"Providing A Fair, Efficient and Transparent Stock Market"

JAMAICA STOCK EXCHANGE

2016 ANNUAL REPORT

"Global Investment Horizon: Our Options & Future"

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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.

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.

NOTICE OF 40th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fortieth (40th) Annual General Meeting of the Jamaica Stock Exchange ("the Company") will be held at the Jamaica Stock Exchange, 40 Harbour Street, Kingston on Thursday, June 22, 2017, commencing at 1:00 p.m. to consider and if thought fit, to pass the following resolutions:

ORDINARY BUSINESS
Ordinary Resolutions

1. **Resolution No. 1 - 2016 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, 2016, circulated with the Notice convening the Meeting, be and are hereby adopted.

2. **Resolution No. 2 - Re-election of Directors Pursuant to Article 106**
   THAT Mr. Ian McNaughton, 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 Pursuant to Article 106**
   THAT Miss 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.

4. **Resolution No. 4 - Re-election of Directors Pursuant to Article 106**
   THAT Mr. Steven Gooden, 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 Pursuant to Article 106**
   THAT Mr. Lissant Mitchell, 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.

6. **Resolution No. 6 - Re-election of Directors Pursuant to Article 106**
   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.

7. **Resolution No. 7 - Re-election of Directors Pursuant to Article 109**
   THAT Mr. Gary Peart 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. Devon Barrett 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.

9. **Resolution No. 9 - Re-election of Directors Pursuant to Article 109**
   THAT Dr. Derrick McKoy 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.

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NOTICE OF 40th ANNUAL GENERAL MEETING

10. **Resolution 10 - To ratify Dividends**
THAT the interim dividends of 0.53 cents per share paid on May 5th 2016 and 0.13 cents per share paid on December 9th 2016 and 0.0356 cents per share to be paid on May 31st 2017 be and is hereby declared as final for the year ended December 31,2016.

11. **Resolution 11 - 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.

12. **Resolution 12 - Remuneration of the Directors**
THAT the Directors be and are hereby authorized to fix their fee for the fiscal period 2017/2018.

13. **Resolution 13 - Appointment of Managing Director Pursuant to Article 122**
THAT Mrs. Marlene Street Forrest who was appointed the Managing Director effective April 3, 2017, and whose appointment expires on the date of this meeting, and being eligible offered herself for re-election, be and is hereby reelected a Director of the Company.

14. **To Transact Any Other Ordinary Business of the Company.**

BY ORDER OF THE BOARD

.....
Roxanne Hutchinson
Company Secretary
Dated: April 25, 2017

IMPORTANT NOTE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND:

A member entitled to attend and vote at the meeting can appoint a Proxy to vote on his behalf. A proxy need not also be a member. The person so authorized shall be entitled to exercise the same powers as the member whom he represents. 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 a meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

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, 2015 along with the accompanying notes as follows:

Consolidated Statement of Comprehensive Income
Consolidated Statement of Financial Position
Consolidated Statement of Changes in Equity
Consolidated Statement of Cash Flows

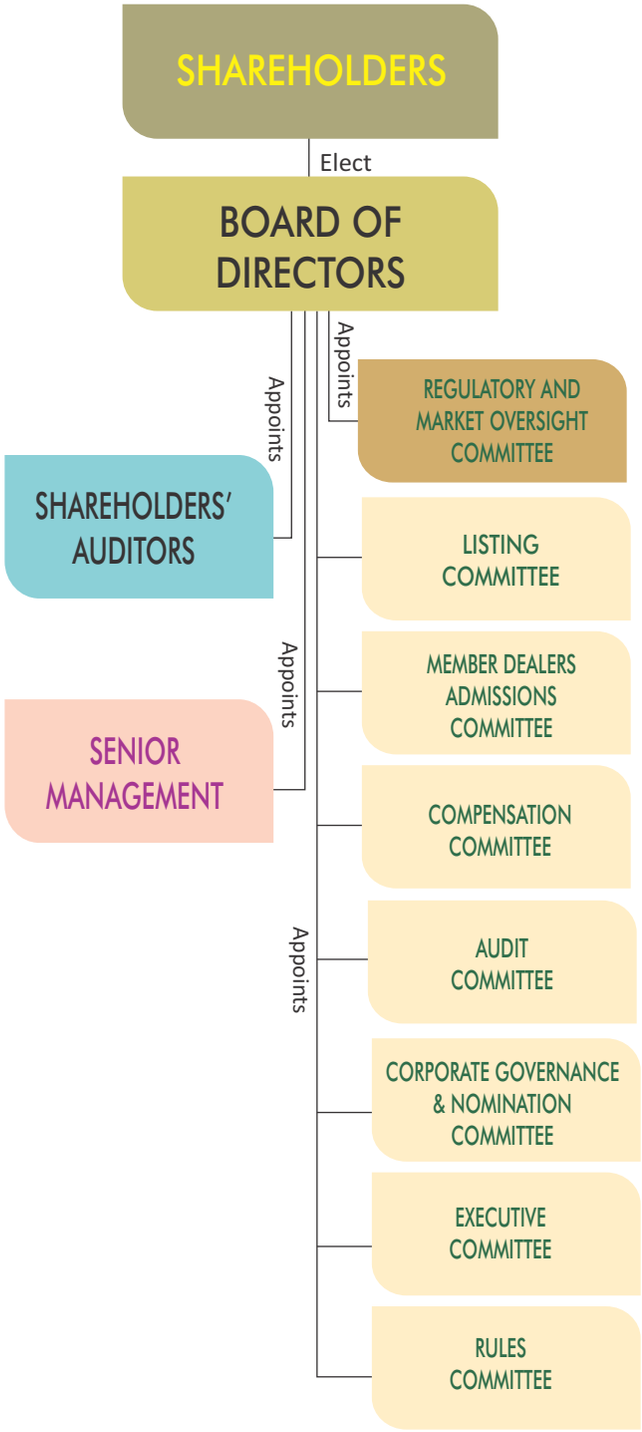
Operating Income for the year was $865.8 million compared to 2015 of $708.3 million, an increase of 22% over 2015.Investment Income was $51.8 million for 2016 and 42.4 million for 2015.

Total Expenses for the year increased by 17.5% to $582.9 million compared to $495.9 million in 2015.

Total Consolidated Balance Sheet Assets of the Group as at December 31, 2016 were $1.1 billion compared to $791.3 million in 2015, while Consolidated Shareholders equity increased from $621.9 million in 2015 to $808.1 million, up 29.9%.

.....
Ian McNaughton
Chairman

CORPORATE GOVERNANCE



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 practise sound corporate governance. These principles and the attendant structures should serve the best interest 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 reviews should include the performance of the alternates.

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.

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CORPORATE GOVERNANCE

BOARD ISSUES

Accountability to shareholders/stakeholders

The JSE is a public company with public responsibility. It must balance the interest 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 election 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 Nominating 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 on page 10.

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.

Audit Committee

The Audit Committee assists the Board with oversight responsibilities in regards 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 Dealer Admissions 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.

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CORPORATE GOVERNANCE

Regulatory & 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 shall be the disciplinary committee of the Exchange and may impose any of the penalties specified in Rule 228 upon a Member Dealer in respect of whom disciplinary action is taken, 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 Nominations 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 for processing applications and making recommendations regarding approval of companies wishing to list on the JSE and reviewing and making recommendations of standards to be observed for companies to remain listed.

