



**JAMAICA
STOCK
EXCHANGE**

2023 Annual Report



*-Resilience-
Driving Capital from Concept to Growth*



*“Providing A Fair, Efficient and
Transparent Stock Market”*



2023 Annual Report

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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.

NOTICE OF 47th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-seventh (47th) 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, June 20, 2024, commencing at 1:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

As ordinary business of the Company, to consider and if thought fit, to pass the following ordinary resolutions:

- 1. Resolution No. 1 – 2023 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, 2023, circulated with the Notice convening the Annual General Meeting, be and are hereby adopted.
- 2. Resolution No. 2 – Re-election of Directors**
THAT Mr. Julian Mair, 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 Mr. Livingstone Morrison, 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.
- 4. Resolution No. 4 – Re-election of Directors**
THAT Mr. Gary Peart, 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 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.
- 6. Resolution No. 6 - Re-election of Directors Pursuant to Article 109**
THAT Mrs. Sabrina Cooper, who was appointed to fill a casual vacancy and being eligible to be re-elected, has offered herself 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 Ms. Tracy-Ann Spence, who was appointed to fill a casual vacancy and being eligible to be re-elected, has offered herself 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. Steven Gooden, 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 47th ANNUAL GENERAL MEETING (Cont'd)

- 9. Resolution No. 9 – To Ratify Dividends 2024 be**
THAT the dividend of \$ 0.263 per ordinary share payable on April 30, 2024, be and is hereby declared as final, and that no further dividend be paid in respect of the year ended December 31, 2023.
- 10. Resolution No. 10 – Appointment of and the Remuneration of the Auditors having**
Ernst and Young, Chartered Accountant, having agreed to serve 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 2024/2025.

BY ORDER OF THE BOARD



.....
Roxanne Hutchinson
Company Secretary
Dated: April 22, 2024

IMPORTANT NOTICE TO ALL MEMBERS:

The 47th Annual General Meeting of the Company (“AGM”) will be a hybrid general meeting. The following shall apply to this AGM:

1. ELECTRONIC ACCESS TO AGM

The link for shareholders to access the AGM is: <https://iteneri.com/jseagm>

2. VOTING AND RESOLUTIONS

Voting by shareholders at this AGM will be facilitated electronically. We thank you for your continued support 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 a Proxy to vote on his behalf. A proxy need not also be a member.
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.

HIGHLIGHTS ON 19th Best Practices Awards



Managing Director of the JSE, Dr. Marlene Street Forrest presented the coveted Governor General's Award for Excellence, Main Market to GRACEKENNEDY LIMITED. The award was received by Mr. Don Wehby, Group Chief Executive Officer, along with other members of the GraceKennedy team (L-R): Ms. Sydoney Johnson, Corporate Secretary & Registrar; Mr. Andrew Messado, Group Chief Financial Officer; Ms. Suzanne Nam, Head of Corporate Communications; Mrs. Gail Moss-Solomon, General Counsel & Chief Corporate Secretary; Ms. Grace Burnett, Chief Executive Officer, GraceKennedy Money Services & GraceKennedy Financial Group; Mr. Steven Whittingham, Deputy CEO, GraceKennedy Financial Group; Ms. Andrea Coy, Chief Executive Officer, GK Foods International; Mr. Frank James, Chief Executive Officer, GraceKennedy Foods Domestic; Ms. Naomi Holness, Chief Human Resource Officer and Mrs. Kerry Ann Heavens, Chief Legal Counsel & Corporate Secretary, GraceKennedy Financial Group Legal.



JSE's Managing Director, Dr. Marlene Street Forrest presenting the 2nd runner up **VM WEALTH MANAGEMENT LIMITED** for the Member Dealer category Expansion of Investors & Listed Companies Base. The award was received by Ms. Kerice Gray Assistant Manager – Bond, Equity & Digital Asset Trading, along with Ms. Akanke Scott, Senior Trader and Ms. Shanee-Leigh Greaves, Trader.

HIGHLIGHTS ON 19th Best Practices Awards



Chair of the Best Practices JSE/PSOJ Corporate Governance sub-committee, Ms. Alicia Hussey, presenting the winner **GRACEKENNEDY LIMITED** for the JSE/PSOJ Corporate Governance Main Market category. The award was received by Mr. Donald Wehby, Group Chief Executive Officer and Mr. Frank James – Chief Executive Officer, GraceKennedy Foods Domestic.



Managing Director of the JSE, Dr. Marlene Street Forrest presenting the coveted Governor General's Award for Excellence, Junior Market to **LASCO FINANCIAL SERVICES LIMITED**. The award was happily received by Ms. Denise West, Chief Compliance Officer.



JSE Best Practices Website Sub-committee Chairman, Dr. Andre Haughton presenting to the 1st runner-up **FOSRICH LIMITED** for the category Website Junior Market. The award was received by Ms. Kelmarie Davidson, PVC Sales Co-ordinator accompanied by Ms. Tresan Martin, Marketing Officer.



JSE Best Practices Committee Member, Mr. Collin Greenland presenting the 1st runner-up **MAILPAC GROUP LIMITED** for the category Best Performing Company Junior Market. The award was received by Ms. Tracey-Ann Spence, Director.



JSE Best Practices Committee Member, Ms. Olicia Sylvester presenting to the winner **HONEY BUN (1982) LIMITED** for the category Corporate Disclosure & Investor Relations Junior Market. The award was received by Mr. Daniel Chong, Deputy CEO.

HIGHLIGHTS ON 19th Best Practices Awards



Director of the JCSD and JCSD Trustee Services Limited, Mr. Leo Williams presenting the Chairman's award for the Top Member Dealer to **JMMB SECURITIES LIMITED**. The award was received by (L-R): Mr. Kwame Brooks, General Manager, Trading and Treasury – JMMB; Mr. Clive Charlton, Equities Trader – JMMB; Ms. Shauna-Kay Kelly-Reid, Trader – JMMB; Mr. Karl Townsend, Chief Country Officer (Jamaica), JMMB – Capital Market Unit – JMMB and Mr. Andre Reid, Senior Trader – JMMB.



JSE Chairman of the Board, Mr. Julian Mair presenting the winner, **SAGICOR GROUP JAMAICA LIMITED** for the category Annual Report Main Market. The award was received by Ms. Rejeanne Campbell, Manager, Group Corporate Communications.



JSE Chairman of the Board, Mr. Julian Mair presenting the winner **LASCO FINANCIAL SERVICES LIMITED** for the category Annual Report Junior Market. The award was received by Ms. Denise West, Chief Compliance Officer and Mrs. Danielle Drysdale, Marketing Manager.



JSE's Managing Director, Dr. Marlene Street Forrest presenting the 1st runner-up **GK CAPITAL MANAGEMENT LIMITED** for the Member Dealer category Expansion of Investors & Listed Companies Base. The award was received by Mrs. Patsy Latchman-Atterbury – Managing Director, GK Capital Management Limited and Mr. Kareem Tomlinson – General Manager, GK Investments Limited.



JSE Best Practices Committee Member, Ms. Alicia Hussey presenting the winner **HONEY BUN (1982) LIMITED** for the JSE/PSOJ Corporate Governance Junior Market category. The award was received by Mrs. Paula Graham-Haynes, Corporate Secretary and Ms. Loriann Tater, Marketing Manager.

HIGHLIGHTS ON 19th Best Practices Awards



JSE Best Practices Committee Member, Ms. Alicia Hussey presenting the 2nd runner-up **NCB FINANCIAL GROUP LIMITED** for the JSE/PSOJ Corporate Governance Main Market category. The award was received by Mrs. Sanya Goffe,



JSE Best Practices Committee Member, Mrs. Gabrielle Grant-Gilpin-Hudson presenting the winner **JMMB SECURITIES LIMITED** for the Member Dealer Website category. The award was received by Ms. Kerry-Ann Stimpson, Chief Marketing Officer.



Managing Director of the JSE, Dr. Marlene Street Forrest presenting the 2nd runner-up **BARITA INVESTMENTS LIMITED** for the Member Dealer category Revenue Generation & Market Activity. The award was received by Mr. Robert Philp, AVP – Trading & Brokerage.



