) to equity for the year	-	-	-	(12,891)	(16,379)	(29,270)
Credited to fair value reserve (Note 15)	-	-	(8,980)	-	-	(8,980)
December 31, 2019	10,662	(1,743)	(15,201)	(43,372)	(58,189)	(107,843)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**18. Deferred tax (Continued)**
**Deferred tax assets (continued)**

	<b>The Company</b>					
	<b>Capital Allowance in excess of Depreciation \$'000</b>	<b>Interest receivable \$'000</b>	<b>Unrealised gains in investment in securities \$'000</b>	<b>Retirement Benefit Asset \$'000</b>	<b>Property Revaluation Surplus \$'000</b>	<b>Total \$'000</b>
January 1, 2018	(3,676)	(1,039)	(6,608)	(30,353)	(26,817)	(68,493)
Credited/(Charged) to income for the year	27,081	350	-	(1,199)	-	26,232
Credited/(Charged) to equity for the year	-	-	-	10,361	(14,993)	(4,632)
Charged to fair value reserve (Note 15)	-	-	1,709	-	-	1,709
At December 31, 2018	23,405	(689)	(4,899)	(21,191)	(41,810)	(35,290)
Credited/(Charged) to income for the year	(8,895)	25	-	71	-	(8,799)
Credited/(Charged) to equity for the year	-	-	-	(10,440)	(16,379)	(26,819)
Credited to fair value reserve (Note 15)	-	-	(5,385)	-	-	(5,385)
December 31, 2019	14,510	(664)	(10,284)	(31,560)	(58,189)	(76,293)

**19. Payables and accruals**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019 \$'000</b>	<b>2018 \$'000</b>	<b>2019 \$'000</b>	<b>2018 \$'000</b>
Trade payables	102,273	223,893	65,144	58,239
Accruals	47,158	26,867	42,726	22,458
Other payables	14,010	8,870	-	-
Payables and accruals	<u>163,441</u>	<u>259,540</u>	<u>107,870</u>	<u>80,697</u>

No interest is charged on the payables balance. The Group has financial risk management policies to ensure that all payables are paid within the agreed credit terms.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Expressed in Jamaican Dollars)**
**20. Other operating income**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Regional conference	26,368	19,406	26,368	19,406
Administrative fee	24,353	30,914	24,353	30,914
Dividend income	-	-	178,000	159,000
Other	32,955	22,606	33,849	21,934
	<u>83,676</u>	<u>72,926</u>	<u>262,570</u>	<u>231,254</u>

Included in other income of the Company in an amount of \$178 million (2018: \$159 million) representing dividend income received from its subsidiary during the year.

**21. Staff costs**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Salaries and other employee benefits	401,754	323,107	216,381	179,312
Statutory contributions	34,360	25,144	15,202	12,731
Charge on pension plan (Note 7(c))	13,979	4,814	10,033	4,093
	<u>450,093</u>	<u>353,065</u>	<u>241,916</u>	<u>196,136</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**22. Investment income**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
(a) Investment income includes:				
Interest income	16,271	16,174	7,693	8,973
Foreign exchange (loss)/gain	5,107	3,786	3,090	2,203
Investment premium/discount	(750)	-	(596)	-
Net impairment loss on investments reversed(recognized)	-	(202)	-	(52)
Fair value gain/(loss) through profit and loss	1,420	(899)	1,149	(999)
	<u>22,048</u>	<u>18,859</u>	<u>11,336</u>	<u>10,125</u>
(b) Investment income earned, analysed by category of financial asset is as follows:				
Receivables at amortised cost (Loans and receivables)	8,335	7,521	1,972	2,307
Debt instruments at FVOCI	13,713	11,332	9,364	7,818
	<u>22,048</u>	<u>18,859</u>	<u>11,336</u>	<u>10,125</u>

**23. Profit before taxation**

Profit before taxation is stated after taking account of the following:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Income:				
Interest	16,271	16,174	7,693	8,973
Expenses:				
Directors' fees	13,721	12,626	11,048	10,030
Management	27,822	23,784	25,258	21,624
Audit fees	5,111	4,646	3,081	2,801
Depreciation of property and equipment	31,384	28,950	22,030	19,478
Amortisation of intangible assets	28,023	21,434	21,537	14,969

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**24. Taxation**

Recognised in profit or loss

(i) The charge for the year represents

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current tax	271,729	202,521	78,473	70,108
Deferred tax (Note 18)	11,466	(23,082)	7,824	(27,105)
	<u>283,195</u>	<u>179,439</u>	<u>86,297</u>	<u>43,003</u>

(ii) The charge for the year is reconciled to the profit as per the statement of comprehensive income as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	803,072	592,502	418,772	359,160
Tax at the domestic income tax rate of 33 $\frac{1}{3}$ %	267,691	197,501	139,591	119,720
Tax effect of items that are not deductible in determining taxable profits	4,611	18,851	4,304	690
Effect of income not taxable	-	-	(59,333)	(53,000)
Other	10,893	(36,913)	1,735	(24,407)
	<u>283,195</u>	<u>179,439</u>	<u>86,297</u>	<u>43,003</u>

**25. Profit of the Group for the year**

Reflected in the financial statements of the:

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Parent company	332,474	316,157
Subsidiaries	365,404	255,906
Less Dividend paid to parent company	(178,000)	(159,000)
	<u>519,878</u>	<u>413,063</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**26. Earnings per stock unit**

The basic earnings per stock units is calculated by dividing the profit by the weighted average number of ordinary stock unit.

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
Profit (\$'000)	519,878	413,063
Weighted average number of ordinary stock units	701,250,000	701,250,000
Basic earnings per stock unit	<u>\$0.74</u>	<u>\$0.59</u>

**27. Segment reporting**

The Group's operations are organized into four main business segments as follows:

- (a) Exchange operations – The operation and regulation of the stock exchange.
- (b) JCSD services – Services in connection with transferring and holding of securities, shares, stocks, bonds, debentures and registrar services.
- (c) Investments – Income derived from investing activities of the Group.
- (d) Trustee, custodianship, company management and other activities.

The Group's operations are located solely in Jamaica.

	<b>2019</b>					<b>Group \$'000</b>
	<b>Exchange operations \$'000</b>	<b>JCSD Services \$'000</b>	<b>Investment other \$'000</b>	<b>Trustees Services \$'000</b>	<b>Eliminations \$'000</b>	
Over time	207,346	33,590	-	175,612	-	416,548
Point in time	895,099	550,971	22,049	325,665	(313,903)	1,479,872
Revenue - external	<u>1,102,445</u>	<u>584,561</u>	<u>22,049</u>	<u>501,277</u>	<u>(313,903)</u>	<u>1,896,421</u>
Segment result/ Profit before taxation	418,772	350,053		322,248	(288,000)	803,073
Taxation						(283,195)
Profit for the year						<u>519,878</u>
Other information Depreciation and amortisation	43,567	9,554		6,287	-	59,408
Assets Segment assets	1,152,326	430,154		398,757	(175,605)	1,805,632
Liabilities Segment liabilities	262,041	123,221		63,092	(112,971)	335,382
Capital expenditure	161,128	19,182		457		180,767



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
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**27. Segment reporting (Continued)**

	2018					
	Exchange operations \$'000	JCS D Services \$'000	Investment other \$'000	Trustees Services \$'000	Eliminations \$'000	Group \$'000
Over time	159,215	27,765	-	125,356	-	312,336
Point in time	678,570	390,531	18,859	264,754	(255,343)	1,097,371
Revenue - external	837,785	418,296	18,859	390,110	(255,343)	1,409,707
Segment result/ Profit before taxation	359,160	223,192	18,944	243,150	(251,859)	592,502
Taxation						(179,439)
Profit for the year						<u>413,063</u>
Other information Depreciation and amortisation	34,447	9,237	-	6,700	-	50,384
Assets Segment assets	987,418	395,975	-	278,141	(149,706)	1,511,828
Liabilities Segment liabilities	241,737	187,452	-	44,347	(87,075)	386,461
Capital expenditure	122,432	6,592	-	883	-	129,927

**28. Commitments**

Capital commitments:

Capital commitments which were authorized and contracted for as at December 31, 2019, amounted to nil for the Group and Company in relation to a website development project and trading platform (2018: \$65.20 million for the Group and Company – in relation to a website development project).