Other Committees

These are formed as the directors see fit and includes the Executive Committee.

Board Meetings

There are formal 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 themselves from discussions in, and in making decisions on any matter in which they have a personal or business interest or companies on whose Board they sit or are connected. Further, members shall be bound by similar standards. Please refer to captioned guidelines- (Part K) of the JSE's Rules which addresses 'Acting in Concert'.

General Meetings

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

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 This evaluation is subject to the review of the Corporate Governance and Nomination Committee.

The Board recognizes the importance of evaluating the performance of each director, senior executives and the Board as a whole.

Term Limits

Board Members are nominated 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.

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CORPORATE GOVERNANCE

Committee Members

Members can sit for a maximum of five consecutive years with an option to extend the term limit by two years. These members are eligible to be re-elected one year after the seven-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 Dealer Admissions Committee.

Age Limits

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

Transparency

Directors are required to provide to the Corporate Governance and Nomination Committee, information as it relates to 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 standards as communicated from the Institute of Chartered Accountants of Jamaica.

Ethics

The Jamaica Stock Exchange currently maintains ethics and confidentiality requirements for Directors and these are posted on the Website: www.jamstockex.com.

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 share option plan or a performance-related pay scheme, or is a member of the company 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.

Prepared: Marlene Street Forrest, March 30, 2010
Updated by CGNC July 18, 2016
Approved by the Board July 20, 2016

Adopted from the PSOJ Code of Corporate Governance (2009)

Corporate Governance Guidelines are available on the JSE's Website: www.jamstockex.com

CORPORATE
GOVERNANCE & NOMINATION COMMITTEE REPORT

The Committee met five (5) times in 2016. The Committee was committed to completing the comprehensive undertaking of reviewing the Group's Terms of Reference as well as the continuation of activities undertaken the previous year. In keeping with the policy to assess the Board and its directors, in the year under review, a self-evaluation was completed by each director. A peer evaluation was also conducted which will as of this year be an annual undertaking. In keeping with the Group's commitment to improve Corporate Governance and our ability to evaluate Board and directors' performance, the Company has invested in a new software/tool from Diligent Board Book ' Evaluations Module' aimed at ensuring efficient and accurate process of completing and analyzing the performance of each director.

As is customary, the result of the self-evaluation exercise will be used during the year to assist the Chair of the Board and of the respective Committees in identifying and addressing areas of perceived deficiency in contribution, participation and effectiveness of directors at both the Board and Committee levels.

We are pleased to inform that the Committee completed the review of all eight Committees of the Board. Six have been approved by the Board of Directors, while the remaining two, those of the Compensation Committee and the Regulatory Market Oversight Committee, are subject to further review. The Committee also completed its comprehensive review of the draft 2015 Corporate Governance Code of the Private Sector Organization of Jamaica (PSOJ Main Code and provided comments to the PSOJ Corporate Governance Committee. Our comments were taken on Board by that body in completing its update to its 2015 Code.

Other matters undertaken by the Committee were:

1. The issue of a Whistle Blowing Policy for the Exchange which was prepared, reviewed by the Committee and approved by the board;
2. Review of guidelines and criteria for the nomination of Chairman and Deputy Chairman;
3. Review and recommendation for approval of the Sexual Harassment Policy which was approved by the Board;
4. The issue of the Code of Ethics which was amended, approved by the Board and incorporated in the Securities Trading Policy.

The members of the Committee are:
Janet Morrison (Chair)
Jane George
Garth Kiddoe
Julian Mair
Steven Whittingham
Jason Chambers (Alternate to Steven Whittingham)

Janet Morrison (Chair)

DIRECTORS ATTENDANCE

Names	Designation	JSE Board	Compensation Committee	Corporate Gov. & Nomination Committee	Executive Committee	Member Dealers Admissions Committee	Listing Committee	Rules Committee	RMOC	Audit Committee	Total Attendance	Average Attendance at all Meetings
Allan Lewis	Director	6 of 6*	1 of 1*		2 of 4*		4 of 6*	1 of 1		11 of 13	25 of 31	81%
Ian McNaughton	Director	12 of 12	2 of 2		6 of 6		6 of 8	0 of 0*			26 of 28	93%
Humphries-Lewin, Rita	Alternate Director	0 of 12	0 of 2		0 of 6		0 of 8	0 of 0*			0 of 28	
Gary Peart	Director	11 of 12	0 of 1*		2 of 2*		4 of 8				17 of 23	74%
Christopher Berry	Alternate Director	0 of 12	0 of 1*		0 of 2*		0 of 8				0 of 23	
Devon Barrett		4 of 6*								3 of 4*	7 of 10	70%
Black, Dian	Director	11 of 12				2 of 2	6 of 8	0 of 1	13 of 14		32 of 35	91%
Croskery, Mark	Director	2 of 12	0 of 1*							4 of 9*	6 of 22	55%
Lamar Harris	Alternate Director	6 of 12	0 of 1*							0 of 9*	6 of 22	
George, Jane		3 of 12	0 of 2	5 of 5		1 of 2			11 of 14	11 of 13	31 of 35	65%
Steven Gooden	Director	6 of 12	1 of 1				7 of 8				14 of 21	67%
Kiddoe, Garth	Director	12 of 12		5 of 5		2 of 2	8 of 8	1 of 1	14 of 14	12of 13	54 of 55	98%
Mair, Julian	Director	6 of 12		4 of 5	5 of 6						15 of 23	65%
**McKie, Ed	Director	7 of 7*					3 of 5*	1 of 1			11 of 13	85%
McKoy, Derrick	Alternate Director	0 of 7*					0 of 5*	0 of 1			0 of 13	
** McKoy, Derrick	Director	3 of 4*					0 of 2*				3 of 6	50%
McKie, Ed	Alternate Director	0 of 4*					0 of 2*				0 of 6	
Morrison, Janet	Director	7 of 12		3 of 5	5 of 6	0 of 2			12 of 14		27 of 39	69%
Morrison, Livingstone	Director	8 of 12	1 of 1			2 of 2			14 of 14	9 of 13	34 of 42	81%
Miller, Rohan		8 of 12								12 of 13	20 of 25	80%
Mitchell, Lissant	Director	7 of 12			5 of 6		0 of 1*				12 of 19	63%
Whittingham, Steven	Director	7 of 12		4 of 5				0 of 1			11 of 18	61%
Jason Chambers	Alternate Director	0 of 12		0 of 5				0 of 1			0 of 18	

*Depending on the date of appointment or resignation, the total number of meetings might vary for persons within respective committees/Board.

**Mr. McKie resigned as Director June 29, 2016 and Dr. McKoy was appointed as Director on the same date. Mr. McKie was appointed Alternate Director on November 16, 2016.

NB

Directors' Attendance are sometimes negatively impacted due to the change in meeting dates in the regular course of business.

Directors are called upon from time to time to provide support to the Exchange outside of the Board Meetings. This is however not captured in the Attendance Report.

PROFILES OF DIRECTORS

Mr. Ian McNaughton - Chairman

Mr. McNaughton is the Managing Director of Barita Investments Limited. With a BSc. in Management Studies from the University of the West Indies and a 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.

Mr. Gary Peart - Deputy Chairman

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, Jamaica Anti-Doping Commission, IronRock Insurance Company and is the Deputy Chairman on the board of Jamaica Stock Exchange.