Singer, Mr. Steve Higgins serenades Ms. Charmaine Brimm, JSE Director with song titled "Lady in Red" during dinner time at the JSE's Best Practices Awards Ceremony held at the Jamaica Pegasus On Wednesday, December 6th. Smiling in the background is Moderator, Mrs. Andrea Chisholm-Anglin, Media Practitioner and TV Host.



Patrons networking during the cocktail segment of the awards. (L-R) Mr. Donald Wehby - Group Chief Executive Officer, GraceKennedy Limited, Mr. Kareem Tomlinson – General Manager, GK Investments Limited, Mr. Steven Whittingham, Deputy CEO GraceKennedy Financial Group Limited and Stacy Ann Tait, SVP Investments NCBCM.

“Providing A Fair, Efficient and Transparent Stock Market”

Corporate HIGHLIGHTS

LISTINGS | One Great studio Company Limited



Djuvane Browne, CEO and Gina DeLisser, COO inserting the strip at One Great Studio Limited Listing Ceremony. Looking on partially hidden is Mr. Andre Gooden, JSE Group Business Development Manager and Ms. Andrea Kelly, General Manager of the JCSD and JCSD Trustee Services Limited.

Members of the One Great Studio Limited team, smile for the camera at their listing ceremony. In the photo from left to right is Djuvane Browne, CEO; Laurian Evelyn, CXO; Gina DeLisser, COO; Robert Evelyn, Head of Web and Antoinette Hamilton, Consulting CFO.



Corporate HIGHLIGHTS

JSE Guyana Conference 2023



One set of panelists at the JSE's 1st Guyana Regional & Investments Conference held in Guyana October 3 - 5, 2023 at the Pegasus Suites & Corporate Center. (L-R) Mr. Kester Hutson - President of the Georgetown Chamber of Commerce (GCCl); Mr. Ryan Strachan - Vice President, Investor Relations- GK Capital Management Limited and Mr. Simon Johnson - Senior Specialist; IDB/IDB Lab



Mr. Gregory Fisher speaks with JSE's Manager, Marketing & Communications, Mr. Neville Ellis during the JSE's 1st Guyana Regional & Investments Conference held in Guyana October 3 - 5, 2023 at the Pegasus Suites and Corporate Centre.



Popular Guyanese businessman Mr. Dunstan Barrow asks a question at the JSE's 1st Guyana Regional & Investments Conference held in Guyana October 3 - 5, 2023 at the Pegasus Suites & Corporate Center.



Mrs. Mischa McLeod-Hines - Vice President Capital Markets, Sagicor Investments in dialogue with CariCRIS CEO Mr. Wayne Dass a participant at the JSE's 1st Guyana Regional & Investments Conference held in Guyana October 3 - 5, 2023, at the Pegasus Suites and Corporate Centre.

Corporate *HIGHLIGHTS*

46th Annual General Meeting



JSE Managing Director, Dr. Marlene Street Forrest presents her Managing Director's report at the JSE's 46th Annual General Meeting held on Thursday, June 22, 2023.



Shareholder and JSE Director, Ms. Dennise Williams asking her question at the JSE's 46th Annual General Meeting held on Thursday, June 22, 2023.



JSE's Financial Controller Mrs. Suzette Whyte and JSE's Legal Manager, Ms. Roxanne Hutchinson, listen to the Auditor presenting the Auditor's report at the JSE's 46th Annual General Meeting held on Thursday, June 22, 2023.



Shareholder, Mr. Livingston Young asking his question at the JSE's 46th Annual General Meeting held on Thursday, June 22, 2023.

Corporate HIGHLIGHTS



Dr. Marlene Steet Forrest, Managing Director, JSE Group and Regency Petroleum CEO, Mr. Andrew Williams hold the signed Loyalty Agreement between the JSE and Regency Petroleum Limited (RPL)



Mr. Julian Mair, Chairman, JSE and Dr. Marlene Street Forrest, Managing Director, JSE Group exchange a few words at the JSE's 46th Annual General Meeting held on Thursday, June 22, 2023.



Mr. Andrew Williams, CEO Regency Petroleum and Dr. Marlene Street-Forrest, Managing Director, JSE Group, look at the Loyalty App been shown by Mr. Dexter Tulloch, CEO, Sure Loyalty, the company administering the JSE Loyalty Programme.

Corporate HIGHLIGHTS

== National Investor Education Week ==



Dr. Marlene Street Forrest, Managing Director of the JSE Group, is joined by friends and Staff at the Spanish Town Seventh Day Adventist Church on Saturday, October 14, 2023 for the Church Service to mark the start of the week for JSE's Annual National Investor Education Week.

(L-R) JSE's Financial Controller Mrs. Suzette Whyte; Family Member of JSE Staff, Ms. Minette McLeish; JSE's IT Manager Ms. Suzette McNaught and Ms. Andrea Kelly, General Manager of the JCSD and JCSD Trustee Services Limited.



Corporate *HIGHLIGHTS*



(L-R) Minister of Education, Minister Fayval Williams, JSE Group Managing Director, Dr. Marlene Street Forrest and Public Relations & Marketing Manager, 138 Student Living, Ms. Karelle McCormack at the launch of the Stock Market Game for Primary Schools on Friday, October 20th, 2023 during the JSE's annual National Investor Education Week.

JSE Group Managing Director, Dr. Marlene Street Forrest with students of Jonathan Grant High at the Stock Market Game Awards for High Schools Ceremony.





Mr. Julian Mair
Chairman
Jamaica Stock Exchange

From the Chairman's Desk CHAIRMAN'S REPORT

It is with great pride that I share with you, our valued stakeholders and shareholders, the report for the Jamaica Stock Exchange (“the JSE”, “the Exchange”, “the Company”) for 2023.

The Management and staff of the Exchange have worked tirelessly to keep the Company profitable during what has been and continues to be a turbulent time for markets across the world. Thanks to their unwavering commitment and dedication, the Jamaica Stock Exchange Group was able to achieve a profit in excess of **Four Hundred Million Jamaican Dollars (JMD \$400 Million)** in 2023.

The Exchange, through the vision of its Board of Directors and the implementation of key strategies by Management and staff, is committed to building on the Company's historical contribution to the nation and to the continued delivery of added value to our shareholders and stakeholders.

Listings

In keeping with the Company's objective of mobilizing capital, the JSE saw 14 listings in 2023, which was an increase from the 12 listings in 2022.

With the country's improved macroeconomic outlook, it is our hope that capital market activity will continue to increase.

From the Chairman's Desk

CHAIRMAN'S REPORT

Financial Performance

The Consolidated Profit for 2023 stood at \$416 Million Jamaican Dollars, down from the \$503 Million Jamaican Dollars realized in 2022.

There was also a drop in the earnings per share from 72 cents in 2022 to 59 cents in 2023. Total Equity was \$ 2.6 Billion Jamaican Dollars up from 2.2 Billion Jamaican Dollars in 2022.

The JSE is focused on bolstering risk mitigation strategies and managing expenditure to assist the Company, as it continues to cope with the uncertainties in the economy that have been impacting the market.

The JSE remains committed to the sustainability and the continued growth of the Company for the benefit of all our stakeholders.

2024 and Beyond


As we celebrate our 55th anniversary in 2024, we will reflect on the JSE's journey thus far and look to chart the course ahead.

Our core values including efficiency, transparency, fairness and our adaptability, will continue to give JSE the tools necessary to push ahead despite any challenges that may arise. We are grateful for your support as we embark on the journey ahead.

We look forward to achieving the following in the upcoming year:

- Continued diversification of the JSE revenue stream;
- Regional expansion;
- Increased public financial literacy;
- Continued system automation;
- Pursuing additional collaborations to foster the Company's growth and development.