**29. Financial instruments**

(a) Capital risk management:

The capital structure of the Group consists of equity attributable to the shareholders of the parent company comprising issued capital, reserves, and retained earnings.

The Group's objectives when managing its capital structure, which is a broader concept than the equity on the face of the separate and consolidated statement of financial position are:

- i) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- ii) To maintain a strong capital base to support the business development.

The Group's overall strategy remains unchanged from 2018.

The subsidiary is subject to externally imposed capital requirements (capital in excess of \$50 million). The subsidiary has complied with this requirement (Note 16).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**29. Financial instruments (Continued)**
**(b) Financial risk management objectives**

The Group's Investment Management Committee is responsible for recommending to the Board of Directors, through the Audit Committee, uniform investment decisions, policies and procedures for the operations of the Group. The specific duties of the Investment Management Committee are to receive and review data on current market conditions and economic outlook; review various risk reports submitted including fair value, credit risk, liquidity risk, market risk, and review monthly report on portfolios and establish quarterly investment portfolio strategies. The Group does not enter into or trade financial investments, including derivative financial instruments for speculative purposes.

**(c) Market risk**

The Group's investment activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and credit risk. The Group manages its risk through extensive research and monitors the risk exposures on the local and international markets.

There has been no change to the manner in which the Group manages and measures this risk.

**Foreign currency risk management**

The Group undertakes certain investment transactions denominated in currencies other than the Jamaican dollar. Exchange rate exposures are managed within approved policy parameters and maintaining a manageable balance in the types of investments.

The following balances held in United States dollars are included in these financial statements:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Investment in securities	149,161	129,932	110,327	98,457
Government securities purchased under resale agreements	55,354	35,524	14,597	11,268
Cash and cash equivalents	10,350	186,020	6,272	76,599
	<u>214,865</u>	<u>351,476</u>	<u>131,196</u>	<u>186,338</u>

**Sensitivity analysis**

The Group's investment portfolio is exposed to the United States dollar. The Group's sensitivity to a 6% increase or 4% decrease in the Jamaican dollar against the United States dollar is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**29. Financial instruments (Continued)**

## (c) Market risk (Continued)

## Sensitivity analysis (continued)

The sensitivity of the 4% (2018: 2%) decrease or 6% (2018: 4%) increase in the Jamaican dollar against the United States dollar exposure would be an increase in profit of the Group by \$8.59 million (2018: \$14.06 million) million or a decrease of \$12.89 million (2018: \$21.09 million) respectively; and for the Company, \$2.63 million (2018: J\$3.73 million) increase or \$7.87 million (2018: \$7.45 million) decrease.

The analysis is done on the same basis as 2018 and assumes that all other variables, in particular interest rate, remain constant.

## Interest rate risk management

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. Interest rate sensitivity analysis has been determined based on the exposure to interest rates for the Group's investment in securities at the end of reporting period as these are substantially the interest sensitive instrument impacting financial results. For floating rate financial assets and financial liabilities, the analysis assumes the amount outstanding at year end was outstanding for the whole year. A 100 (2018: 100) basis points increase or 100 (2018: 100) basis points decrease for local currency and 100 (2018: 100) basis points increase or 100 (2018: 50) basis points decrease for United States currency represents management's assessment of the reasonable possible change in interest rates.

Net effect on profit if market interest rates had been 100 or 100 basis points higher or lower for investment denominated in local currency and 100 or 50 basis points higher or lower for investments denominated in United States currency and all other variables were held constant is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Effect on profit increase 100 (2018: 100) basis points (J\$)	2,431	548	516	410
Effect on profit decrease 100 (2018: 100) basis points (J\$)	(2,431)	(548)	(516)	(410)
Effect on profit increase 100 (2018: 100) basis points (US\$)	1,609	1,209	953	900
Effect on profit decrease 100 (2018: 50) basis points (US\$)	(1,609)	(1,209)	(953)	(900)

The Group's and the Company's sensitivity to interest rates has increased during the current year as the Group had an increase in the number of variable rate financial instruments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**29. Financial instruments (Continued)**

## (d) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is guided by the investment policies and procedures of the Company. In relation to bank accounts and investment securities, the Group, as a policy, deals only with credit worthy counterparties, to minimise credit risk exposures. In addition, limits are assigned to various counterparties by the Group.

Trade receivables consist of broker members of the Group and accordingly mitigates against credit risk in relation to such receivables. In the case of other receivables, ongoing credit evaluation is performed on the financial condition of those receivables.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Financial assets				
Debt investment financial assets	229,065	160,278	122,814	112,639
Long-term receivables	14,982	15,563	10,794	10,375
Trade and other receivables	223,951	217,615	76,102	111,497
Due from related parties	682	2,684	682	2,684
Government securities purchased under resale agreements	320,168	214,390	62,164	38,916
Cash and bank balances	107,112	240,943	19,374	81,678
	<u>895,960</u>	<u>851,473</u>	<u>291,930</u>	<u>357,789</u>

**Impairment of financial assets**

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

While cash and cash equivalents, due from related parties and long-term receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

*Trade receivables*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**29. Financial instruments (Continued)**

## (d) Credit risk management (Continued)

*Trade receivables (continued)*

The expected credit loss rates are based on the payment profiles of sales over the period of 36 months and the corresponding historical credit losses experienced within this period. The historical rates are adjusted to reflect current and forward-looking information on the macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Jamaica's GDP and the unemployment rate to be the most relevant factors and accordingly adjusts the historical loss rates based on the expected changes in these factors.

On this basis, the loss allowance as at December 31, 2018 and December 31, 2019 was determined as follows for trade receivables:

	The Group		The Company	
	Average Expected Credit Loss Rate	Adjusted Gross Carrying Amount \$'000	Average Expected Credit Loss Rate	Adjusted Gross Carrying Amount \$'000
<b>December 31, 2019</b>				
Current	0.05	158,224	0.03	70,325
30 - 60 days past due	0.04	43,192	0.03	5,528
61 - 90 days past due	0.11	22,465	0.10	1,564
91 – 180 days past due	0.21	14,308	0.24	2,030
More than 180 days past due	1.05	28,799	1.09	6,975
<b>Total</b>		<u>266,988</u>		<u>86,422</u>
<b>Loss allowance (Note 11)</b>		<u>43,037</u>		<u>10,320</u>

	The Group		The Company	
	Average Expected Credit Loss Rate	Adjusted Gross Carrying Amount \$'000	Average Expected Credit Loss Rate	Adjusted Gross Carrying Amount \$'000
<b>December 31, 2018</b>				
Current	0.024	174,044	0.017	99,334
30 - 60 days past due	0.030	27,568	0.040	12,737
61 - 90 days past due	0.090	11,138	0.140	1,364
91 – 180 days past due	0.140	12,642	0.390	728
More than 180 days past due	1.00	30,059	1.00	5,083
<b>Total</b>		<u>255,451</u>		<u>119,246</u>
<b>Loss allowance</b>		<u>37,836</u>		<u>7,749</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**29. Financial instruments (Continued)**

## (d) Credit risk management (Continued)

The closing loss allowances for trade receivables as at December 31, 2018 reconcile to the opening loss allowance as follows:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Opening loss allowance as at 1 January – calculated under IFRS 9	37,836	34,177	7,749	16,568
Increase/(Decrease) in loss allowance recognised in income statement	5,201	15,599	2,571	(3,482)
Receivables written off during the year as uncollectible	-	(11,940)	-	(5,337)
<b>At 31 December 2019 (Note 11)</b>	<b>43,037</b>	<b>37,836</b>	<b>10,320</b>	<b>7,749</b>

All of the entity's debt investments at amortised cost and FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The Group recognises the expected credit losses on the debt investments in the net impairment losses in the statement of profit and loss and OCI. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

**Debt investments**

The following table summarises the credit exposure of the Group and Company to businesses and government by sectors in respect of debt investments:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Government of Jamaica	345,174	153,843	114,744	106,204
Corporate	204,059	220,825	62,164	45,351
	<b>549,233</b>	<b>374,668</b>	<b>176,908</b>	<b>151,555</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Expressed in Jamaican Dollars)**
**29. Financial instruments (Continued)**

## (d) Credit risk management (Continued)

The closing loss allowances for debt investment at amortised cost as at 31 December 2019 is as follows:

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Opening loss allowance as at 1 January	335	806	44	35
(Decrease)/Increase in loss allowance recognised in statement of profit or loss	1,036	(471)	8	9
<b>At 31 December 2019</b>	<b>1,371</b>	<b>335</b>	<b>52</b>	<b>44</b>

*Debt investments carried at FVOCI*

The loss allowances for the financial assets at FVOCI of \$814,000 for the Group and \$27,000 for the Company.