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

He is a member of the Assets and Liabilities Committee, Project Steering Committee and Policy Committee of Mayberry Investments Limited.
Beyond the business world, Mr. Peart is a member of the Rotary Club of St. Andrew North.

Dr. Derrick McCoy

Dr. Derrick McKoy is an Attorney-at-Law, Justice of the Peace, and Member of the Chartered Institute of Arbitrators. He is a former Commonwealth Scholar and has served as a Commissioned Officer in the Jamaica Defence Force—Coast Guard (National Reserve), Contractor General of Jamaica, Member of the All Island Electricity Appeals Tribunal, and Dean, Faculty of Law, UWI, Mona.

He currently chairs the Anti-dumping and Subsidies Commission, the Fair Trading Commission, and the Duke of Edinburgh's Awards Scheme in Jamaica. He is also a member of the board of MVL Stockbrokers and a Trustee of the Youth Business Trust, Jamaica.

Mr. McKoy has published several scholarly articles and contributed chapters to several books. He holds the degrees of doctor in business administration and doctor of philosophy (in law). He is married and has four children.

Mr. Devon Barrett

Mr. Barrett has been at the helm of Victoria Mutual Wealth Management (VMWM) since 2008. His primary areas of focus include conceptualizing 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.

Prior to his tenure at VMWM, he 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. He has over 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 from the Nova Southern University and a B.Sc. in Management Studies from the University of the West Indies.

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PROFILES OF DIRECTORS

Mr. Lissant Mitchell

Mr. Lissant Mitchell has over 20 years experience in the local financial industry. He joined Scotia Investments in October 2007 as SVP Treasury & Capital Markets and was promoted to Chief Operating Officer in October 2010, and appointed Senior Vice President Wealth Management – Scotiabank Group Jamaica & 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 & 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, Scotia Caribbean Income Fund, and the Jamaica Stock Exchange.

Mr. Rohan Miller

Mr. Rohan D. Miller is the Chief Investment Officer of Sagicor Group Jamaica Limited; President and Chief Executive Officer of Sagicor Investments Jamaica Limited; and President and Chief Executive Officer of Sagicor Real Estate X Fund Limited.

As Chief Investment Officer of Sagicor Group Jamaica Limited, Mr. Miller oversees its US$2.5 billion Asset Management operations in the areas of Treasury, Securities Trading, Fund and Real Estate Management. He is the coordinator of Sagicor's real estate investments. He manages the team that developed the Sagicor Real Estate X Fund and guided its expansion into Orlando Florida. He manages not only the development and sale of real estate projects, but also the development of new investment funds and treasury products in both Jamaica and the Cayman Islands. Mr. Miller is a member of the following committees of Sagicor Group Jamaica Limited: Investment & Risk Committee, Asset/Liability Committee and the Mortgage and Loan Committee.

Mr. Mark Croskery

Working in the financial industry for over 10 years, Mark is a hands-on CEO who works diligently to strategically place Stocks and Securities Limited (SSL) in a front runner position in the financial services industry in Jamaica. Mr. Croskery received a Masters of Science in Global Financial Analysis and a dual Bachelor of Science in Corporate Finance/Accounting from Bentley University in Boston, Massachusetts. He is a Director on the Board of the Jamaica Stock Exchange (JSE), he is also a member of Young Presidents' Organization.

Before joining SSL, Mr. Croskery was a leading Wealth Manager and Equity Trader at NCB Capital Markets Ltd.

Mr. Croskery received a M.Sc. in Global Financial Analysis and a dual B.Sc. in Corporate Finance/Accounting from Bentley University in Boston, Massachusetts.

Mr. Croskery previously served on a number of public sector boards, including, Chairman, Fisheries Management & Development Fund, Director of Land Administration & Management Programme, Sugar Company of Jamaica and the Jamaica Racing Commission.

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PROFILES OF DIRECTORS

Mr. Julian Mair

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

His experience includes positions at Jamaica's foremost financial institutions including Head of Treasury and Investment Services at Dehring, Bunting and Golding (now Scotia Investments) 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 of the Jamaica Securities Dealers Association (JSDA), Julian also serves various institutions as a director including JMMB Securities Limited, JMMB International, JMMB Puesto de Bolsa, , JMMB Investments Trinidad & Tobago Limited and the Jamaica Stock Exchange.

Mr. Steven Whittingham

Mr. Steven Whittingham is the Managing Director of GK Capital Management, the investment and advisory subsidiary of GraceKennedy Ltd.

Steven was previously the President of First Global Financial Services Limited (FGFS). In this capacity, he was responsible for the strategic leadership and direction of one of Jamaica's leading diversified financial institutions.

Before joining FGFS, Steven was the Managing Director of The Antilles Group (TAG), formerly Cool Petroleum Limited (CPL), a downstream petroleum distribution business and the Shell Licensee in Jamaica. Prior to TAG, Steven founded and served as Chief Executive Officer of Island Ice and Beverage Company Limited, a manufacturer and distributor of packaged ice in Jamaica. Steven also worked for Morgan Stanley in London in their Mergers and Acquisitions Investment Banking Group. He began his career at BlackRock Financial Management in New York.

Steven holds Bachelor of Science degrees in Systems Engineering and Economics from the University of Pennsylvania and an MBA from the Harvard Business School.

Steven has served as a Director on several private and public sector boards including the Jamaica Stock Exchange (JSE), Jamaica International Insurance Company Limited (JIIC), Jamaica Promotions Corporation Ltd. (JAMPRO), Jamaica Manufacturer's Association (JMA), National Road Operating and Construction Company (NROCC), and HEART Trust/NTA.

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PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Steven Gooden

Mr. Gooden is CEO of NCB Capital Markets and is charged with leading the performance of the company's wealth management, asset management and investment banking business lines. Prior to this appointment he was the Deputy Chief Executive Officer where he led the team through a number of successful strategic and portfolio deals. He rejoined the company in 2009 as Vice President of Investments & Trading and had responsibility for over J$200 billion worth of assets spanning NCB Capital Markets Ltd, NCB Insurance Co. Ltd & NCB (Cayman) Ltd. With seven years' experience at the senior management level, his background also includes research, unit trust & pension fund management, structured products, private equity, corporate finance and mergers & acquisitions.

Mr. Gooden was appointed to the Board of the JSE in November 2013, he is also a director of NCB Capital Markets and Elite Diagnostic Limited and serves as Treasurer of the Jamaica Securities Dealers Association and the Wolmer's Old Boys Association.

Mrs. Marlene Street Forrest; C.D., J.P.

Mrs. Marlene Street Forrest is the General Manager of the Jamaica Stock Exchange. Mrs. Street Forrest has a B.Sc. in Management Studies and an MBA. She has over twenty five years of combined experience in financial and general management.

Her mandate as General Manager of the JSE is to continue the process of developing the Exchange, ensuring that cutting edge technology is used to assist in providing the greatest level of efficiencies in the market.

Mrs. Street Forrest, who is a Justice of the Peace, serves as Secretary of the Board of the JSE and a Director of the Jamaica Central Securities Depository and the JCSD Trustees Services Limited.