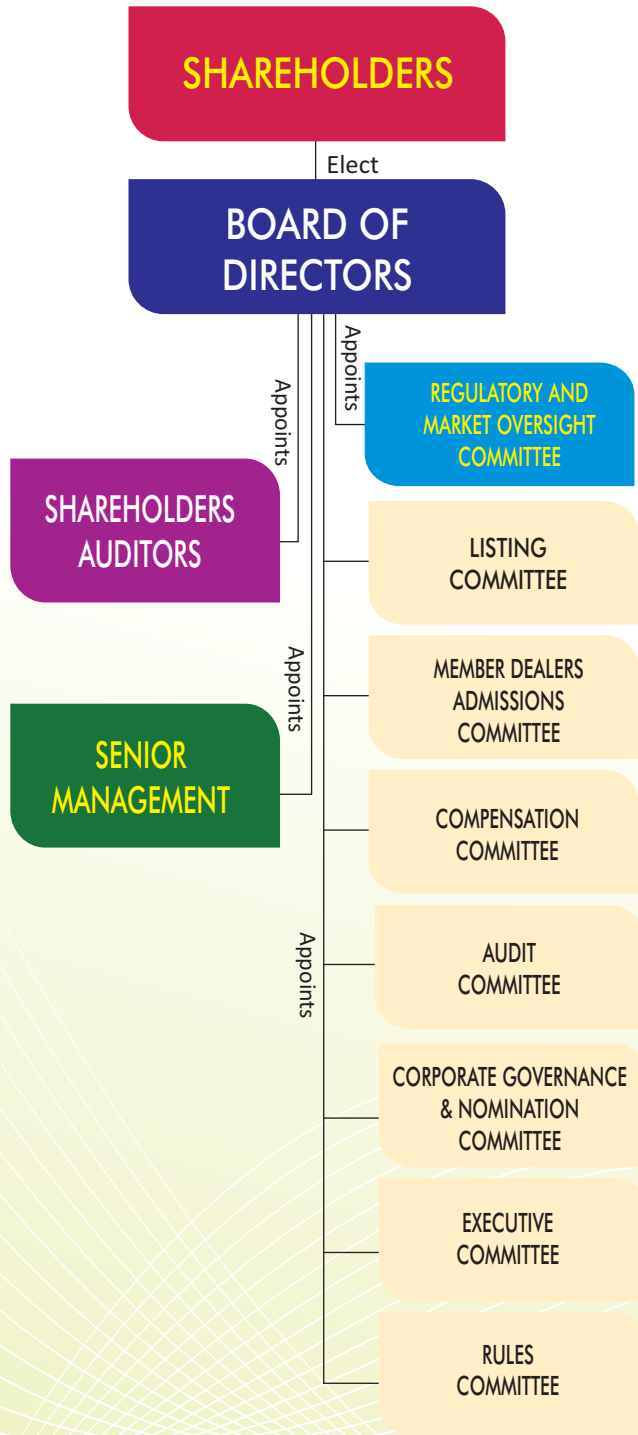
Please join me in thanking our Board, Management and staff for their continued hard work and dedication throughout the year. I pray that we may all have an auspicious 2024.



.....
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 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. The clear demarcation of regulatory and normal operational functions will enhance confidence in the stock market.

These practices are consistent with world best practices, the Private Sector Organization of Jamaica’s (PSOJ) Corporate Governance Code 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 the 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. The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should ensure the maintenance of sound risk management and internal control systems.
5. The directors should state whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary.

(Cont'd on next page)

CORPORATE GOVERNANCE (Cont'd)

6. The board should monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.
 - 6.1 The company's annual report should confirm that a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency, or liquidity, has been carried out. The report should describe those risks and explain how they are being managed or mitigated.
7. Governance should ensure that there is accurate, timely and full financial and governance reporting with strong internal controls and risk management.
8. Material information regarding the company's operations should be disclosed in a timely manner to the public and regulatory entities.
9. There should be regular reviews of Board and Management performance to enhance effectiveness. Such reviews should also include the performance of the alternates.
10. Remuneration should be fair to attract and retain competent skills, and reward consistent with performance objectives.
11. The interests of stakeholders should be carefully balanced 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 the elections of directors are set out in the Articles of Incorporation of the JSE and stipulate the 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 their 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.

(Cont'd on next page)

CORPORATE GOVERNANCE (Cont'd)

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, 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 regarding 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 the access the of fellow 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 for developing, recommending and reviewing 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 with respect to the structure 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 for processing applications and making recommendations regarding the 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 Board of Directors sees fit.

(Cont'd on next page)

CORPORATE GOVERNANCE (Cont'd)

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.

Performance Evaluation

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.

The Board evaluation shall be externally facilitated every four years.

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 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)

Reviewed and approved by the Board on July 22, 2020.

Reviewed by the CGNC on March 16, 2021.

Approved by the JSE Board on March 17, 2021.

Reviewed by the CGNC on March 16, 2022.

Approved by the JSE Board on March 23, 2022.

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

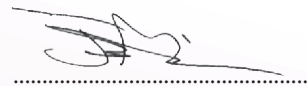
The Director submits herewith the audited statement for the Jamaica Stock Exchange and its wholly-owned subsidiary, the Jamaica Central Securities Depository for the year ended December 31, 2023, along with the accompanying notes as follows:

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 \$2.18 billion compared to 2022 of \$2.16 billion, an increase of 0.9% over 2022. Investment income was \$63 million for 2023 and \$31 million for 2022.

Total Expenses for the Year increased by 14.3% to 1.6 billion compared to \$1.4 billion in 2022.

Total Consolidated Balance Sheet Assets of Group as at December 31, 2023, was \$3.1 billion compared to \$2.6 billion in 2022, while Consolidated Shareholders' Equity increased from \$2.2 billion in 2022 to \$2.6 billion, up 18.2%.



Julian Mair
Chairman

DIRECTORS' ATTENDANCE

Names	Designation	Attendance at all Meetings										Average Attendance at all Meetings
		JSE Board	Audit Committee	Compensation Committee	Corporate Gov. & Nomination Committee	Executive Committee	Listing Committee	Member Dealers Admissions Committee	Rules Committee	RMOC Committee	Total	
** Julian Mair	Chairman	10/10		2/2		5/6	7/7		6/6		30/31	97%
** Morrison, Livingstone	Deputy Chairman	10/10		1/1		4/6	6/7		16/16		37/40	93%
** Whittingham, Steven	Deputy Chairman	8/10		2/2	3/3	6/6	3/7				22/28	79%
Leo-Rhynie, Andrew	Alternate Director	0/10					0/7					
Barrett, Devon	Director	10/10	7/7			6/6			5/6		28/29	97%
Black, Dian	Director	10/10	12/12	1/1	3/3		6/7		14/16		46/49	94%
Chambers, Jason	Director	0/10				0/6	1/7				15/23	65%
Small-Ferguson, Ramon	Alternate Director	5/10				5/6	4/7					
* Cooper, Sabrina	Director	2/3									2/3	67%
* Gooden, Steven	Director	6/8	6/9								12/17	71%
* Ffolkes Goldson, Suzanne	Director	7/8			2/2				5/5		14/15	93%
McKoy Tulloch, Kerry-Ann	Director	8/10	5/5				7/7				20/22	91%
McKie, Ed	Alternate Director	0/10					0/7					
McNaughton, Michael	Director	9/10	10/12	1/1		6/6				16/16	42/45	93%
Morrison, Janet	Director	6/10			2/3		4/7		5/6	14/16	31/42	74%
* Nunes, Tara	Director	4/8		2/2							6/10	60%
Peart, Gary	Director	4/10			0/3				0/6		4/19	21%
Scott, Eric	Director	9/10	12/12	2/2	3/3					15/16	41/43	95%
* Spence, Tracy-Ann	Director	2/2									2/2	100%
Street Forrest, Marlene	Managing Director	10/10				6/6					16/16	100%

* Depending on the date of appointment or resignation from the Board or a committee, the total number of meetings vary for each director.
 ** There are times, when a director is conflicted based on the issue being discussed and the director would therefore have to recuse him/herself from a meeting.
 This would impact the number of meetings that director can attend.
 *** In July 2023, Director Livingstone Morrison timed out as Deputy Chairman and Director Steven Whittingham was appointed Deputy Chairman.

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 premier 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. Steven
Whittingham**
- Deputy Chairman

Steven Whittingham is the Deputy Chief Executive Officer of the GraceKennedy Financial Group Limited (“GKFG”) with direct oversight of GraceKennedy’s insurance underwriting, insurance brokerage, reinsurance, merchant banking and investment businesses across the region. He is a member of the GraceKennedy Executive Committee and is Head of Digital Transformation for the Group.