*Change in loss allowance recorded in the statement of profit or loss*

	The Group		The Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade receivables	5,201	15,599	2,571	(3,482)
Debt securities at amortised cost	1,036	(471)	8	9
Debt securities at FVOCI	814	237	27	237
	<b>7,051</b>	<b>15,365</b>	<b>2,606</b>	<b>(3,236)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**29. Financial instruments (Continued)**
**(e) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash resources, banking facilities, and by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's and the Company's contractual maturity for its non-derivative financial assets and financial liabilities. The tables below have been drawn up based on undiscounted contractual maturities of financial assets including interest that will be earned on those except where the Group and the Company anticipates that the cash flows will occur in a different period, and in the case of financial liabilities, based on the earliest date on which the Group and the Company can be required to pay.

The Group							
	Weighted Average effective Interest rate %	Less than 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2019</b>							
<b>Financial assets</b>							
Non-interest bearing		105,861	277,568	-	-	-	383,429
Interest bearing	5.05	6,159	387	7,727	17,797	-	32,070
Variable interest rate Instruments	1.99	9,075	165,743	41,422	29,408	-	245,648
Fixed interest rate Instruments	3.64	27,600	4,004	50,062	59,114	202,418	343,198
		148,695	447,702	99,211	106,319	202,418	1,004,345
<b>Financial liabilities</b>							
Non-interest bearing		145,945	24,217	-	-	-	170,162

The Group							
	Weighted Average effective Interest rate %	Less than 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2018</b>							
<b>Financial assets</b>							
Non-interest bearing		83,995	276,238	-	-	-	360,233
Interest bearing	5.05	76,800	363	5,323	10,390	-	92,876
Variable interest rate Instruments	2.0	67,859	44,513	54,261	46,563	-	213,196
Fixed interest rate Instruments	4.19	27,648	6,831	24,709	57,442	208,005	324,635
		256,302	327,945	84,293	114,395	208,005	990,940
<b>Financial liabilities</b>							
Non-interest bearing		231,533	20,488	-	-	-	252,021



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**29. Financial instruments (Continued)**

## (e) Liquidity risk management (Continued)

		The Company						
		Weighted Average effective Interest rate %	Less than 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2019</b>								
<b>Financial assets</b>								
Non-interest bearing			22,197	78,468	-	-		100,665
Interest bearing			5,386	387	5,828	10,936	-	22,537
Variable interest rate instruments			2	-	4,461	-	-	4,463
Fixed interest rate instruments			16,917	3,256	48,034	22,427	149,714	240,348
			89,004	82,111	58,323	33,363	149,791	368,013
<b>Financial liabilities</b>								
Non-interest bearing			108,816	14,429	-	-	-	123,245

		The Company						
		Weighted Average effective Interest rate %	Less than 1 month \$'000	1 to 3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2018</b>								
<b>Financial assets</b>								
Non-interest bearing			11,462	127,952	-	-	-	139,414
Interest bearing		5.05	76,800	363	5,323	10,390	-	92,876
Variable interest rate instruments		1.96	1	-	84	4,461	-	4,546
Fixed interest rate instruments		4.36	27,648	4,611	22,554	25,217	174,734	254,764
			115,911	132,926	27,961	40,068	174,734	491,600
<b>Financial liabilities</b>								
Non-interest bearing			58,231	12,406	-	-	-	70,637

## (f) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions have been used to measure the Group's financial instruments that are carried at fair value:

- (i) Financial assets classified as debt instrument at FVOCI are measured at fair value using interpolated yields derived from quoted prices of similar instruments or broker quotes from market makers.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**29. Financial instruments (Continued)**

## (f) Fair value of financial instruments (Continued)

- (ii) The carrying amount of liquid assets and other assets maturing within one year is assumed to approximate their fair value. This assumption is applied to liquid assets and the other short-term elements of all other financial assets and financial liabilities.

No significant unobservable inputs were applied in the valuation of the Group's financial instruments classified as FVOCI and amortised cost.

## (g) Fair value measurement recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). There were no Level 3 fair value investments.

	<b>The Group</b>			
	<b>2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Property and equipment (land and building)			516,000	516,000
Debt securities at fair value through other comprehensive income	-	229,065	-	229,065
	-	229,065	516,000	745,065

	<b>The Group</b>			
	<b>2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Property and equipment (land and building)	-	-	388,400	388,400
Debt securities at fair value through other comprehensive income	-	160,278	-	160,278
	-	160,278	388,400	548,678

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**29. Financial instruments (Continued)**

(g) Fair value measurement recognised in the separate statement of financial position (Continued)

	<b>The Company 2019</b>			
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Property and equipment (land and building)	-	-	516,000	516,000
Debt securities at fair value through other comprehensive income	-	122,814	-	122,814
	-	122,814	516,000	638,814

	<b>The Company 2018</b>			
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
Property and equipment (land and building)	-		388,400	388,400
Debt securities at fair value through other comprehensive income	-	112,639	-	112,639
	-	112,639	388,400	501,039

**30. Dividends**

During the year ended December 31, 2019, two dividend payments were declared by the Board of Directors.

- On March 29, 2019, a dividend of \$ 0.25 per ordinary share was paid to shareholders. The total dividend paid was \$175.31 million. (2018: On April 20, 2018 a dividend of \$0.14 per ordinary share was paid to shareholders. The total dividend paid was \$95.01 million.)
- On August 9, 2019, a dividend of \$0.15 per ordinary share was paid to shareholders. The total dividend paid was \$105.19 million. (2018: On August 20, 2018 a dividend of \$0.16 per ordinary share was paid to shareholders. The total dividend paid was \$115.01 million.)

**31. Compensation Fund**

The Jamaica Stock Exchange Limited Compensation Fund ("the Fund") was created by contributions of the Exchange's member-dealers for the purpose of compensating investors who may have suffered pecuniary loss as a result of a defalcation or fraudulent misuse of securities or document of title to securities. The Exchange fulfils its obligations under Sections 27 through 35 of the Securities Act by its administration of the Fund.

Section 27(2) of the Securities Act stipulates that "The assets of the Compensation Fund are the property of the recognised stock exchange but shall be –

- Kept separate from all other property; and
- Held in trust for the purposes specified in this part."

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**31. Compensation Fund (Continued)**

Accordingly, the assets and liabilities of the Fund are segregated from those of the Exchange and separate audited financial statements are produced for the Fund.

**(a) Compensation Fund financial position**
**(i) Compensation Fund receipts**

These are contributions by member dealers of the Stock Exchange, based on a percentage of the volume of business done by them through the Exchange, for maintaining the Contingency Reserve Fund. However, during the year there were no contributions by the member dealers as the Board was of the view that the reserve was adequate for the specific purpose.

**(ii) Contingency reserve**

This Fund is created out of surpluses for the purpose of providing some protection to the investing public should they suffer pecuniary loss as a result of defalcation or fraudulent misuse of securities or documents of titles to securities. Provisions in respect of the fund are in accordance with Sections 27 to 35 of The Securities Act.

At December 31, 2019, the Fund had total assets of \$893.49 million (2018: \$859.33 million) and net equity of \$853.77 million (2018: \$822.23 million).