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

1. **Ms. Lamar Harris -** Stocks & Securities Limited
2. **Mr. Christopher Berry -** Mayberry Investments Ltd.
3. **Mr. Edwin McKie -** MV/L Stock Brokers Limited
4. **Mrs Rita Humphries-Lewin** - Barita Investments Limited
5. **Mr. Jason Chambers** - GK Capital Management Limited

PROFILES OF INDEPENDENT DIRECTORS

Mrs. Jane George

Mrs. Jane George is Senior Legal Counsel and Company Secretary at J. Wray & Nephew Limited. She was admitted as a Solicitor in England and Wales and as an Attorney-at-Law in Jamaica and is a member of the Law Society of England & Wales and the Jamaican Bar Association. Mrs. George, who has approximately 29 years experience in the legal profession in Jamaica and England, joined the Board of the Jamaica Stock Exchange in 2008. She sits on the Regulatory and Market Oversight Committee, the Corporate Governance and Nomination Committee, the Audit Committee, Compensation Committee and the Member Dealers Admissions Committee.

Mr. Garth Kiddoe

Mr. Kiddoe is an Enterprise Consultant, with experience in Corporate Governance, Accounting, Management, Accreditation Systems and procedures and Electrical Engineering. He is also a trained Family Business Consultant. He is 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 and the University of Technology, Jamaica (UTech).

Mr. Kiddoe is Chairman of the Professional Engineers Registration Board, a 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, and a member of the Public Accountancy Board (PAB). He is a member of the Practice Monitoring Committee of the PAB and serves on a number of the sub-Committees of the Board of the Jamaica Stock Exchange, including the Regulatory and Market Oversight, Audit and Corporate Governance Committees

Miss Dian Black

Ms. Dian Black is the Principal Director of the Debt Management Branch (DMB) in the Ministry of Finance & the Public Service and has over 15 years' 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, she gives policy advice on debt management matters to senior officials in the Ministry and provides the necessary interface between the JSE and the Government. Similarly, Ms. Black represents the Government of Jamaica on matters relating to public debt.

Mr. Livingstone Morrison - Chairman Regulatory & Market Oversight Committee (RMOC)

Mr. Livingstone Morrison is the Deputy Governor of the Bank of Jamaica with responsibility for Administration and Technical Services, Finance and Technology and Payment System and Risk Management.

Mr. Morrison joined the staff of the Bank of Jamaica in 1982 and worked for several years in the Financial Institutions Supervisory Division. Between 1998 and 2002, Mr. Morrison served as the Division Chief of the Finance and Technology Division, with core responsibilities for strategic management of the accounting, finance, and information and communication technology functions of the Bank. In 2011, he assumed responsibility for the Administration and Technical Services Division in addition to the Finance and Technology and Payment System and Risk Management Division.

Mr. Morrison chairs the Regulatory & Market Oversight Committee and is also a Director of the Jamaica Central Securities Depository. He studied at the U.W.I. And University of Oxford and holds a masters degree in Accounting.

PROFILES OF INDEPENDENT DIRECTORS

Mrs. Janet E. Morrison

Mrs. Janet Morrison was called to the Jamaican Bar in 1978. She is a partner in the firm of Hart Muirhead Fatta and her practice is primarily in the areas of Corporate and Commercial Law. A graduate of the University of the West Indies and the Norman Manley Law School, she also holds a Master's Degree in Commercial and Corporate Law from the University of the West Indies. She is listed in **International Financial Law Review 1000** (IFRL 1000) as one of the world's leading lawyers.

As a member of the Board of the Jamaica Stock Exchange, Janet Morrison sits on the Board's Executive Committee, the Regulatory & Market Oversight Committee and is the chair of the Corporate Governance & Nomination Committee. She is also an independent director of Mystic Mountain Limited.

Janet is a member of the council of the Jamaican Bar Association (JBA), where she sits on the Commercial Law Sub-Committee and the Publications Sub-Committee. She has presented at several conferences on Corporate Governance, the Pensions Act and the Companies Act and has contributed legal commentaries and articles in the Jamaican press. She is an associate tutor at the Norman Manley Law School, Mona Campus in company law and is a Fellow of the Chartered Institute of Arbitrators.

JSE BOARD COMMITTEES 2016/2017

LISTING COMMITTEE (Rule Based)
Chairman: Mr. Ian McNaughton (Alternate Mrs. Rita Humphries-Lewin)
Mr. Gary Peart (Alternate Mr. Christopher Berry)
Miss Dian Black
Mr. Steven Gooden
Mr. Garth Kiddoe
Dr. Derrick McKoy
Mr. Lissant Mitchell

MEMBER DEALER ADMISSION COMMITTEE
Chairman: Mr. Livingstone Morrison
Miss Dian Black
Mr. Garth Kiddoe
Mrs. Jane George
Mrs. Janet Morrison

COMPENSATION COMMITTEE
Chairman: Mr. Ian McNaughton (Alternate Mrs. Rita Humphries-Lewin)
Mr. Gary Peart (Alternate Mr. Christopher Berry)
Miss Dian Black
Mrs. Jane George
Mr. Livingstone Morrison

REGULATORY & MARKET OVERSIGHT COMMITTEE (Rule Based)
Chairman: Mr. Livingstone Morrison
Miss Dian Black
Mr. Garth Kiddoe
Mrs. Jane George
Mrs. Janet Morrison

AUDIT COMMITTEE (Rule Based)
Chairman: Mr. Garth Kiddoe
Mr. Devon Barrett
Mrs. Jane George
Mr. Rohan Miller
Mr. Livingstone Morrison

CORPORATE GOVERNANCE & NOMINATION COMMITTEE
Chairman: Mrs. Janet Morrison
Mrs. Jane George
Mr. Garth Kiddoe
Mr. Julian Mair
Mr. Steven Whittingham (Alternate Mr. Jason Chambers)

EXECUTIVE COMMITTEE
Chairman: Mr. Ian McNaughton (Alternate Mrs. Rita Humphries-Lewin)
Mr. Gary Peart (Alternate Mr. Christopher Berry)
Mr. Julian Mair
Mr. Lissant Mitchell
Mrs. Janet Morrison
Mrs. Marlene Street Forrest (Co-opted)
Mr. Robin Levy (Co-opted)

RULES COMMITTEE
Chairman: Mr. Ian McNaughton
Mr. Garth Kiddoe
Miss Dian Black
Dr. Derrick McKoy
Mr. Steven Whittingham (Alternate Mr. Jason Chambers)

Updated July 21, 2016

THE MANAGEMENT TEAM

Marlene Street Forrest
General Manager, JSE

Robin Levy
General Manager, JCSD,
JCSD Trustee Services Limited
& Deputy General Manager, JSE

Michelle Sirdar
Manager, Registrar
Services

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THE MANAGEMENT TEAM

Andrea Kelly
Manager,
Trustee
Services

Wentworth Graham
Chief Regulatory Officer

Suzette Whyte
Financial Controller

(Cont'd on next page)

THE MANAGEMENT TEAM

Suzette McNaught
Manager, Information Technology & Systems

Riccalya Robb
Manager, Market Operations & Trading

Neville Ellis
Marketing & Communication Manager

(Cont'd on next page)

THE MANAGEMENT TEAM

Doreen Parsons Smith
Manager, Human Resources

Suzette Pryce
Manager- Retail
Repo Division

Kadyll McNaught Hermitt
Manager, Depository
Service Unit

From the Chairman's Desk

CHAIRMAN'S REPORT

Mr. Ian McNaughton
Chairman
Jamaica Stock Exchange

2016 was another successful year for the Jamaica Stock Exchange (JSE); a year in which profits climbed to a record $224M from $175M in 2015, a 28% increase. Total Equity rose from $621M to $808M, a 41% increase, while earnings per stock moved from $0.25 to $0.32, a 28% increase. As the Chairman, I am pleased to address the shareholders and all stakeholders of the JSE and thank all the persons that have contributed to the JSE having a stellar performance.