Steven began his career at BlackRock in New York and worked with Morgan Stanley’s Investment Banking Group in London. Steven joined the GraceKennedy Group as President of First Global Financial Services Limited (FGFS). He has also served in the role of Managing Director of GK Capital Management, Chief Investment Officer of the GraceKennedy Group and Chief Operating Officer of GKFG.

He has significant M&A and Private Equity experience and has served as a director on several private and public sector boards.

He holds a BSc in Systems Engineering and BA in Economics from the University of Pennsylvania and received his MBA from the Harvard Business School.

PROFILES OF DIRECTORS (Cont'd)



**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 individual growth and development and ultimately, overall Company results.



**Mrs. Tara
Nunes**

Served up to October 6, 2023

Tara is a Senior Vice President of Sagicor Group Jamaica Limited & CEO of Sagicor Investments Jamaica Limited. With over 20 years' experience in Wealth Management and Investment Banking, she has played an integral role in the development and execution of strategic plans that have led to significant growth in funds under management and the establishment of Sagicor Investments as one of the leading wealth and asset management institutions in Jamaica. She has direct responsibility for the revenue-generating and operating units which include Capital Markets, Research & Strategy, Wealth Management, Client Experience and Business Support Operations.

Prior to entering the field of Investment Banking, she held the role of Senior Financial Analyst with Jamaica Broilers Group Limited.

Tara is a director of the Jamaica Stock Exchange and a member of the Women's Leadership Initiative, a platform for empowering women and giving back in the areas of health and education, where she served on the Executive Committee as Chair of Finance for the period 2008-2014.

PROFILES OF DIRECTORS (Cont’d)



**Mrs. Sabrina
Cooper**

Sabrina Cooper is a career banker with over 22 years' experience in the financial services industry. She has held strategically important roles in the fields of Insurance, Retail and SME banking, Investment Services, as well as Wealth Management. In her most current role, Sabrina leads the Scotia Investments Jamaica Ltd. team as CEO, where she is responsible for the Wealth and Asset Management businesses. Prior to Scotiabank, Sabrina held the role of Vice President, Cards & Payments at Sagicor Bank Jamaica Ltd. where she was primarily responsible for the management and growth of the Bank's Issuing and Acquiring portfolios, in addition to the development and launch of several new payment-related products.

A transformational leader, her career has been focused on building cohesive teams, client solutions and portfolios within the financial services industry both locally and internationally. Sabrina's market emphasis has been on both consumer and commercial segments, enabling effective management of projects and business reengineering initiatives to transform operating models, drive efficiency and enhance client experience.

A magna cum laude graduate of Florida International University (FIU), Sabrina holds an honours undergraduate degree in Business Administration, with a double major in Finance and International Business.



**Mrs. Kerry-Ann
McKoy Tulloch**

Kerry-Ann is an Attorney-at-Law in Jamaica and Barbados with considerable experience in shipping law and maritime management. Kerry-Ann was a Marine Pollution, Surveillance and Control fellow with the Japan International Cooperation Agency, Urasoe City, Okinawa Japan. Kerry-Ann also has considerable experience with project planning and implementation.

Kerry-Ann also served as Managing Director, M/VL Stockbrokers Limited, Kingston, Jamaica where her duties included licensed trading on the Jamaica Stock Exchange, advising clients on investment portfolios, analyzing financial data and stock market information, analyzing company performance, and representing the firm at Jamaica Stock Exchange Meetings.

She is now an Adjunct Lecturer at the Caribbean Maritime University. She lectures on a variety of subjects in the B Sc and Diploma in Shipping Logistics Courses, including, Maritime Law, Carriage of Goods by Sea Law, Broking and Chartering, Maritime Insurance, International Trade and Finance.

Kerry-Ann also served as Consultant Legal Officer, Ministry of Transport and Works Kingston, Jamaica. Responsibilities include participation as legal officer on the Project Unit that created the Maritime Authority, providing oversight for drafting the Jamaica Shipping Act and its passage through Parliament.

PROFILES OF DIRECTORS (Cont’d)



**Dr. Marlene
Street Forrest**
C.D., J.P.

Dr. 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.

She 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, Dr. Street-Forrest, a speaker in demand, has given presentations in many local, regional and international conferences and seminars for the securities markets and financial services industry.

In 2016, Dr. 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 received the Afroglobal Excellence Award for Global Impact from Canada for exhibiting great leadership, vision, integrity and commitment to excellence.

In 2017, she was celebrated by the Institute for Gender and Development Studies of The University of the West Indies as a woman pioneer and in 2018, she received the Rotary Club of Kingston East and Port Royal Vocational Services Award.

Mrs. Marlene Street Forrest, on July 18, 2021, was conferred with an Honorary Doctoral Degree in Public Policy by The University of the Commonwealth Caribbean (UCC). On December 8, 2021, Dr. Street Forrest received the Stellar Gregory Award for her role in encouraging female leadership in Jamaica.

PROFILES OF DIRECTORS (Cont’d)



**Mr. Steven
Gooden**

Served up to October 17, 2023

Steven Gooden was the head of the wealth, asset management and investment banking division of the NCB Financial Group as well as Chief Executive Officer of NCB Capital Markets Ltd. Under his leadership, the organization became Jamaica's leading capital markets, with a strong and growing presence throughout the Caribbean with 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 head of one of Jamaica's leading fund management companies. In 2009, he rejoined NCB Capital Markets as Vice President, Investments and Trading, where he ably integrated the investment management functions of the Group's subsidiaries with combined assets exceeding US\$2 billion and successfully led the Company through two national debt exchanges.

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 served on the Board of Directors of the Jamaica Stock Exchange Ltd and several companies within the NCB Financial Group. He is the Chairman of Limners & Bards Ltd and Elite Diagnostics Ltd, both companies are listed on the Jamaica Stock Exchange. He was also President of the Jamaica Securities Dealers Association.



**Mr. Gary
Peart**

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.

After being appointed to the Board of Directors in 2005, Peart continues to serve as a Director at Mayberry Investments Limited, as well as several other well-known Jamaican entities. Currently, he sits on the Board of Lasco Distributors Limited; Ironrock Insurance Brokers Limited; Jamaica Stock Exchange; Cherry Hill Developments; Chalmers Commercial and Chalmers Oasis.

Gary Peart was elected to the Board of Supreme Ventures Limited in October 2017 and was made Chairman in June 2019. Since March 2020, he has assumed the role of Executive Chairman.

Mr. Peart has a B.Sc. (Hons) in Economics from the University of the West Indies and an MBA from Florida International University.

Beyond the business world, Mr. Peart is a member of the Rotary Club of St. Andrew North. He is married to Cheryl and is the proud father of son Aaron.

PROFILES OF DIRECTORS (Cont’d)



**Ms. Tracy-Ann
Spence**

Tracy-Ann Spence is the Executive Vice President and Chief Investment Officer at Sagicor Group Jamaica Limited, where she has strategic oversight for Sagicor Investments Jamaica and Group Treasury & Asset Management. Prior to joining Sagicor, she worked with the NCB Financial Group for 20 years, with her most recent role as Chief Operating Officer at NCB Capital Markets Limited.

She has been working in the financial industry for over 20 years and counts a BSc in Applied Mathematics from York University in Toronto, an MBA in Banking and Finance (with distinction) from the University of the West Indies and a Project Management Professional (PMP) Certification from the Project Management Institute among her educational achievements. She has also completed the “Director’s Strategic Guide to Corporate Governance and Leadership” offered by the Jamaica Stock Exchange.

Tracy-Ann currently sits on the boards of the Jamaica Association for the Deaf, tTech Limited, Mailpac Group Limited, the Jamaica Stock Exchange and Salada Foods Jamaica Limited.

She is an avid supporter of life-enhancing opportunities for young people and values her role as a mentor to young adults. She was a mentor in the Youth Upliftment Through Employment programme and taught adult literacy with the Adult Learning Centre and Jamaica Foundation for Lifelong Learning. She also previously served on the board of the NCB Foundation.

She enjoys imparting her knowledge and did this as an adjunct lecturer at the Mona School of Business & Management, University of the West Indies, where she lectured in Financial Management in the MBA and EMBA programmes for a

PROFILES OF DIRECTORS (Cont’d)



Mr. Jason
Chambers

Mr. Jason Chambers is Managing Director of Barita Unit Trusts Management Company Limited (BUTM) and Chief Investment Officer of Cornerstone Group, and was appointed to the Board of Barita effective December 24, 2019. Mr. Chambers has over 19 years of experience, spanning the range of securities trading, investment and treasury management, corporate finance, and corporate banking.