**32. IFRS 15 Revenue from contracts with customers**
***Disaggregation of revenue***

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service lines:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cess fee	697,321	494,711	610,156	432,870
Fee income	1,045,070	808,148	181,414	158,598
E-campus	48,305	15,063	48,305	15,063
Other operating income	83,676	72,926	262,570	231,254
	<b>1,874,372</b>	<b>1,390,848</b>	<b>1,102,445</b>	<b>837,785</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019  
(Expressed in Jamaican Dollars)**
**32. IFRS 15 Revenue from contracts with customers (Continued)**
**Reconciliation of contract liabilities**

Set out below us the reconciliation of contract liabilities with customers:

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	20,448	-	12,406	-
Additions during the year	420,317	332,784	209,369	171,621
Amount recognized as revenue	(416,548)	(312,336)	(207,346)	(159,215)
Ending balance	24,217	20,448	14,429	12,406

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue recognized that was included in the contract liability balance				
Fee income	386,936	309,839	177,734	156,718
E-campus	29,284	2,122	29,284	2,122
Other operating income	328	375	328	375
	416,548	312,336	207,346	159,215

**Balance – Contract liabilities**

	<b>The Group</b>		<b>The Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	24,217	20,448	14,429	12,406

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**32. IFRS 15 Revenue from contracts with customers (Continued)**
**Reconciliation of contract liabilities (Continued)**
**Timing of revenue recognition:**

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
At a point in time	1,457,824	1,078,512	895,099	678,570
Over time	416,548	312,336	207,346	159,215
	<u>1,874,372</u>	<u>1,390,848</u>	<u>1,102,445</u>	<u>837,785</u>

**Unsatisfied performance obligation**

The following table shows unsatisfied performance obligations resulting from (178 contracts for the Group 109 for the Company (2018:143 contracts for the Group, 62 for the Company).

	The Group		The Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Aggregate amount of the transaction price allocated to (2018:143) contracts that are partially or fully unsatisfied as at Dec 31	51,135	40,834	23,079	20,317

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of December 31, 2019 will be recognised as revenue during the next reporting period \$51.14 million for the Group and \$23.1 million for the Company (2018 : \$40.8 million for the Group and \$20.3 million for the Company). The Group/Company amount disclosed above does not include variable consideration which is constrained.

## FINANCIAL & STATISTICAL HIGHLIGHTS

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue (\$)	1,874,372,000	1,390,848,000.00	991,150,000.00	865,781,000.00	750,715,000.00	379,758,000.00	347,802,000.00	548,397,000.00	+309,628,000
Expenses(\$)	1,093,347,000	817,439,000.00	668,222,000.00	582,853,000.00	495,930,000.00	383,788,000.00	349,614,000.00	360,960,000.00	272,030,000
Income Before Taxes (\$)	592,502,000	592,502,000.00	338,052,000.00	334,736,000.00	254,785,000.00	(4,030,000.00)	1,812,000.00	187,437,000.00	37,598,000
Net Income After Tax (\$)	519,878,000	413,063,000.00	220,668,000.00	223,589,000.00	174,953,000.00	3,128,000.00	5,674,000.00	129,903,000.00	50,310,000
Compensation Fund (\$)	853,770,000	822,230,000.00	764,264,000.00	75,229,400.00	706,398,000.00	676,522,000.00	647,928,000.00	604,296,000.00	578,617,000
Members' Equity (\$)	1,470,253,000	1,125,367,000.00	948,780,000.00	808,081,000.00	621,927,000.00	561,023,000	552,757,000	571,460,000	467,734,000
Reported Share Volume (Millions)* (Units)	12,360.94	6,865.91	3,938.12	4,068.58	5,412.40	2,713.38	2,311.20	3,151.11	2,125.52
Daily Average Share Volume (Millions)* (Units)	49.44	27.35	15.75	16.07	21.40	10.80	9.21	12.60	8.43
Reported Dollar Value (Millions)* (\$)	112,498.75	81,318.35	43,553.54	53,516.89	72,077.50	14,801.45	17,364.21	66,294.86	22,241.92
Daily Average Dollars Value (Millions)* (\$)	449.99	323.98	174.21	213.21	284.89	58.93	69.18	265.18	88.26
JSE Combined Index as at December 31	505,253.98	384,556.50	294,986.58	204,960.10	158,269.14	78,223.45	82,934.95	93,503.79	97,134.00
JSE Market Index as at December 31	509,916.44	379,790.83	288,382.00	192,276.64	150,692.13	76,353.39	80,633.55	92,101.22	95,297.20
JSE Junior Market Index as at December 31	3,348.96	3,246.81	2,732.13	2,593.71	1,791.05	687.96	757.86	647.78	748.86
Member Organizations	13	13	13	12	12	12	11	11	11
New Listed Companies/Securities*	11/18	6/17	12/16	7/12	1/1	6/8	8/14	4/05	5/7
Total Listed Companies/Securities*	87/122	76/106	71/94	63/86	60/73	60/73	67	61	52
Total Shares Listed (Billions) (Main and Jnr)	102.48	74.22	77.54	71.41	61.29	62.35	61.20	51.04	51.51
Market Capitalization as at December 31:(Billion) (\$) (Main and Jnr)	2,081.30	1,523.61	1,163.53	800.00	683.51	322.93	519.57	612.74	691.44
JSE USD Equities Market Index as at December 31	226.23	159.61	166.16	164.50	161.06	135.35	92.86	67.86	78.57
Market Capitalization as at December 31:(Million) (\$) (USD Equities)	374.61	252.02	222.58	142.13	132.58	76.58	38.34	28.02	32.44

\*Includes Junior Market

△ Restated

∅ Loss due to Exceptional Item - Write off of Fixed Income Development (\$128.7M)

+ One off gain from disposal of property

## WHO IS A STOCKBROKER?

**A** stockbroker (sometimes shortened to broker) is a member/dealer of the Exchange and is the direct link between the client and the stock market. Orders to buy and sell shares on the stock exchange are handled exclusively by this person. Brokers represent public orders to buy or sell shares and work to get their customers the best price. Brokers participate electronically on the Trading Floor and have advanced tools to assist them in handling trades on behalf of their clients. He/she provides Investment advice and acts as an agent for people who wish to buy or sell shares. A commission is charged for these services. A stockbroker must obtain a member/dealer license to trade on the Exchange.

### WHY CAN'T I JUST BUY MY OWN STOCKS AT THE STOCK EXCHANGE?

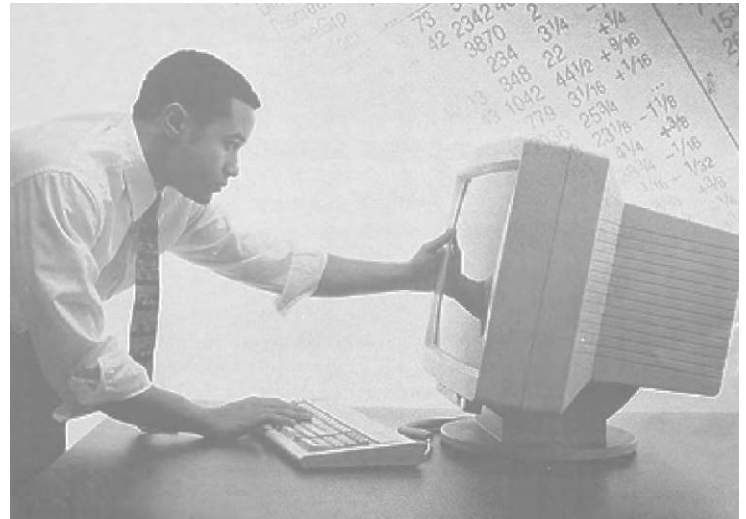
The broker acts on behalf of a person who wishes to buy or sell shares. It is more costly to buy stock without going through a stockbroker. Shares not traded on the Jamaica Stock Exchange will attract Stamp Duty and Transfer Tax. These charges are considerably higher than the customary brokerage fees. It therefore suits an investor to work through a stockbroker who can also give advice about the specific securities of interest. Further, trading through a broker on the Stock Market will be beneficial to you as you can get the use of a centralised market place.