2016 Global Performance

The year experienced the positive impacts of low oil prices and economic recovery for many of our trading partners. Despite the recovery of many of the global markets, there were still regional and global uncertainties due to the anticipation of the US elections and especially the decision of UK to exit the European Union. While these events have not noticeably impacted our local economy nor our markets in 2016, it is conceivable that the tail winds will bring changes in 2017.

The Jamaican Economy

The economy grew by approximately 1.7% as measured by GDP and this was also reflected in the performance of the Exchange and improvement in our international credit ratings in 2016. Little or no economic disruption was experienced because of the change of government as the Jamaica Labour Party (JLP) seemed determined to continue with the path set for economic recovery and growth. In spite of the fact that there were still many economic challenges, the Stock Market continue to prove its value for both companies seeking capital and investors wishing to invest. The positive performance of the Main Market and the Junior Market companies on the Exchange attest to this. As we seek to attract more market participants, I am pleased that the year 2016 saw an increase by 57% over 2015 of new accounts (investors) in the market.

The JSE would like to use this medium to express our appreciation to the Government for keeping the incentives in place for the Junior Market companies. The JSE continues to appeal to Small and Medium-Sized businesses to make use of the Government's tax incentives expeditiously to ensure that their businesses grow and develop. This would in turn result in the

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From the Chairman's Desk

CHAIRMAN'S REPORT

continued economic upturn of the country, a win-win for all stakeholders.

The stellar performance of the JSE and its subsidiary, Jamaica Central Securities Depository Group (JSCD) is deserving of recognition for the pursuit of and implementation to date of its strategic plans. As world markets change, the Group has sought to move with the changes in global standards and have through it many conduits made accessible its operations to assist with the smooth functioning of the financial markets.

2017 Outlook

The Board and Management of the JSE expects to see new listings on the markets in 2017 with the reinstating of the Junior Market Corporate Tax Holiday incentive programme and the preparations companies are making to access equity capital. We will continue to impress on companies the need to examine their debt/equity ratio so as to achieve long-term revival and sustainability. This should no doubt result in greater utilization of the market. We are also expecting that all aspects of the JSE's business will continue to grow in 2017 with especially the Depository Services and Trustees Services, as more of our Members Dealers and their clients seek creative avenues for business financing and wealth creation.

The JSE's Board and Management are committed to having a world class stock exchange, which all Jamaicans can be proud of and which will lend itself to the development of not only Jamaica but the region.

Conclusion

The performance of the JSE could not be accomplished without the dedicated staff led by a proficient management team. I congratulate the team for its ownership of our strategic plan and their efficiency in its execution. I look forward to their continued effort which should lead to success in 2017. I would also like to use this medium to congratulate Mrs. Marlene Street Forrest, the General Manager of the JSE, on being recognized by the Government of Jamaica and being accorded the Commander of Distinction (CD) in the area of financial leadership and being recognized internationally by Afro Global of Canada as an international leader. This should be an inspiration for the management and staff and shows that hard work does bring great rewards.

I thank the Member Dealers and customers for their continued faith in the Stock Exchange and look forward to working with all stakeholders to continue the successful achievements of the Stock Market.

Finally, my report would be incomplete if I were not to comment on the work of the hard working and committed directors and committee members whose work and drive for excellence is reflected in our results.

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Ian McNaughton
Chairman

2016 Regulatory & Market Oversight Committee (RMOC) Chairman's Report

Mr. Livingstone Morrison
Chairman

During the year, the Regulatory and Market Oversight Committee (RMOC) continued to discharge its oversight responsibility for the Regulatory and Market Oversight Division (RMOD), to which the compliance and market surveillance functions of the Jamaica Stock Exchange (JSE) are assigned. Consistent with its mandate, the programme of activity that was pursued by the RMOC was designed to:

a. Provide guidance and supervision to the regulatory operations of the RMOD;
b. Conduct regular review of the RMOD's regulatory operations;
c. Monitor the conduct of participants, which includes member-dealers, listed companies, their responsible officers and agents;
d. Enforce compliance to market rules and regulations;
e. Review measures and rules necessary to maintain and strengthen market integrity and transparency.

In 2016, the RMOD reported handling three hundred and three (303) compliance and surveillance issues, which represented an increase of approximately 48% in the number of issues handled when compared with the previous year. The level of increase in surveillance activities is consistent with the 57% increase in the total number of transactions on the exchange during the year.

The RMOC met on fourteen (14) occasions during the year, to consider policy and operational matters that were critical to the fulfilment of its responsibilities, as dictated by its Terms of Reference (TOR).

Based on the World Economic Forum's Global Competitiveness Index Report for 2016/2017, Jamaica continued to maintain its good standing as being the highest ranked country in the Caribbean, with a ranking of 32 out of 138 countries, as it relates to the Regulation of Securities Exchanges. The RMOC is pleased that the programme of work to benchmark regulatory operations against international best practices has received global recognition as we join Mexico (ranked at 46) as the countries with the highest ranking exchanges in the region. The RMOC will continue its work to improve regulatory efficiency and effectiveness.

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Regulatory & Market Oversight Committee Report

For 2017, the RMOC will intensify efforts to preserve confidence in the market through further strengthening of surveillance capabilities, supported by the implementation of a new automated market surveillance system, as well as the continued bolstering of the internal arrangements within the RMOD.

In closing, I wish to commend members of the RMOC and the JSE's Board for their unwavering support in 2016. I also wish to express thanks to the RMOD team for the work done during the year and to our stakeholders for their active involvement in the process.

.....

Mr. Livingstone Morrison.
Chairman

The Jamaica Stock Exchange and Its Subsidiaries

Audit Committee Report

Audit Committee Composition

1. Garth Kiddoe (Chair) - Independent Director
2. Jane George - Independent Director
3. Livingstone Morrison - Independent Director
4. Devon Barrett
5. Rohan Miller

The Mandate of the Audit Committee

The mandate of the Audit Committee is to assist the Board of Directors in ensuring the adequacy of its internal procedures, the integrity of the Company's financial statements, and compliance with legal and regulatory reporting requirements. The Committee also serves as a conduit for communication between the Board, the management team and the internal and external auditors with respect to these areas.

Role & Responsibilities of the Audit Committee

The Audit Committee performs an important role in building and maintaining high standards of budgeting, accounting, financial reporting and auditing. The Committee ensures that the Board and Management's fiduciary responsibilities are conducted in an environment of integrity and transparency.

Meetings and Attendance

The Audit Committee is required to meet at least four (4) times per year. Thirteen (13) Audit Committee meetings were held during the year under review, with an average members' attendance of eighty (80%) percent.

Internal Controls

Committee monitored the effectiveness of the organization's risk management and internal control systems, ensuring that they are in compliance with company standards and international best practices, including:

- Reviewing the Company' operational policy and procedures
- Monitoring the Internal Auditor's scope of work, findings and recommendations with a view to determining their effectiveness
- Reviewing management's responses and monitoring implementation of remedial actions based on the Auditor's recommendations
- Ensuring there are no unjustified restrictions or limitations on the Auditors' work.