Jason previously held the position of Vice President Investment Management at the GraceKennedy Group. He also headed the Corporate Banking Unit within First Global Bank Limited and was also a member of the senior management teams of the securities dealing subsidiaries of Guardian Holdings and GraceKennedy. Jason is a graduate of the University of the West Indies, where he obtained a Bachelor of Science degree in Economics. He also obtained a Master of Science degree from the University of London.

Profiles Of Independent DIRECTORS



Mr. Livingstone
Morrison

- Chairman, JCSD & JCSD Trustee services

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”.

Profiles Of Independent DIRECTORS (Cont'd)



**Mr. Michael
McNaughton**

Mr. Michael McNaughton is the Managing Director of Amber Group Limited, a global information technology company headquartered in Kingston, Jamaica. He also serves as director of all Amber Group subsidiaries.

Michael spent 15 years with Caribbean conglomerate GraceKennedy, having joined their executive team in 2003 as the Manager of Bill Express and served as Group Vice President of Business Development of the GraceKennedy Money Services (GKMS) Division from 2011 through 2018.

At GraceKennedy, Mr McNaughton held responsibility for innovation and the development of new products and expansion of the money services division of Grace Kennedy Ltd into new markets.

Mr. McNaughton gained his early experience as a stockbroker and investment consultant in Jamaica after having worked as a banker in his formative years. He has complemented his formal working activities as an entrepreneur, having worked as an investment and real estate consultant in Jamaica and Toronto, Canada.



**Mrs. Suzanne
Ffolkes Goldson**

Served up to October 2, 2023

Mrs. Suzanne Ffolkes Goldson was an Attorney at Law, Senior Lecturer, and former Deputy Dean of the Faculty of Law at the UWI, Mona Campus. She specialized in Corporate Governance, Economic Crime, Company/Corporate Law, and Corporate Management, and was the Course Director for the LLB courses Company Law and Corporate Management, and the LL.M. course on Corporate Governance. She was a recipient of the Principal's Research Award for the Most Outstanding Researcher and the Best Research Publication, Faculty of Law.

Mrs. Ffolkes Goldson earned a degree in Economics from York University, Canada, an LLB from the University of the West Indies, and a BCL Graduate Studies from Oxford University, UK. She was called to the Bar in Jamaica and Barbados.

Mrs. Ffolkes Goldson was an advisor to the CARICOM Committee on The Reform of Company Law in the Commonwealth Caribbean and The Joint Select

Profiles Of Independent DIRECTORS (Cont'd)



**Miss Dian
Black**

Dian Black is the Deputy Financial Secretary, Economic Management Division in the Ministry of Finance & the Public Service.

She leads the strategic and operational activities of the Division's three Branches – Debt Management Branch (DMB), Fiscal Policy Management Branch (FPMB) and International Programme Management Branch (IPMB). She is therefore responsible for the formulation and management of the Government's economic policy framework, oversees the management of the public debt consistent with fiscal objectives and directs the effective management of Jamaica's relationship with international financial institutions and other regional and international bodies.

Miss Black is a member of the Jamaica Stock Exchange (JSE) Board of Directors, serving as the Government of Jamaica's liaison. She 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, National Insurance Fund Advisory Board and Jamaica's representative on the Latin America and Caribbean (LAC) Debt Group Steering Committee.

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



**Mr. Eric
Scott**

Mr. Eric Scott is a Chartered Accountant with over twenty (20) years 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 President of the ICAJ since 2023.

Profiles Of Independent DIRECTORS (Cont’d)



**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 as 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.

Profile Of COMPANY SECRETARY



**Ms. 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.

ALTERNATE DIRECTORS

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

1. Mr. Ramon Small-Ferguson
(Alternate to Mr. Jason Chambers)
2. Mr. Andrew Leo-Rhynie
(Alternate to Steven Whittingham)
3. Ed Mackie
(Alternate to Mrs. Kerry-Ann McKoy Tulloch)

JSE BOARD COMMITTEES

2023/2024

AUDIT COMMITTEE (Rule-Based)

Ms. Dian Black (Chair)
Mrs. Kerry Ann McKoy Tulloch
Mr. Eric Scott
Mr. Steven Gooden
Mr. Michael McNaughton

COMPENSATION COMMITTEE

Mr. Julian Mair (Chair)
Mr. Michael McNaughton
Mrs. Tara Nunes
Mrs. Suzanne Goldson
Mr. Eric Scott

CORPORATE GOVERNANCE & NOMINATION COMMITTEE

Mr. Eric Scott (Chair)
Ms. Dian Black
Mrs. Janet Morrison
Mrs. Suzanne Goldson
Mr. Gary Peart
Mr. Steven Whittingham

EXECUTIVE COMMITTEE

Mr. Julian Mair (Chair)
Mr. Steven Whittingham (Deputy Chairman)
Mr. Livingstone Morrison
Mr. Devon Barrett
Mr. Jason Chambers
Mrs. Marlene Street Forrest
Mr. Michael McNaughton

LISTING COMMITTEE (Rule-Based)

Mr. Julian Mair (Chair)
Mr. Steven Whittingham (Deputy Chairman)
Mrs. Janet Morrison
Mr. Livingstone Morrison
Ms. Dian Black
Mr. Jason Chambers
Mrs. Kerry Ann McKoy Tulloch

MEMBER DEALER ADMISSION COMMITTEE

Mr. Livingstone Morrison (Chairman)
Mrs. Janet Morrison
Ms. Dian Black
Mr. Eric Scott
Mr. Michael McNaughton

REGULATORY & MARKET OVERSIGHT COMMITTEE (Rule-Based)

Mrs. Janet Morrison (Chair)
Mr. Livingstone Morrison
Ms. Dian Black
Mr. Eric Scott
Mr. Michael McNaughton

RULES COMMITTEE

Mr. Julian Mair (Chair)
Mr. Gary Peart
Mrs. Janet Morrison
Mrs. Suzanne Goldson
Mr. Devon Barrett

*Approved by the Board:
July 19, 2023.*

* Mrs. Suzanne Goldson served until October 2, 2023.

* Mrs. Tara Nunes resigned on October 6, 2023.

* Mr. Steven Gooden resigned on October 17, 2023.

Group MANAGEMENT TEAM



Marlene Street Forrest

Managing Director, JSE



Andrea Kelly

General Manager, JCSD &
JCSD Trustee Services Limited



Michelle Sirdar

Group Risk & Compliance Manager



Kevin Powell

Principal, JSE e-Campus

Group
MANAGEMENT TEAM (Cont')



Suzette Whyte

Financial Controller



Andrae St. P. Tulloch

Chief Regulatory
Officer



Roxanne Hutchinson

Legal Services Manager
& JSE Company Secretary,



Suzette McNaught

Manager, Information
Technology & Systems

Group
MANAGEMENT TEAM (Cont')



Riccalya Robb
Manager, Market
Operations & Trading



Neville Ellis
Manager, Marketing &
Communications



Suzette Pryce
Manager, Retail Repo
Jamaica Central Securities
Depository Limited



Nora Blake
Manager, Jamaica Social
Stock Exchange

Group
MANAGEMENT TEAM (Cont’)



Andre Gooden

Group Business Development
Manager



Doreen Parsons-Smith

Manager, Human Resources



Kadyll McNaught-Hermitt

Manager, Registrar &
Depository Services
Jamaica Central Securities
Depository Limited



Tamieka Ricketts

Assistant Manager
Registrar Services
Jamaica Central Securities
Depository Limited

Group
MANAGEMENT TEAM (Cont')



Angela Hawes

Manager
Fund Accounting Services,
Trustee Services Unit



Fitzroy Prendergast

Station Manager
Caribbean Business Exchange (CBX)



Fiona Fearon

Deputy Financial Controller



Jevaughn Leon

Manager - Trustee Services Unit
Jamaica Central Securities
Depository Limited

Group
MANAGEMENT TEAM (Cont')



Judith Ramlogan

Manager - Corporate Services
Jamaica Stock Exchange



Michael Johnson

Deputy Group Business
Development Manager



Reynard Whyte

Deputy Chief Regulatory Officer
Regulatory & Market Oversight
Division



***“Providing A Fair, Efficient and
Transparent Stock Market”***



BOARD COMMITTEES’ REPORTS



2023 Regulatory & Market Oversight Committee (RMOC)

RMOC CHAIRMAN'S REPORT



Mrs. Janet E. Morrison
Chair; RMOC

The year 2023 was challenging for the capital market. Upward trends in interest rates and inflation, caused a shift in investor appetite in the equities market. This was exacerbated by allegations and disclosures of fraud at financial institutions which threatened to undermine the structures in place to protect the market and its stakeholders.