### WHAT ARE THE LICENSING REQUIREMENTS FOR A STOCKBROKER?

To be able to trade securities on the Trading Floor of the Exchange, a trading license is required. Only qualified and approved JSE broker-dealer firms may acquire and hold trading licenses. A company has to be approved as a member/dealer by the Board of the Jamaica Stock Exchange. Senior executives, shareholders and employees dealing with the public must pass a “Fit and Proper” test and the firm has to meet certain basic financial requirements on an ongoing basis. Only approved representatives of stockbroking firms are allowed to trade on the floor of the Jamaica Stock Exchange.

### HOW MUCH DO STOCKBROKERS CHARGE?

Your stockbroker charges a fee called a commission, each time you buy and sell a stock. Commissions are used to pay for your broker's salary and for the services the firm provide. When you buy, you pay your broker for the value of the stock plus the commission and other charges. When you sell your stock, you receive the value of the stock less the commission and other charges.



The commission charged is agreed upon between the stockbroker and the client. Since March 1994, all commissions including those charged on corporate bonds, stock and block transactions were deregulated.

### HOW ELSE DO BROKERS EARN INCOME?

They can earn additional income by providing advisory and investment management services to clients.

### WHAT WILL THE STOCKBROKER DO FOR ME?

Your stockbroker, on your instructions, carries out your orders to buy or sell stocks. Some brokerage houses also provide you with regular information about market conditions affecting your investment, research material and advice on which stocks to buy or sell. He or she will also help you to keep an accurate and complete record of all your market transactions.

After each transaction is done on your behalf, your broker will also send you complete details. Although brokers can provide you with information about a particular stock, it is really up to you to choose which stocks to buy or sell.

*(Cont'd on next page)*



## WHO IS A STOCKBROKER?



### HOW DO I DECIDE ON A STOCKBROKER?

A stockbroker is like any professional. You should deal with the broker with whom you feel most comfortable and in whom you have the most confidence. In order to help determine this, first you need to establish your criteria, then speak with several brokers, and consult other investors.

Some firms advertise in the newspapers or business publications and are listed in the Yellow Pages of the telephone directory. Information about the Jamaica Stock Exchange member/dealers is provided in this booklet.

### HOW CAN I GET THE BEST SERVICES FROM MY STOCKBROKER?

By stating clearly up-front what your investment objectives are and then asking the broker how he/she would go about meeting those expectations. Thereafter show an interest in your account, seek your broker's advice, honour your agreements and settle your transactions on a timely basis.

### HOW DO I START TO BUY SHARES?

Before you can buy or sell stocks/shares you must open an account. You might want to arrange a personal meeting with your broker at his/her firm's offices.

### IF I AM DISSATISFIED WITH MY PRESENT BROKER, HOW WOULD I GO ABOUT CHANGING HIM/HER?

First, select a new broker whom you believe will be better likely or able to meet your objectives; settle all outstanding transactions with your previous broker; advise her/him of your intention to cease as well as your areas of dissatisfaction.

### IS IT PERMITTED / DESIRABLE TO WORK WITH MORE THAN ONE BROKER AT A TIME?

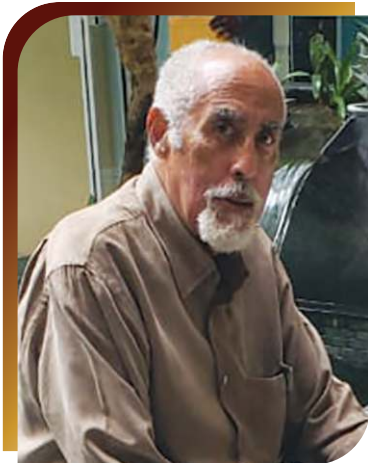
It is permitted and several clients consider it desirable. This is particularly true for large investors where consensus is considered useful or necessary. However, for smaller investors, practically speaking, there appears to be little advantage in dealing with more than one broker at a time. When multiple brokers are used, it is important to seek to avoid any conflict or confusion.

### HOW AM I PROTECTED IF MY BROKER'S BUSINESS SHOULD GO INTO BANKRUPTCY?

You are protected under civil law and the Compensation Fund administered by the Jamaica Stock Exchange, specifically for that purpose.

However, the Board of the Jamaica Stock Exchange monitors the financial status of all brokers. When the Exchange sees fit, it can act on an *a priori* basis to prevent a broker from continuing to trade before a situation becomes critical.

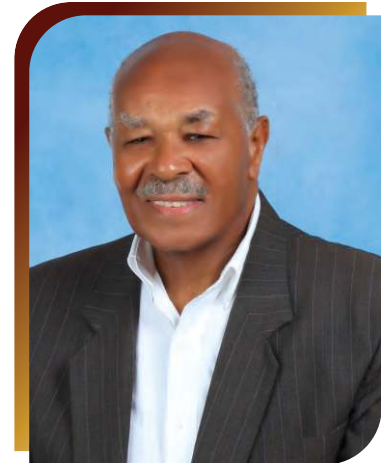
# *Meet The* **MARKET RESEARCH COMMITTEE**

**Professor Claremont Kirton**

Chairman, Claremont Kirton, is Professor of the Department of Economics in the Faculty of Social Sciences at the University of the West Indies, Jamaica, where he taught from 1974 to 2013, and continues to serve in retirement. He has numerous peer-reviewed publications, which focus on economic development, planning and finance. He has provided consultancy and advisory services to international agencies, namely the Food and Agriculture Organization (FAO), United Nations Development Programme (UNDP), World Bank and the European Union (EU); and locally, to the Boards of Directors of the Jamaica Deposit Insurance Corporation and Jamaica Association of Development Agencies.

**Lavern Clarke**

Lavern Clarke has been the Business Editor at The Gleaner Company (Media) Limited since August 2006. She has the distinction of being the first female to hold that position. She supervises a team of reporters, columnists and other writers. A journalist with more than two decades of experience, she has covered major conferences in Europe, the United States and the Caribbean, including special assignments with the IMF and World Trade Organization. Lavern was educated at the University of the West Indies where she earned a Bachelor's Degree (with honours) in Communications at Carimac, and a Master of Business Administration at the Mona School of Business.

**Lloyd Vermont**

No stranger to the JSE, Lloyd Vermont thinks every wage earner and consumer should be a dividend earner. He regards the stock market as a tool for building wealth over the long term. Having spent over 30 years of his career in sales, he has been mentoring 19 God children as stock market investors. Mr. Vermont continues to promote the view that, the JSE at 50 years, must define its unique historical performance metrics that will guide and benefit analysts and investors. He is now writing a book to share his perspective that the stock market can be used to build Inter-Generational Wealth.

*(Cont'd on next page)*

## MEET THE MARKET RESEARCH COMMITTEE



**Lavois Cruickshank**

Lavois Cruickshank is a forward thinking, strategic-minded young professional who has amassed invaluable functional and industry experience from various responsibilities across the private and public sectors. An experienced analyst, Lavois has acquired knowledge in a variety of fields spanning Finance and Accounting, Economics, Treasury and Investment Management, Statistical Analysis, Corporate Planning and Research and Credit Analysis and Lending. Lavois holds a double major undergraduate degree in Finance and Economics from the University of the West Indies, and a postgraduate degree in Financial Economics from the University of Birmingham in the United Kingdom.



**Dr. Hopeton Morrison**

Dr. Hopeton Morrison is a Consultant, Academic, Author, and Thought Leader with a career spanning over 40 years experience, serving mainly in top management and academia. As General Manager, he engineered the turnaround of St. Thomas Cooperative Credit Union over a 20 year period from a 60% solvency ratio to one of Jamaica's most profitable credit unions. He did this by way of innovations resulting in the implementation of a number of major Rural Development Financing Projects with multilaterals including the World Bank; European Union and IDB. He has also lectured adjunct for over 35 years at CAST (now UTECH), the UWI Open Campus and the Police Training College. He is currently the Founder and Chairman of The Ethics Research Centre Limited.