The internal audit function is sub-contracted to PriceWaterhouseCoopers.

Compliance

The Committee reviewed the effectiveness of the Company's system for ongoing compliance with relevant laws and regulations and monitored the results of management's investigation and follow-up in any instances of non-compliance.

External Audit

The Committee reviewed the audit plan and the effectiveness of the External Auditors to ensure that their performance was adequate for assurance of the Board's governance responsibilities and in accordance with best practice and regulatory standards. The Committee also sought to ensure that the Auditors received all the access, information and explanations that they required to complete their course of work.

The Company's external auditors are Ernst & Young.

Financial Statements

During the year, the Committee reviewed all quarterly reports and the annual financial statements to ensure compliance with appropriate accounting principles, IFRS standards and regulatory requirements before recommending them for the approval of the Board.

All activities were completed in good order and the Audit Committee considers its mandate as having been satisfactorily fulfilled for the year under review.

L Garth Kiddoe
Chairman

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. Ian McNaughton. Other members of the Committee are:

Mr. Gary Peart ***(Alternate Mr. Christopher Berry)***
Miss Dian Black
Mrs. Jane George
Mr. Livingstone Morrison

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 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.

Directors' fees totaled $9.7 Million in 2016 and represented a $1.1 Million increase from 2015, which was $8.6 Million.

GENERAL MANAGER'S REPORT - JSE

Mrs. Marlene Street Forrest
General Manager
Jamaica Stock Exchange

For the year 2016, JSE Group continued to blaze the trail of success. Still basking in our achievement as Best Performing Stock Exchange globally for 2015, our indices continued to advance; recording growth of 27.6% in the main market and 44.8% in the Junior Market. With the exception of the US$ index which advanced by 2.1% all other indices recorded double digit advances.

The Group continued the trend of market facilitation and I am pleased to report that the market was active. We successfully effected a business restructuring across the Exchange and in the normal course of business stock prices generally increased. We saw unprecedented corporate actions in 2016 with nine (9) companies having stock splits and one (1) giving their shareholders bonus shares. There was excitement in the air with companies obviously looking at ways to ensure that they remain attractive to the investing public.

It was a year when the general election heralded in a change of government and confidence by consumers and businesses continued to remain high. Companies responded well to our message that the markets should be utilized to raise capital and grow their businesses. Six Small & Medium Sized Enterprises (SME) raised $0.9b and listed on the Junior Market amidst the removal of the Government of Jamaica Junior Market Incentive in 2016. We are happy to report that through dialogue and the commitment of the current government to incentivize SMEs to grow the economy, the original incentive of the payment of no corporate income tax for the first five years of listing and fifty percent of the prevailing rate for the next five (5) years was reinstated for Junior Market Companies. We expect to see in 2017 and beyond the utilization of this market for the stability and growth of the economy.

Our plan for market education and collaboration to ensure that this happens clearly worked as a number of our members and the JSE joined forces in delivering through public outreaches, stock market games and workshops and other comprehensive training spanning the spectrum of how to buy and sell stock to how to effect best corporate governance standards within organization. The market was certainly energized and ready to be engaged. We must acknowledge that through the support and financial assistance of the Multinational Investment Fund (MIF) we were able to make tremendous inroad into market education with an area we feel is the most direct avenue to achieve financial inclusion.

The JSE Group has worked purposefully at executing plans to diversify our operations and provide profitability to our shareholders. We believe that this can only be achieved if we pay attention to market education, product development and training of both our internal and external customers. While we acknowledge that much has been done in the ecosystem to assist with our efforts we pay kudos to our hardnosed directors, management and staff who did not veer from our charted path. In 2016, despite not having the multiple block transactions which are normally accompanied by significant increased income, our group business continued to grow through normal daily transactions from the diversified operations including the Trustee Services Division which added the Repo Division to its service offerings. We further augmented our service offering with the roll out of our mobile application and our increased presence on social media.

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GENERAL MANAGER'S REPORT - JSE

We have had setbacks within the year 2016. The Jamaica Depository Receipt Programme (JDR) which was slated for roll out faced regulatory hurdles which were unforeseen during the period of development. We have noted that in global markets, this product is a successful addition to the suite of products offered to investors and we believe that in time and with the collective wisdom to grow the equities market, our government will provide us with the space to effectively launch this product and others to increase the offering to Jamaican investors. We continue to press forward with meaningful changes and transitions and as we seek to change our trading platform in 2017, work is progressing in 2016 to ensure that the transition is smooth and where there are problems to alleviate them with dispatch.

It gives me pleasure in reporting that our efforts at diversification, market education, lobbying and operating a fair, efficient and transparent market yielded positive results. In 2016 The Group returned a profit for the year before other comprehensive income of $223.6 million compared to $175 million in the previous year with our subsidiary the JCSD contributing $136.6m to this performance.

We are now in our third year of listing our ordinary shares on the Exchange and we have pursued a number of critical initiatives in order to succeed in the pursuit of our strategic objectives and to ensure that we provide value to our shareholders. We are indeed pleased that our Earnings per stock unit have significantly improved, moving from $0.25 cents in 2015 to $0.32 in 2016. Our shareholders benefited not only from the price appreciation of the JSE shares and payment of dividend amounting to $165.2 million or $0.66 per stock unit. We experienced a stock price appreciation of 47.9% in 2016 and in October 2016 we also had a 5:1 stock split in which resulted in the share price moving from $27.50 to 5.50. This we believe will further attract more investors to the Company.

We have been at the forefront of seeking out market opportunities and responding to market needs and will continue to pursue avenues to ensure that the Group has the capacity to be responsive and to remain profitable. We believe that in embracing other markets and Exchanges there is not only more to learn but more to offer our market. We promise that these will be pursued in the ensuing years.

ENVIRONMENTAL FACTORS

Economic Overview

The year 2016 was a positive year for Jamaica despite the slowdown in the economy in the final quarter. The improved performance represents the fourth consecutive year of growth for Jamaica. Of note, Jamaica's credit rating has improved and Jamaican bonds trade at a premium in international markets. The World Bank has delivered the bulk of the program under the US$510m commitment and at the end of 2016, the IMF approved a three-year US$1.64 billion Stand By Agreement as a follow-up to the now concluded Extended Fund Facility. In addition, the International Finance Corporation (IFC) continues to support private sector development in Jamaica. Continued prudent macroeconomic policies and careful liability management reduced total government debt to 122% of GDP by the end of 2016, down from the accumulated debt reaching 145% of GDP in 2012.

As it relates to economic growth, the Statistical Institute of Jamaica revealed that the economy grew by 1.4% for the calendar year 2016 compared to the 0.9% growth recorded in 2015. The industries estimated to have recorded the largest growth during the year were agriculture, forestry and fishing, up 12.8; electricity and water, up 3.8%; hotels and restaurants, up 2.1%; and transport, storage and communication, up 0.6%. According to the PIOJ, GDP growth over the last two years have been facilitated by improved macroeconomic stability, including low inflation, moderate currency depreciation, reduction in interest rates, successful completion of quarterly reviews by the IMF; increased business and consumer confidence; and higher employment levels.

At the end of December 2016 the Net International Reserves (NIR) stood at US$2.72 billion. This reflects an 11.93% increase over the US$2.43 billion recorded in 2015.