The Regulatory and Market Oversight Committee (RMOC) of the JSE in discharging its responsibilities to oversee the JSE's regulatory programme, was very mindful of the above developments and the critical role it has to continue to play in protecting investors and restoring market confidence.

We are happy for this opportunity that the JSE's Annual Report presents to assure all stakeholders that the issue of investor protection continues to be at the forefront of our deliberations and that the structures in place are being strengthened.

During the year, the RMOC, which consists solely of independent directors of the board, considered a report of an unprecedented major fraud at Stocks and Securities Limited (SSL), a member/dealer of the Exchange. An examination of the debacle was immediately done in the context of the rules of the Exchange and the Exchange's statutory reporting obligations to the Financial Services Commission (FSC).

The RMOC's response included the heightening of surveillance of SSL to ensure their continued compliance with the rules applicable to member/dealers of the Exchange. The RMOC also collaborated with the FSC in the continued protection of investors who conducted transactions on the Exchange through SSL. This included facilitating the orderly transfer of equity clients' accounts from SSL to other member/dealers of the investors' choice. From our continued monitoring of SSL's activities, it was determined that SSL was unable to meet its obligations as a member/dealer of the Exchange. Accordingly, the JSE terminated its member/dealer relation with SSL on February 24, 2023.

2023 Regulatory & Market Oversight Committee (RMOC) **RMOC CHAIRMAN’S REPORT** (Cont’d)

We are pleased to report that measures were introduced to electronically enhance the surveillance of member/dealers' activities and that the robust monitoring by the Regulatory and Market Oversight Division (RMOD) of member/dealers is ongoing.

Although the above matter demanded our urgent attention, the RMOC continues to carry out its oversight, through the RMOD, of all listed companies and member/dealers of the Exchange.

In carrying out its mandate to advance investor protection, market integrity and confidence, the RMOC met on seventeen (17) occasions to consider, among other issues:

1. The conduct of member/dealers and listed companies in relation to the rules of the JSE.
2. Compliance and market surveillance issues identified by the RMOD.
3. The implementation of recommendations to strengthen the JSE's Regulatory Framework.
4. New rules and rule amendments to improve the operation of the market.

Compliance and Market Surveillance Issues

The RMOD reported the handling of Two Hundred and Ninety (290) compliance and market surveillance issues. From the issues reported, some were escalated to the RMOC for further guidance and decision in accordance with the rules of the JSE. These issues were related to compliance, enforcement and surveillance recommendations made by the RMOD, concerning Member/Dealers and Listed Companies.

Implementation of Recommendations to strengthen the JSE Regulatory Framework

The RMOC also started to implement its recommendations to improve the Regulatory Framework of the Exchange. A review of the JSE's Regulatory Framework, which was finalized in 2022, was conducted with a view to improve the JSE's regulatory operations and align it with international standards and best practices. In so doing, the RMOC made strides in rationalizing

potential overlaps in the functions performed by the JSE and the FSC and strengthening the collaborative efforts between them, as it pertains to market surveillance and the review of offer documents.

More particularly, the RMOD:

- Updated the Prospectus and IPO checklist to focus the JSE's offer document review on the rules of the JSE solely.
- Enhanced collaboration and information sharing with the FSC on public offerings to close potential gaps and improve investor protection.
- Commenced monthly surveillance meetings with the FSC to further strengthen institutional capacity as it pertains to market surveillance.

The RMOC will continue in 2024 to progress recommendations from its assessment of the JSE's Regulatory Framework, to ensure that the rules and regulatory oversight of the JSE are up-to-date and relevant in fostering market fairness, efficiency, and transparency.

Rule Development

During the year, the RMOC reviewed ten (10) rule amendment proposals from the RMOD. The rules considered are presented in the Table on next page:

2023 Regulatory & Market Oversight Committee (RMOC)

RMOC CHAIRMAN’S REPORT (Cont’d)

#				Status
1	JSE Main Market Rule Appendix 3, Listing Agreement - Section 14 – Audit Committee	Rule Amendment	Bolster Corporate Governance Standards in respect to composition and functions.	Passed – Incorporated in the rules of the JSE in May 2023 following receipt of FSC’s no objection in April 2023
2	JSE Junior Market Rule 504 2 (b) – Responsibilities and Functions – Audit and Remuneration Committee	Rule Amendment	Same as above	Same as above
3	JSE Junior Market Rule Appendix 1 – Definitions – Audit Committee and Remuneration Committee	Rule Amendment	Same as above	Same as above
4	JSE Main Market Rule – 411 – Delisting of Companies	Rule Amendment	Strengthen Market Integrity	Under review – to finalize in 2024
5	JSE Junior Market Rule 505 (7) (a) and (b) – Requirements for Participating Voting Share Capital	Rule Amendment	Same as above	Same as above
6	JSE Junior Market Rule 501 (2) (b) – Minimum Requirements	Rule Amendment	Same as above	Same as above
7	JSE Junior Market Rule 502 (1) Initial Public Offering	Rule Amendment	Same as above	Same as above
8	JSE Junior Market Rule 501 (3) - Associates	Rule Amendment	To support market growth and development	Withdrawn – As the existing rule was deemed to be suitable.
9	JSE Main Market Rule – Appendix 1 – Takeover and Merger	Rule Amendment	Eliminate regulatory overlap, create	Under review – to finalize in 2024
10	JSE Junior Market Rule – Appendix 2 – Part 6 – Takeover, Mergers and Amalgamations	Rule Amendment	Same as above	Same as above

2023 Regulatory & Market Oversight Committee (RMOC)

RMOC CHAIRMAN’S REPORT (Cont’d)

The Audit and Remuneration Committee rule amendments for Main and Junior Market companies were finalized and incorporated in the rules in May 2023, following the receipt of the FSC’s no-objection in April 2023. Of the remaining seven (7) rules that were reviewed by the RMOC in 2023, one (1) rule, which relates to the amendment to JSE Junior Market Rule 501 (3) was withdrawn on the basis that the existing rule was suitable to preserving the integrity of listings on the Junior Market. The remaining six (6) rules are slated for completion in 2024.

As we look ahead

With the continued implementation of the Twin Peaks Model of Financial Regulation in Jamaica, the RMOC stands ready to work with all stakeholders to assist with the reform of financial regulations to enhance the protection afforded to investors in Jamaica. We have an embedded interest to ensure that Jamaica’s capital market and the securities industry, operates fairly and honestly. To this end, we are committed to ensuring that the Exchange continues to serve as a healthy engine of growth and opportunity in Jamaica through effective oversight, enforcement, education, and collaboration.

In closing, I thank the members of the RMOC for their robust engagement and unstinting and generous commitment. I also extend thanks to the RMOD team for their energy, dedication, and resilience during the year and to all stakeholders for their interaction with the JSE.

I acknowledge the unwavering support of the JSE Board and the Managing Director of the JSE Group, Dr. Marlene Street Forrest. Without your support, managing the issues in 2023 would have been that much more challenging. On behalf of the entire membership of the RMOC, thank you and we look forward to 2024 as we move towards acting on lessons learnt to strengthen investor protection and preserve the vitality of our capital market.

Chairman: Janet Morrison
Livingstone Morrison
Dian Black
Michael McNaughton
Eric Scott



.....
Mrs. Janet E. Morrison
Chair

Corporate Governance & NOMINATION COMMITTEE REPORT

The JSE Corporate Governance and Nomination Committee is committed to ensuring the highest standards of corporate governance throughout the Jamaica Stock Exchange ("the Company", "JSE"). To achieve this, the committee is dedicated to implementing policies and procedures that reflect and support the framework for corporate governance approved by the Board of Directors.

CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR

Review of the Articles of Incorporation of the JSE and its Subsidiaries

The review of the Articles of the JSE Group by Hart Muirhead Fatta is ongoing as at the date of this report.

Board Appointments and Resignations

During the year, Mrs. Tara Nunes and Mr. Steven Gooden resigned from the Board effective October 6, 2023 and October 17, 2023, respectively.

In addition, Mrs. Sabrina Cooper and Ms. Tracy-Ann Spence were appointed to the Board of Directors on July 19, 2023 and November 22, 2023, respectively.

The JSE is saddened by the loss of Mrs. Suzanne Ffolkes-Goldson, who served diligently on the Board and Board Committees from March 2022, until her passing on October 2, 2023. Mrs. Goldson is remembered with great fondness.

Revision of the Membership Composition of the Board Committees for the 2023/2024 period

The Corporate Governance and Nomination Committee reviewed the membership of all the Board's Committees. Adjustments were made to the membership of the various committees as necessary, based on the requirements of JSE's Articles, the relevant Committee's Terms of Reference, and other pertinent documentation.

Evaluation of Board Performance 2022 and 2023

During the period, the Board of Directors and Board Committees were evaluated in accordance with the Company's Corporate Governance Principles. Questions were rated on a scale of 1-5. One (1) being the lowest and five (5) being the highest.

Nine (9) of eleven (11) directors who were eligible to participate in the evaluations, completed the survey instruments. All directors ranked above the minimum standard average rating of three (3). Directors also agreed that the Board Committees on which they served were effectively fulfilling their respective functions.

Board Fees

In accordance with the CGI Standards, JMD \$26 million was paid to directors as compensation in 2023.

Composition of the Committee

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

Mr. Eric Scott (Chairman)

Miss Dian Black

Mr. Gary Peart

Mr. Steven Whittingham

(alternate Mr. Andrew Leo Rhynie)

Mrs. Janet Morrison

Mr. Steven Gooden

The Corporate Governance and Nomination Committee is committed to implementing strong corporate governance standards, continuous review of governance standards and adherence to the highest standards of corporate governance. This dedication is aimed at enabling the smooth and efficient functioning of the JSE Board and its various Committees.



Eric Scott (Chairman)

The Jamaica Stock Exchange and Its Subsidiaries

AUDIT COMMITTEE REPORT

The Audit Committee of the Jamaica Stock Exchange (The Exchange) continued to execute its mandate during 2023 to assist the Board of Directors with oversight responsibilities.

Focus was placed on the integrity of the Company's financial statements, compliance with legal and regulatory requirements, adequacy of the internal control procedures of the companies within the Group.

The Committee continued to serve as the conduit of communication between the Board, the management team, and the internal and external auditors.

Internal Control and Risk Management Systems

Given our commitment to good governance, considerable time was spent on monitoring the Group's internal control functions. The effectiveness of the Group's risk management and internal control systems were reviewed ensuring compliance with company standards and international best practices.

The Enterprise Risk Management Framework continued to be implemented without interruption from the previous year so that the Group continues its effort to ensure that it identifies its risks and manages them within its risk appetite to provide reasonable assurance of the achievements of the Group's objectives. The Committee observed and reviewed the progress of this project and is fully satisfied.

The Committee closely monitored the implementation activities of the Cybersecurity Framework, especially in light of the escalating threat in the financial landscape. Various measures were implemented, including a “Defense in Depth” strategy that utilizes several security measures and Security Infrastructure Enhancements to mitigate data breaches and ensure overall

security resilience. As at end-December 2023, the JSE had achieved a maturity rating of 3.59 out of a maximum of 4. Regarding the Data Protection Framework, the Exchange has successfully implemented Phases 1 and 2 of the Data Privacy Programme. The Data Protection Officer is in place.

Internal Audit

The internal audit function continued to be executed by Price Waterhouse Coopers. 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 to ensure that the standards set, as outlined by the policies relating to operational controls and risk management strategies were maintained and improved.

Financial Statements

During the review year, the Committee continued to perform its role in maintaining the exacting standards of accounting and financial reporting consistent with International Financial Reporting Standards (IFRS) and the rules of the Exchange. The Committee also ensured that the fiduciary responsibilities of the Board and Management were conducted with integrity and transparency. All management accounts, quarterly reports and annual financial statements were reviewed to ensure compliance with IFRS. The Committee was satisfied with the compliance of standards and the timeliness of reporting.

Budget

The Committee also performed periodic reviews of the Group's financial performance against the budget and reviewed the Group's financial reports to ensure proper and efficient cash flow management, expenditure controls, management of the investment portfolios and receivables. Significant attention was paid to the JSE Group's budget and its performance against budget, in light of a softening in the market.

External Audit

The Committee reviewed the work plan and performance of the External Auditors, Ernst & Young, in line with regulatory standards and reporting to the Board. The Committee also ensured that the auditors were provided with access to the required data, information and explanations to complete their assignment.

The Jamaica Stock Exchange and Its Subsidiaries

AUDIT COMMITTEE REPORT

(Cont'd)

Meetings and Attendance

The Committee is required to meet at least four (4) times per year. However, twelve (12) meetings were held during the year with satisfactory attendance from all members. There was an increase in the number of meetings, up from eleven (11) the previous financial year. The Committee completed all its activities and considers its mandate satisfactorily fulfilled for the review year. The composition of the Committee was also in compliance with the rules of the Exchange.

The members of the Committee were:-

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

Mr. Michael McNaughton

Mrs. Tara Nunes - resigned on October 6, 2023

Mrs. Suzanne Goldson - served until October 2, 2023

Mr. Eric Scott

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 objective and makes recommendations to the Board with respect to executives' and non-executives' compensation.

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

The Directors' Fees totaled \$25.8 million in 2023 and represented a \$1.8 million increase from 2022, which was \$24 million.



.....
Julian Mair
Chairman

MANAGING DIRECTOR'S REPORT



Dr. Marlene Street Forrest
Managing Director
Jamaica Stock Exchange

In 2023 The Jamaica Stock Exchange Group (JSEG) continued its strategic efforts to develop a robust and reliable market infrastructure in keeping with our mandate to provide a fair and efficient market, while also recognizing the significant growth potential of the Group as it diversifies its revenue streams to drive profitability. We appreciate the unique position we must provide even more invaluable services to the market when the market rebounds and even during this period of market underperformance. Activities continue to be impacted by the cyclical nature of markets, our internal economic dynamics and market policies which affect the priorities of market participants. Given the overwhelming and prevailing factors, including global market conditions, that have also affected our performance, our performance, though below expectations, was still good. Despite these conditions, we are satisfied that we are building in the long run a resilient Group with a sustainable future. We are expanding our products and services with the area of our core competencies while challenging our employees and key stakeholders to participate and innovate.

Factors such as an increase in interest rates and other local and global economic conditions impacted the Group's performance, which, though positive, represented a decline over the previous year. Total Comprehensive Income moved from \$636.4m to \$485.6m, 24% lower than the previous year. Revenue moved from \$2,161m in 2022 to \$2,185m, with Cess Revenue showing a decline of 33% but with all other revenue areas showing increases. The JSEG continued to benefit from its strategic investments and product developments, which is reflected in the Fee Income revenue line which, showed the most resilience to external economic conditions and the options by investors of higher-yielding investment options. The positive movement in Fee Income from \$1,544m in 2022 to \$1,704m or 10.4% in 2023, validates our diversification strategy and supports our continued thrust in identifying and developing weatherproof revenue targets to maintain our growth and profitability.

MANAGING DIRECTOR'S REPORT (Cont'd)

Due mainly to inflationary pressures, the Group saw sharp increased in expenditure despite our tight management and controls. Expenses of \$1,566m in 2023, though it increases by less than the prior year due to effective control, increased by \$137m or 9.6%.

2023 saw the Group focusing on new technology, examining the legal and regulatory landscape for changes, and keeping abreast with them to ensure that we are compliant and operationally ready. Considerable effort has been spent on Risks. With technology in the industry moving at a fast pace, we have stressed-tested our Business Continuity, Cyber Security, Data Protection, Enterprise Risk Management and Data Management policies and procedures and programmes, ensuring that not only are the frameworks in place but that they are operational and that there is a buy-in from all team members and that each member understands his/her role in Risk measurement, mitigation, and control.