**Dennise Williams**

**An award-winning financial services professional**, Dennise Williams has worked in the industry for nearly 20 years in the areas of investor behaviour research, corporate communications, media relations, marketing, financial planning, product sales and customer care. She also sits on the boards of the Jamaica Social Stock Exchange, Jamaica Downs Syndrome Foundation (JDSF); the Professional Sales Representative Association of Jamaica (PSRAJ) and the Small Business Association of Jamaica (SBAJ). While managing a family of two wonderful boys, Ms. Williams recently co-founded OCADO Communications and has been the creative director of Financially Focused Media since 2014. Mrs. Williams has a Bachelor's in Accounting from the University of Houston Downtown (1994); Journalism from the University of Dehli, India (2007) and a Masters in Business with a specialization in Banking & Finance from the Mona School of Business (2008).

# Corporate Highlights

## Listings 2019



Welcome: Mrs. Marlene Street Forrest, Managing Director, JSE, welcomes QWI to the Stock Market.



Insertion of QWI listing strip on the JSE Listing Board (officially listed September 9, 2019).



We are now listed: Sagicor Select Fund Limited, was officially listed on the Stock Market on December 12, 2019.



Mr. Kevin Donaldson, CEO Sagicor Investments, makes his address during the Sagicor Select Fund Listing.

# Corporate Highlights

## Listings 2019



MPC joins the Jamaica Stock Market family (officially listed January 14, 2019).



Allan Lewis, Managing Director at JN Fund Managers Limited, engaged in discussions at JSE's Listing.



Wigton Windfarm Limited is now listed. Prime Minister, the Most Hon. Andrew Holness, Dr. the Hon. Nigel Clarke MP, Minister of Finance and Public Service, Mr. Gary Peart and other guest looks on at the Insert of the Listing Strip.

# Corporate Highlights

## Listings 2019



*All smiles at Wigton Windfarm Listing.*



*Cheers! Mayberry Investments Limited Team, toasts to the successful listing of Wigton Windfarm Limited. Mayberry was the Lead Broker for the listing.*



*The Hon. Fayval Williams, MP Minister of Science, Energy and Technology and Dr. the Hon. Nigel Clarke MP, Minister of Finance and Public Service, smile for the Camera, as they received the Cheque from the earns of the Wigton Windfarm listing.*

# Corporate Highlights

## Listings 2019



*iCreate is now listed on the Junior Stock Exchange (Officially Listed February 25, 2019)*



*Representative from iCreate, Sagicor Brokers, and Mrs. Marlene Street Forrest, JSE, share a candid moment after inserting the iCreate Listing Strip on the JSE Listing Board.*

*Representative of iCreate accepts the JSE's Rule Book from Reynard Whyte, Senior Surveillance Officer, Regulatory Market Oversight Division.*

# Corporate Highlights



Market Growth: JSE's Managing Director, Mrs. Marlene Street Forrest, warmly greets the management team at QWI Investments Limited's Listing Ceremony on September 30, 2019, and is seen shaking hands with Chief Executive Officer, Mr. John Mahfood; Chairman, Mr. John Jackson is shown 2nd left. A Director, Mr. Cameron Burnet is at right. To the left, and representing QWI's Lead Broker is Mr. Herbert Hall, VP Investment Banking at NCB Capital Markets Limited.



Photo Op: British High Commissioner to Jamaica and The Bahamas, His Excellency Asif Ahmad (right) and David Geddes, Manager Communications and International Relations of the Financial Services Commission of Jamaica at Conference 2019.

Conference camera captures an interesting coincidence as our three experts share a light moment. All three first names begin with 'N'; Dr. the Hon Nigel Clarke, Minister of Finance and the Public Service (left); Nigel Coke, Communication, Public Affairs and Religious Liberty Director, Jamaica Union Conference of Seventh-day Adventists at Northern Caribbean University (Centre) and Neville Ellis, JSE's Marketing and Communications Manager.



## Corporate Highlights

### International Women's Day Bell Ringing Ceremony 2019



Hon Olivia 'Babsy' Grange, Minister of Culture, Gender, Entertainment and Sport, rings the market bell for Gender Equality.



Ms. Charlene Steer, JSE's Marketing Officer, prays at the celebratory ceremony for International Women's Day.



(L-R) Ambassador Malgorzata WASILEWSKA, head of delegation of the European Union to Jamaica, Belize, The Bahamas, Turks and Caicos and The Cayman Islands; High Commissioner for Canada to Jamaica, Her Excellency Laurie Peters and Ms. Therese Turner-Jones, General Manager, Country Department Caribbean Group (CCB) of the Inter-American Development Bank, warmly engage a male participant.



Representing the MD, Miss Andrea Kelly, General Manager of the Jamaica Central Securities Depository, hands a copy to the Hon Olivia 'Babsy' Grange (right). Mrs. Marlene Street Forrest, JSE's Managing Director, signed the "CEO Statement of Support of the Women's Empowerment Principles" of the UN Women/United Nations Global Compact; unequivocally partnering with UN Women MCO-Caribbean.

## Corporate Highlights



In 2019 it was a privilege to have three former Jamaican Heads of State - Most Hon. Edward Seaga (l), Most Hon Percival Patterson (c) and Mr. O. Bruce Golding share sharing their unique history on one platform.



JSE's Regional Conference provides great exposure for entrepreneurs and startups to build brand reputation and grow.

## Question Time at Conference 2019



Mr. Loyd Vermont shares his thoughts with the audience; an ardent investor and volunteer committee member for the JSE's Market Research Committee.



*I'll Have My Say!*



Miss Charmaine Brimm - PIOJ ask a question at Conference 2019.



## Corporate Highlights

### Best Practices Awards



Managing Director of the JSE, Mrs. Marlene Street Forrest presents to the Group CEO of Gracekennedy Limited, Mr. Don Wehby the coveted **Governor General's Award for Excellence, Main Market**, which was this year a tie along with NCB Financial Group Limited.



Managing Director of the JSE, Mrs. Marlene Street Forrest presents to Group General Counsel and Corporate Secretary of the NCB Financial Group Limited (NCBFG), Mr. Dave Garcia and members of the NCBFG team the coveted **Governor General's Award for Excellence, Main Market**, which was this year a tie along with Gracekennedy Limited.

Managing Director of the JSE, Mrs. Marlene Street Forrest presents the coveted **Governor General's Award for Excellence, Junior Market** to Lasco Manufacturing Limited.



JSE Best Practices Committee Member Dr. Andre Haughton presenting the winning trophy for the category **Revenue Generation & Market Activity** to Tracy-Ann Spence – AVP Investments of NCB Capital Markets Limited.

*Corporate Highlights*  
**Best Practices Awards**



Managing Director of the JSE, Mrs. Marlene Street Forrest presenting the winner for the category **Investor Relations Stockbrokerage** to JN Fund Managers Limited.



Former Custos of St. Andrew, Mrs. Marigold Harding presenting to the winner for the category **Best Member Dealer Website** to Barita Investments Limited.



Chairman of the JSE Investor Relations committee, Mr. Nigel Coke, presenting one of the joint winner for the category **Expansion of Investors & Listed Companies Base** to Sagicor Group Jamaica Limited.



Chairman of the JSE Annual Report Committee, Mr. Alvaro Casserly, presenting the winning trophy for the **Annual Report Main Market** category to Mrs. Gail Moss-Solomon – General Counsel & Chief Corporate Secretary, GraceKennedy Limited.

*Corporate Highlights*

**JSE 50<sup>th</sup> Anniversary Celebrations**

*Marlene Street Forrest gives a warm welcome to the attendees of JSE's 50<sup>th</sup> Anniversary Awards Ceremony.*



**The Jamaica Stock Exchange Awarded Companies and Brokerage Houses that made a valuable contribution from the Establishment of the Exchange from 1969 to present**



*Scotiabank receives its Award for Contribution made to the development of the JSE Market at the JSE 50<sup>th</sup> Anniversary Award Ceremony.*



*Mrs. Marlene Street Forrest, Managing Director, greets The Hon. Audley Shaw, Former Minister of Finance and Minister of Agriculture and Fisheries, upon his arrival at the JSE 50<sup>th</sup> Awards Ceremony.*



*Attendees at the JSE's 50<sup>th</sup> Anniversary Awards Ceremony.*

## Corporate Highlights



The Jamaica Stock Exchange Awarded Companies and Brokerages Houses that made a valuable contribution from the Establishment of the Exchange from 1969 to present.