The Jamaican dollar traded at JA$128.36:USD1:00 as at December 30, 2016. This represents a decline of JA$7.95 or 6.6% since the start of the year.

For the calendar year 2016 the rate of inflation was 1.7%. This compares to 3.7% in 2015 and 6.4% in 2014.

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GENERAL MANAGER'S REPORT - JSE

Treasury Bill average yields for the month of December 2016 were 5.64%, 5.68% and 6.56% for the 28-day, 90-day and 180-day instruments respectively. The average yields on Treasury Bills for December 2015 were 5.96%, 5.96% and 6.04% for the 28 days, 91 days and 182 days auctions respectively. During the year the BOJ reduced the rate on its 30-day Certificate of Deposit to 5.00% from 5.25% in 2015.

We expect that these lower yields have had a positive impact on the Stock Market in general.

Global Review of Stock Markets for 2016

The performance of the majority of the stocks in the United States saw solid gains in 2016, buoyed by a post-election rally that fueled the Dow Jones Industrial Average to its best performance since 2013. The Dow Jones industrial average was a standout performer, shooting up 13.4% and approaching the 20,000 point level right at the end of 2016.

Russia's RTS index has rallied by 52% in dollar terms since the start of the year. The country's other main index -- Micex -- has shot up by 27%. Global investors rushed into Russia following the U.S. election because they expected President-elect Donald Trump to help thaw frosty relations between the two nations. Russia is also heavily reliant on oil revenue, and it benefited from the recent surge in oil prices.

Argentina's Merval index surged 45% this year and hit a record high in October on the back of major political shifts in the country and an 18% crash in the currency.

Brazil's Bovespa index hit a low in January that hadn't been seen since the 2008 global financial crisis. But then investor sentiment turned around and the market caught fire, rallying 39%.

Like many global stock markets, the TSX Composite index in Toronto rallied from a January low and benefited from the so-called Trump bump. It's up 17.5% this year.

Oslo's All-Share index in Norway has been on a steady climb since the 2008 financial crisis, though it experienced a major pullback in early 2016 as oil prices crashed. It since rebounded and made an 18% gain this year. Specifically, Norway's biggest publicly traded company -- Statoil (STO) -- saw shares increase 29% this year. A smaller peer in the sector -- Aker BP -- saw shares soar by about 185%.

Indonesia's stock market posted a lot of bumps and jumps in 2016 but ultimately closed with a 15% gain. Indonesia's largest publicly traded firms saw their shares rise this year, with most posting double-digit percentage increases. The country's growing economy is powered predominantly by consumer spending, which means it is relatively insulated from a further slowdown in global trade. The International Monetary Fund predicts economic growth of 5.3% next year, even faster than 2016.

London's benchmark FTSE 100 index defied expectations and hit an all-time high this year after Britain voted to leave the European Union. It is up 14.4% since the start of 2016. The vote for Brexit caused the currency to drop to a 31-year low against the U.S. dollar, which may have provided a "stimulus boost" for the stock market. The Bank of England's move to support the economy, combined with better-than-expected economic data, has also helped the stock market.

Based on the generally positive environmental indicators in the global and local markets, we believe that this should have a positive impact on businesses and by extension the market.

JSE MARKET PERFORMANCE IN 2016

Mr. Devon Barrett, Group Chief Investment Officer & Chief Executive Officer- Victoria Mutual Wealth Management giving his presentation at Portland listing 2016.

Record highs continued to be recorded in 2016 and all indices increased in comparison to the previous year, 2015. The Cross Listed Index saw the biggest increase of 320% or 1,597.00 points closing at 2,096.06 points. The Junior Market Index saw the second largest increase of 44.81% or 802.66 points closing at 2,593.71 points. Followed by the JSE Combined Index which recorded an increase of 29.50% or 46,690.96 points to close at 204,960.10 points. The Main JSE Index and the All Jamaican Composite Index advanced by 27.60% or 41,584.51 points and 25.56% or 42,776.24 points to close at 192,276.64 points and 210,139.49 points respectively. The Select Index increased by 28.60% or 1,424.03 points to close at 6,403.77 points. The JSE USD Index increased by 2.14% or 3.44 points to close the year at 164.50 points.

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GENERAL MANAGER'S REPORT - JSE

Similarly, the market capitalizations achieved substantial growth. As at December 31, 2016, the market capitalization of the Main Market amounted to $697.45 billion, an increase of 13.30% or $81.89 billion, compared to the $615.56 billion at the end of 2015. Market capitalization of the Junior Market at the end of 2016 amounted to $103.42 billion an increase of $35.47 billion or 52.22% versus the $67.95 billion recorded in 2015. For the US Dollar Equities Market, the market capitalization at the end of 2016 amounted to US$142.13 million compared to US$132.58 million at the end of 2015.

OPPORTUNITES

There is no shortage of opportunities to grow the market and achieve profitability for the Group. We have a roadmap and a plan. We have learnt based on our experience with the JDR that sometimes our best intentions are stymied based on the wider market forces. Consequently we will do much more in engaging, lobbying and pursuing and trying to remove the hurdles presented. It is our belief that we must continue to try to find a way to have more emphasis placed on growing the market through the Exchange.

As promised we have had a soft launch of the Corporate Governance Index aimed at providing a tool by which listed companies can measure based on their governance programme how well they are performing in relation to global standards. We have had a series of workshops with our listed companies who we believe are well engaged and have provided meaningful input to enable a seamless launch in 2017.

JSE DEPARTMENTAL HIGHLIGHTS 2016

Trading & Settlement Platforms

The use of technology is pivotal to the delivery of high quality products and services to the market. Consequently, the Group's technology unit continues to operate as a strategic partner to all the business units and business partners by focusing on customer service through collaboration and providing solutions that are timely and allow the divisions and our extended clients to create value and operate efficiently. By extension, this facilitates the Exchange in its mandate towards implementing core business strategies and expansion of the service portfolios in 2017 and beyond

In 2016, the team worked assiduously to ensure the availability of the core trading and settlement platforms. We experienced no significant downtime that would have otherwise impacted the systems and markets negatively. We have calculated significant downtime should be no more than 30 minutes in each instance and will continue to ensure that this metric is maintained during 2017 and beyond. Additionally, we will continue to ensure the delivery of a reliable IT Strategy that will enable the JSE to take advantage of emerging trends and technology.

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

Dr. The Hon. Andrew Wheatley, Minister of Science Energy and Technology speaking at the JSE App Launch 2016.

Successful initiatives during 2016

1. Mobile App
2. Implementation of Boardbooks
3. Continuing activities for the implementation of a new Trading and Surveillance Platform in 2017
4. Continuing activities for the implementation of Online Trading Phase II in 2017

Projects to be implemented in 2017

1. Implementation of New Trading Platform
2. Mobile App for Apple devices
3. Implementation of new products such as Short Selling, Futures and Options and Derivatives
4. Online Trading Phase III
5. Upgrade of infrastructure
6. Upgrade of Financial System

Ongoing Initiatives in 2017

1. Infrastructure Improvements to ensure the infrastructure remains robust and agile.
2. Business Solutions geared towards achieving the group's strategy
3. IT Governance, Security and Service Delivery continuous improvements
4. Customer Service and Support continuous improvements

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Marketing Activities

The success of the JSE Group continued into 2016 from 2015. The JSE saw a huge surge in persons wanting to learn more about the stock market and to invest in the different securities. This is a testimony that the investor education programme has borne fruit and the JSE is now reaping the rewards from the efforts and resources expended in its financial literacy programme that it introduced across the length and breadth of Jamaica and the Jamaican Diaspora. The JSE recognizes that market education is the key for market development and sustainable growth in the long term.