Salada Foods Representative is all smiles, during the JSE's 50 Anniversary Award Ceremony.



1834 (Formerly Gleaner Companies of Jamaica receives its Award for being one of the original Companies to list when the JSE started in 1969.



NCB Capital Markets (Formerly Edward Gayle and Company) receives its Award from Chairman of the JSE Ian McNaughton for being one of the founding Brokerage Houses, since the inception of the JSE in 1969.

*Corporate Highlights*



Mrs. Marlene Street Forrest receives her Award from Mrs. Josette McGrath, JCSD Trustee Manager, for her contribution to the JSE, serving as General Manager and now in her new role as Managing Director of the JSE Group.

**We honor you for your hard work and contribution JSE Staff Members**



Mr. Robin Levy, former Deputy General Manager JSE; General Manager JCSD and JCSD Trustee Services, receives his Award from his former staff, Mrs. Alyssa Dean.



Mrs. Charlette Eddie Nugent receives her Award for the being the longest serving staff member among the present staff for 25 years of Service.

## *Corporate Highlights*

**We honor you for your hard work and contribution JSE staff Members**



*Mrs. Doreen Parsons Smith receives her staff appreciation Award for her dedication to the JSE.*



*Mrs. Suzette Whyte, we thank you for your contribution to the JSE.*



*Miss Michell Sirdar.*



*Mrs. Annette Puran Headman.*



*Miss Suzette McNaught.*



*Miss Riccalya Robb.*



## *Corporate Highlights*

**We honor you for your hard work and contribution JSE staff Members**



*Mrs. Jennifer Johnson Clarke is accepting her Award for her contribution to the JSE.*



*Mr. Byron Wynter.*



*Minister the Hon. Audley Shaw accepts his Award from Steven Gooden, JSE Board member, for his contribution to the Exchange for his support in the development of the JSE's Junior Market and the JSE on a whole.*



*PSOJ Receives Award.*

## *Corporate Highlights*



*Thank you for your contribution! Mr. Ian McNaughton (L) presents an award to a representative of the Bank of Jamaica (R) their award for contribution to the JSE.*



*Mr. Ian McNaughton, Chairman of the Jamaica Stock Exchange, makes a presentation to a representative of the Institute of Chartered Accountants for their contribution to the development of the Stock Exchange.*



*A representative from the Bar Association of Jamaica collects an Award for their contribution to the JSE.*



*A representative from the Ministry of Finance accepts the JSE's Award from Mr. Ian McNaughton, Chairman of the JSE's Board, for their contribution to the development of the Exchange.*

## *Corporate Highlights*

### **We Salute Those Who Have Served**



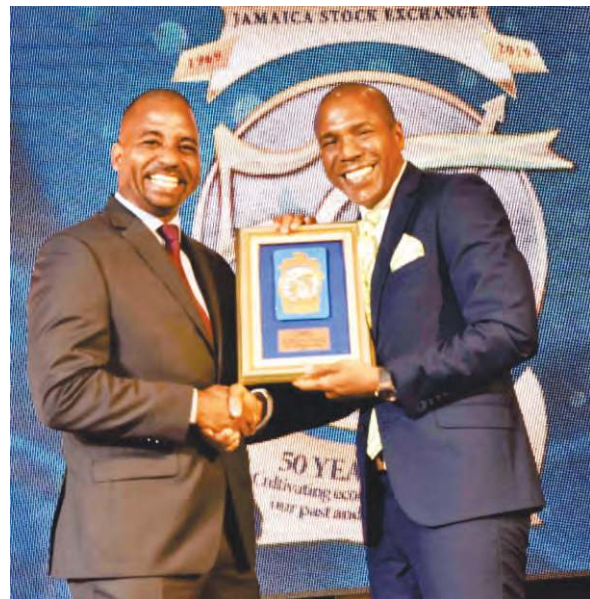
*Mr. Roy Johnson receives his Award from former Custos of St. Andrew, Mrs. Harding, for his contribution as past Chairman of the JSE.*



*The JSE says thanks to Curtis Martin, a former Chairman of the JSE.*



*Allan Lewis receives his Award for his role in the development of the JSE as a former Chairman.*



*You served us well. Mr. Steven Gooden, JSE Board Member, shows Christopher Williams the JSE's appreciation for his role as a former Chairman.*

*Corporate Highlights*

**Awards of JSE’s long Standing Board Members**



Mr. Ed McKie, founder of MVL Stockbrokers Limited, graced the JSE’s Award stage more than once. His Brokerage House was awarded for being one of the founding Brokerage Houses. He also received the award for being one of the longest JSE Board Members.

Mrs. Rita Humphries Lewin, founder of Barita Investments Limited, the first woman Stockbroker, and one of the JSE’s longest serving Board Member, is all smiles as she receives her Award from the Jamaica Stock Exchange’s Managing Director, Marlene Street Forrest.



Mr. Alvaro Casserly receives, JSE’s Award for being one of the longest serving Board Members.



*Corporate Highlights*

**MARKET** Meets the **MARKET** *by The Sea*



Vendor prepares to sell to a customer, during the JSE Market meets Market By the Sea.



Tivoli Marching Band performs at  
JSE 50<sup>th</sup> Anniversary Market Meets  
Market by The Sea held at the  
Kingston Waterfront.

## Corporate Highlights



A member of the JSE Team, Mrs. Bernadette Oldfield Brown, shares information with the attendees who visited, the Jamaica Social Stock Exchange Booth, on what is Jamaica Social Exchange and as well as the entities that the Social Exchange is presently assisting to raised funds. (These entities are: Deaf Can Coffee, Alpha School of Music, Choose Life International, Spring Praise Jamaica, and Agency For Inner- City Renewal).



The JSE Managing Director Mrs. Marlene Street Forrest, shares a moment with students from the St. Theresa Preparatory during the JSE's Market Meets Market by the Sea.

Attendees at the Market Meets Market shows their support for the Jamaica Social Stock Exchange.



Team members from Jamaica Deposit Insurance Corporation (JDIC), were kept busy all day during Market Meet Market By Sea, fielding questions from attendees on what is the JDIC and how it can help them as depositors in the various financial entities.

This Vendor is more that happy to part with her produce during the JSE Market Meets Market by The Sea.



## *Corporate Highlights*



Booths lined the Venue of the JSE Market Meets Market by The Sea, that was held at the Kingston Waterfront.



Barita Investments' representative Mrs. Venessa Williams shares with an attendee, information on investment. Barita Investments' was part of the JSE's Market Meets Market by the Sea.



Members of the JSE Team were kept occupied by attendees at Market Meets Market by The Sea.



Mr. Neilson Rose, CEO Strategic Executive Options, shares with the Market Meets Market attendees, on the benefits and procedures on how to Buy and Sell Stocks via the Stock Market.



Mento Band performs for the audience at JSE's Market Meets Markets by the Sea.

*Corporate Highlights*

**JSE**  
**50<sup>th</sup> Anniversary**  
**SCHOOL TOUR**



St. Jago High School Students strike a pose at the end of their visit to the JSE.



Jamaica College students are taken through the process on how Jamaican Teas manufacture their teas.



Willowdene High Students were all smiles for our Camera, after learning about how to Invest on the Stock Market.



Bridgeport High School Students are elated to be a part of The Jamaica Stock Exchange School Tour.



Oberlin High School students were greeted by Mr. Lascelles Chin, O.J.C.D, Chairman and Founder of the Lasco Group, during their visit, to Lasco Manufacturer Limited as part of the JSE School Tour to its Listed Companies.



*Corporate Highlights*

**Marketing Activities**



Students are attentive while they attend the launch of the Stock Market Game.



Mr. Michael Johnson; Senior Marketing Officer, presented on the Market, during the launch of the JSE Stock Market Game for 2019-2020.



The JSE held its Corporate Secretary Workshop on June 18, 2019, at the Terra Nova Hotel. This was well attended by Company Secretaries from all over Jamaica.



Medal Tokens Social Media: As part of the JSE 50th Anniversary the JSE held a 5K Run/ Walk in Down Town Kingston. Proceeds from the Walk, Run will go toward the purchase of incubators for Children the selected Hospitals.