The Exchange utilized various approaches to reach investors and potential investors. The programmes organized to garner investor engagement are outlined below:

Capital Markets Conference

In 2016, the JSE hosted its 11th Regional Investments and Capital Markets Conference with huge success as for the first time attendees surpassed the 400 mark. In addition, Jefferies came onboard as a new major sponsor.

Stock Market Game for High Schools

The Stock Market Game is a simulation game for trading stocks on the Jamaica Stock Exchange platform. It is designed to promote a better understanding of the stock market and how it works. It is aimed at high school students in 4th to 6th forms. Participation in the game strengthens students critical thinking skills, build confidence and their self-esteem. Most importantly, the Stock Market Game instills an understanding of the need to save and invest at an early age.

High School Education Programme

A new record of 85 schools visited the Exchange in 2016. This included two overseas colleges making first time visits. The JSE was able to impart financial knowledge to over 2,800 students, up from 2000 in 2015, a 40% increase in the number of students visiting the Exchange.

The schools' programme gives students an understanding of:

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

The JSE at Mandeville Outreach

JSE's Public Investor Outreach

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.

In 2016, the JSE partnered with Barita Investments Limited to host three Public Investor outreaches in the parishes of St. Elizabeth, Clarendon and Manchester. There were over 600 persons in total, in attendance. The public outreach programmes have taken on a new phase in which the participating brokerage houses make it easier for persons to open their trading accounts on spot, by facilitating their filling out the necessary forms.

Corporate Outreach

In 2016, 40 institutions were visited by the JSE to spread the message about the market and the "Art of Buying and Selling Shares". This was a 33% increase in Corporate Outreach and showed the level of interest in the markets.

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 ways they can create wealth using this channel. The aim of the programme is to present simple and concise information about how the stock market works to benefit Jamaicans to employees at their workplace, thereby bringing the market education to them.

National Investor Education Week

There was a sense of excitement at the 10th National Investor Education Week. The week of activities saw the JSE and Barita Investments Limited visiting the universities as we continue to push the agenda of financial literacy for the Jamaican populace and especially among tertiary students. There were over 1000 University students in attendance from all three universities visited: UWI, UTech and NCU.

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National Investor Education Week is a week of activities geared towards educating Jamaicans on the products and services in the financial sector. It is designed to make Jamaicans more financial literate and be able to make wise financial decisions.

Best Practices Awards

National Commercial Bank Jamaica Limited (NCBJ) copped its third consecutive Governor General's Award for Excellence for the Main Market for 2015, while Honey Bun Jamaica Ltd. won the equivalent for the Junior Market for the second time, having done so in 2011. This announcement was made at the Jamaica Stock Exchange's 12th staging of its Best Practices Awards Banquet held at The Jamaica Pegasus Hotel on December 7, 2016. GraceKennedy Limited won the JSE/PSOJ Best Practices Award for Corporate Governance for the first time and JMMB Securities Limited was crowned the Top Member Dealer for 2015.

The Best Practices Awards was established in 2004 to award Listed Companies and Brokerages that exhibit Best Practices in their organization.

Custos Patricia Dunwell, Custos Rotulorum of St. Andrew handing the Governor General's Award for Excellence to Mr. Dave L. Garcia - Company Secretary & General Manager, Group Legal & Compliance Division.

Expos

The JSE took the opportunity to further spread the message about the benefits of the Markets at the following events:

- Small Business Expo
- Maths Expo
- Flow Mini Expo
- JMA/JEA Expo

Publications

The Exchange publishes a number of publications aimed at assisting investors, potential investors, academia, researchers and the investment community to make more informed 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

e-Campus

The JSE e-Campus was launched in 2010 under the visionary prowess of the Jamaica Stock Exchange Group with an objective to address the vital need of continuing professional education for the Financial Services Industry and other business sectors.

Ongoing professional education is a significant aspect of almost every professional avenue in today's world. The perpetual advancements in technology have created a demand for continuous upgraded services and therefore continuous self-improvement. 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 six (6) 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 the face-to-face sessions. Sessions are also recorded to allow participants the opportunity to review lecture sessions as needed.

As the Campus continues to grow, so does the range of services provided. The year 2016 proved to be very positive for the e-Campus with quite a few noteworthy accomplishments made.

The Campus' Post-Graduate Diploma programme in Financial Services Management just welcomed its 10th cohort of students to the e-Campus fraternity.

The e-Campus began offering its newest certificate unit, "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 its participants to develop the knowledge skills and competencies needed to make informed decisions and to increase their level of financial literacy. We are especially proud

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to announce that this course 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 JSE is now the official re-seller of two (2) of the Institute of Chartered Secretaries and Administrators' (ICSA) offerings, namely; Fast Track Professional Route for Lawyers and Chartered Accountants who wish to become Chartered Secretaries and the Corporate Governance unit. Through the e-Campus, exam preparation classes will be available in 2017.

The e-Campus continues to offer workshops on key topics such as 'Mergers and Acquisitions', 'Financial Regulations and Laws', 'The Jamaica Depository Receipt' and 'Networking'. These informative workshops were well-received based on the feedback received at the end of each workshop.

The e-Campus has also begun to offer customized training workshops for corporate clients to assist in meeting their employees' training needs. The e-Campus has received a significant increase in the demand for this service. As such, 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 technology."

The JSE e-Campus looks forward to a productive and rewarding new year in 2017.

Mrs. Marlene Street Forrest, General Manager of JSE addressing potential students of the E-Campus, at the ICSA Fast Track Qualifications session.

INTERNAL AUDIT

Our internal audit functions are outsourced to PriceWaterHouseCooper. The JSE Group proactively responds to the recommendations of the internal auditors recommendations for improvement to our operations. This has enabled us to deliver must better services to our internal and external customers and enhanced our risk mitigation programmes.

HUMAN RESOURCES

Our Team

The objective of the Jamaica Stock Exchange continues to be a Workplace of Choice where our team can be provided with a rewarding, productive and fulfilling career; a workplace where through supportive human resource and management practices, we ensure the advancement of staff. We take pride in their development and encourage creativity as we believe this to be an avenue that will effectively align a motivated and productive team with the organization's strategy.

For 2016 team members were engaged in organization climate surveys, cross-training, workshops, and training programmes through the JSE's e-Campus. They were also introduced to the new performance evaluation programme which will facilitate a more effective alignment of employees' performance with the Mission and Vision of the Exchange.

Our Community

Our community is of paramount importance to us and part of our corporate social responsibility is to contribute to community development through social programmes, education, training and job creation. Against this background, the JSE assisted with the refurbishing/rebuilding project at St. Michael's Primary School and continues to sponsor the breakfast feeding programme. This programme has positively impacted the attendance and performance of students as they have reported that the student population has grown from 98 to 189 students and an improvement in their literacy rate from 31% to 72%.

Additionally, the JSE, through our internship programme, took on four young persons from the community through the Citizens Security & Justice Programme (CSJP). These 'Rising Stars' were assigned to various departments within the Group and were developed through on-the-job training and other training programmes. Some have completed their first degrees, while

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