JSE held a 2-day Data Protection workshop, on February 5-6, 2019, at Pegasus Hotel.

**YEARLY TRADING SUMMARY MAIN MARKET (1993-2019)**

YEAR	YEAR-END MARKET CAPITAL JAS(000)	NO. OF LISTED COMPANIES	VOLUME TRADED (000)	VALUE TRADED JAS(000)	YEAR-END JSE INDEX	YEAR-END ALL JA COMPOSITE	YEAR-END JSE SELECT	YEAR-END CROSS LISTED	YEAR-END COMBINED INDEX	NO. OF TRANS.	NO. BROKERS	YEAR-END COMBINED MKT CAP JAS(000)
1993	41,879,310	48	567,454	8,346,770	13,099.68					55,519	9	
1994	58,018,064	50	741,754	5,155,463	16,676.74					43,144	10	
1995	50,755,753	51	3,565,607	11,560,485	14,266.99					42,600	10	
1996	66,116,257	50	560,528	4,629,395	16,615.99					23,189	8	
1997	79,619,594	49	905,387	4,594,108	19,846.66					18,623	8	
1998	79,038,726	47	604,545	2,064,243	20,593.33					13,748	8+	
1999	104,041,538	44	520,531	2,218,714	21,892.58					9,256	6	
2000	160,135,746	44	694,897	3,441,081	28,893.24	26,894.76	883.67			21,066	6	
2001	222,006,166	42	2,845,199	5,948,358	33,835.59	32,508.99	1,015.26			20,979	10	
2002	292,297,900	40	1,604,591	7,636,877	45,396.21	46,142.81	1,450.34			26,999	10	
2003	512,884,380	41	4,290,433	24,237,330	67,586.72	55,629.64	1,697.87			35,954	10	
2004	879,297,296	40	5,194,558	35,994,853	112,655.51	116,218.38	3,176.62			86,875	11	
2005	839,852,762	41	2,498,028	40,746,681	104,510.38	104,941.62	2,859.62			75,001	11	
2006	822,862,351	44	5,639,412	37,040,992	100,678.00	107,213.42	2,942.88			41,921	11	
2007	876,690,610	44	2,433,488	29,047,425	107,968.00	106,782.82	2,928.98			38,621	11	
2008	597,277,036	45	2,953,011	67,026,871	80,152.03	73,994.96	1,984.74			30,323	11	
2009	544,882,559	44	1,764,894	12,189,895	83,321.96	70,995.77	1,896.05	962.92		16,099	11	
2010	564,720,705	43	3,571,199	20,828,652	85,220.82	80,793.80	2,192.19	863.01		18,359	11	
2011	619,444,770	40	1,819,302	20,993,976	95,297.20	102,178.79	2,874.01	794.55	97,134.00	23,319	11	
2012	590,637,443	36	2,581,249	61,109,565	92,101.22	91,161.60	2,489.67	873.93	93,503.79	19,515	11	612,739,023
2013	492,179,964	36	1,833,463	15,978,243	80,633.55	81,850.04	2,176.17	740.28	82,934.95	18,284	11	519,571,097
2014	296,836,862	36	2,121,337	12,807,536	76,353.39	84,084.94	2,220.27	585.90	78,223.45	16,073	12	322,933,971
2015	615,559,573	36	4,116,651	64,647,786	150,692.13	167,363.25	4,979.74	499.06	158,269.14	21,767	12	683,506,273
2016	697,446,825	35	3,393,477	48,449,577	192,276.64	201,139.49	6,403.77	2,096.06	204,960.10	30,698	12	800,864,403
2017	1,048,739,994	36	2,590,384	36,689,806	288,382.00	316,516.07	8,516.42	N/A	294,986.58	43,431	13	1,163,535
2018	1,383,834,940	39	5,450,190	75,469,542	379,790.83	416,842.70	9,725.59	N/A	384,556.50	60,896	13	1,523,611
2019	1,929,947,681	45	9,039,907	100,056,545	509,916.44	559,853.26	13,064.81	105.72	505,253.90	123,696	13	2,081,304,041

+ Six (6) active Brokers 3.64% 19,838,146.00

\* The All Jamaican Composite started on the May 1, 2000 at 31,931.32 points

\* JSE Select started on the June 1, 2000 at 1,000 points

\* JSE Cross Listed Index started on March 2, 2009 at 1,000 points

\* JSE Combined Listed Index started on April 1, 2011 at 86,897.43 points

## YEARLY TRADING SUMMARY JUNIOR MARKET (2010-2019)

YEAR	YEAR-END MARKET CAPITAL JA\$(Million)	NO. OF LISTED COMPANIES	VOLUME TRADED	VALUE TRADED	NO. OF TRANS.	NO. BROKERS	YEAR-END JSE JNR MARKET INDEX
2010	8,466.81	8	50,331,871	206,559,980	1,192	11	379.92
2011	23,595.00	12	306,220,533	1,247,948,069	7,883	11	748.86
2012	22,101.58	16	569,866,235	5,185,299,007	5,047	11	647.78
2013	27,391.13	21	477,733,468	1,385,965,574	7,157	11	757.86
2014	26,097.11	26	592,044,500	2,002,910,571	4,374	12	687.96
2015	67,946.70	23	1,295,714,331	7,429,758,488	7,754	12	1,791.05
2016	103,417.58	29	675,102,747	5,067,316,049	15,537	12	2,593.71
2017	114,795.27	34	1,347,735,367	6,863,734,530	22,230	13	2,732.13
2018	139,776.81	36	1,415,717,406	5,848,812,746	26,845	13	3,246.81
2019	151,356.36	41	3,320,187,238	12,442,203,437	47,799	13	3,348.96

## STOCK MARKET DATA - MAIN MARKET

YEAR	YEAR-END ISSUED SHARES (000)	TOTAL VOLUME TRADED (000)	ORDINARY VOLUME TRADED (000)	BLOCK VOLUME TRADED (000)	Average Daily Volume	Average Daily Value
1995	11,356,118	3,565,607	463,050	3,102,557		
1996	12,007,219	560,528	322,575	237,954		
1997	17,274,915	905,387	470,322	435,065		
1998	19,324,078	604,545	371,783	232,762		
1999	23,041,396	520,531	440,744	79,787	2,203,718	7,555,098
2000	28,501,260	694,897	599,834	95,063	3,014,241	16,296,328
2001	33,189,889	2,845,199	714,718	2,130,481	2,870,353	13,839,283
2002	35,769,494	1,604,591	1,434,820	169,771	5,716,412	27,466,744
2003	41,877,268	4,290,433	2,765,449	4,524,984	11,017,724	56,933,666
2004	42,280,569	5,194,557	3,240,964	1,953,593	12,759,705	114,056,429
2005	46,193,644	2,498,028	1,908,000	590,027	7,751,431	105,013,441
2006	49,234,751	5,639,412	2,917,899	2,721,512	11,671,598	78,135,584
2007	47,162,791	2,433,487	2,254,376	179,110	9,017,507	103,776,801
2008	47,491,439	2,953,011	2,295,768	657,243	9,183,074	97,517,814
2009	47,163,202	1,764,894	1,662,158	102,735	6,569,796	45,511,377
2010	47,647,441	3,571,199	2,641,538	929,661	10,482,293	68,838,178
2011	47,386,693	1,819,302	1,550,142	269,159	6,151,358	71,829,756
2012	46,038,017	2,581,249	1,431,282	1,149,967	5,725,128	73,180,378
2013	47,577,008	1,833,463	1,386,439	447,023	5,523,663	56,604,418
2014	45,828,363	2,121,337	2,117,762	3,575	8,437,299	50,984,279
2015	47,271,409	4,116,651	1,881,261	2,235,390	7,435,813	80,745,725
2016	49,769,588	3,393,477	1,809,980	1,583,496	7,211,077	101,721,227
2017	60,305,841	2,590,384	2,519,048	71,335	10,076,194	142,891,526
2018	46,455,381	5,450,190	3,212,056	2,238,134	12,797,039	261,013,516
2019	69,066,542	9,039,907	8,722,370	317,537	34,889,480	367,047,225

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## NOTES