This entire process of governance has assisted in maintaining the Group's reputation and growth and has proved profitable in our quest not only best-in-class but also in readiness for real development with sustainable growth to continue.

Market Behaviour

With the general uncertainty in the market and investors seeking options outside of the stock market while taking advantage of high-interest rates. Likewise, companies sought to hold off on major raising of equity capital during this period of bear market. The securities listed on the various markets of the Exchange reflected this behaviour. While capital raised in 2022 was \$6.89b, just bonds under \$2.2m represented Bond raise while from the capital raise of \$18.9m in 2023, \$17.4 was debt. We continue to encourage investors to invest, take advantage of the market in low and high seasons and disparate market conditions as, there are always opportunities in the market.

Environment & Social Responsibility (ESG)

The JSEG has focused heavily on Governance, as demonstrated by our Regulatory and Market Oversight activities. There is also a strong focus on the social, which is encouraged through the Jamaica Social Stock Exchange. Our Corporate Governance Index, which is in its eighth year, shows a steady positive movement in companies' adherence to corporate governance.

We are pleased with the progress we are making in assisting with developing the framework for enabling Social and Sustainable bonds to be listed on the Exchange. This, we hope, will attract sustainable investment flows to Jamaica and our region. A major focus toward success is Environmental and Social Awareness and we intend to engage the population at all levels going forward. The listing of Green Bonds on the JSE is imminent.

Review of 2023 Market Performance

Economic Overview

According to the Statistical Institute of Jamaica (STATIN), during the fourth quarter of 2023, the Jamaican economy grew by 1.7% in comparison to the fourth quarter of 2022. This growth was primarily due to increases in both the Services and Goods Producing Industries of 2.0% and 0.8%, respectively.

In December 2023, the All-Jamaica Consumer Price Index (CPI) recorded a increase closing at 136.7 in comparison to the 127.9 recorded for December 2022. In comparison to November 2023, the CPI increased by 0.5%. a 2.5% increase in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division contributed to the movement in the CPI for December 2023. The inflation rate was tempered by a 0.4% fall in the index for the 'Transportation' division due to lower field prices. The point-to-point inflation rate for December 2023 was 6.9%, the calendar year-to-date inflation rate was 7.5% and the fiscal year-to-date inflation rate was 7.3%.

MANAGING DIRECTOR'S REPORT (Cont'd)

According to STATIN, there were 1,320,400 employed persons in October 2023, an increase of 85,600 persons in comparison to October 2021. The occupation group 'Service Workers and Shop and Market Sales Workers' realized the largest increase in employment while, the 'Real Estate and Other Business Services' and 'Construction' saw the largest increases by industry group. In October 2023, the unemployment rate was 4.2%, which was 2.9% lower than the corresponding period in 2021. In April and July 2023, the unemployment rate was 4.5%.

The Jamaican dollar closed at \$154.9504 to US\$1.00 on December 29, 2023. This represents a depreciation of \$2.641 or 1.73% in comparison to the \$152.3094 to US\$1.00 reported on December 30, 2022. The Jamaican dollar declined by JA\$2.78 or 1.8% in 2022 and declined by 11.60 or 8.1% in 2021.

Treasury Bill yields were 8.1% and 8.46% for the 90-day and 180-day instruments respectively for the month of December 2023 compared to 8.04% and 8.18% for the 90-day and 180-day instruments respectively for the comparative month, December 2022.

At the end of December 2023, the Net International Reserves (NIR) stood at US\$4.75 billion. The NIR recorded at the end of December 2022 was US\$3.98 billion.

Global Review of Stock Markets for 2023

According to Bloomberg, of the ninety-two (92) indices tracked worldwide, seventy-one advanced while twenty indices recorded declines in 2023. The S&P Marval TR ARS Index ranked number 1, with an appreciation of 360% in 2023. The Brazil IBOVESPA Index ranked twenty-eight (28), with an appreciation of 22.28%; the FTSE 100 Index ranked sixty-five (65), up 3.78%; the TSX Composite Index ranked fifty-seven (57), up 8.12 and Japan's Nikkei 225 Index ranked sixteen (16), an advance of 28.24% for 2023. The Nairobi All Share Index recorded the largest depreciation of 27.74% for the year. The JSE Main Index ranked 88th with a depreciation of 8.48% for 2023.

Gold was the number one commodity followed, by copper in 2023. Gold appreciated by 13.1%. Crude oil depreciated by 10.73% and other commodities declined by 12.55% in 2023.

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MARKET PERFORMANCE YEAR OVER YEAR COMPARATIVES

Table 1 - Market Performance Year-Over-Year (YOY)

Market Statistics	Value 2023	Value 2022	Change	Change%
Main JSE Index	325,699.79	355,896.64	-30,196.85	-8.48
All Jamaican Composite Index	367,017.85	403,080.36	-36,062.51	-8.95
JSE Select Index	8,120.02	8,896.48	-776.46	-8.73
JSE Combined Index	339,158.12	368,591.98	-29,433.86	-7.99
Junior Market Index	3,848.33	3,986.44	-138.11	-3.46
JSE USD Equities Market Index	231.05	233.97	-2.92	-1.25
Market Capitalization (Combined Market)	\$1.87 trillion	\$1.96 trillion	-\$88.98 billion	-4.55

The Main JSE Index declined by 30,196.85 points or 8.48% to close at 325,699.79 points. The JSE Junior Market Index declined by 138.11 points or 3.46% to close at 3,848.33 points. Also, the JSE USD Index declined by 1.25% or 2.92 points to close at 231.05 points, while the JSE All Jamaica Composite Index declined by 8.95% or 36,062.51, points closing at 367,017.85 points. Over the period, the JSE Combined Index declined by 29,433.86 points or 7.99% to close at 339,158.12 points.

As of December 31, 2023, the market capitalization of the JSE Combined Market amounted to \$1.87 trillion. This represents a decline of \$88.98 billion when compared to the corresponding period in 2022.

From the start of the year to December 31, 2023, the JSE listed fourteen (14) new securities: 2 on the Main Market, 2 on the Junior Market, 1 on the USD Equities Market, 4 on the Bond Market and 5 on the Private Market.

MANAGING DIRECTOR'S REPORT (Cont'd)

Please see below, a list of all the securities listed in 2023:

- Access Financial Services Ltd. J\$2b Unsecured Fixed to Floating Rate Bond Due 2027 was listed on the JSE Private Market on January 4, 2023.
- Image Plus Consultants Limited was listed on the JSE Junior Market on January 20, 2023.
- Future Energy Source Company Limited Fixed-to-Fixed Rate Senior Secured Corporate Bond was listed on the JSE Private Market on February 9, 2023.
- Mayberry Investments Limited J\$755m 9.25% FR Secured Bond Due Feb. 2024- Tranche 1 was listed on the JSE Bond Market on March 13, 2023.
- Mayberry Investments Limited J\$1.374b 10% FR Secured Bond Due July 2024- Tranche 2 was listed on the JSE Bond Market on March 13, 2023.
- Mayberry Investments Limited J\$2.282b 11% FR Secured Bond Due Jan 2025- Tranche 3 was listed on the JSE Bond Market on March 13, 2023.
- Mayberry Investments Limited J\$1.981b 12% FR Secured Bond Due Jan 2026- Tranche 4 was listed on the JSE Bond Market on March 13, 2023.
- VM Financial Group 10% Redeemable Preference Share – Class A was listed on the JSE Private Market on July 14, 2023.
- VM Financial Group Variable Preference Share – Class B was listed on the JSE Private Market on July 14, 2023.
- VM Financial Group Variable Redeemable Preference Share – Class C was listed on the JSE Private Market on July 14, 2023.

- One Great Studio Company Limited was listed on the JSE Junior Market on September 19, 2023.
- A.S. Bryden & Sons Holdings Limited ordinary share was listed on the Main Market on November 10, 2023.
- A.S. Bryden & Sons Holdings Limited preference share – Class A was listed on the JSE USD Equities Market on November 10, 2023.
- Mayberry Group Ltd ordinary share was listed on the Main Market on December 13, 2023.



Bryden & Sons Representatives pointing to the strip at the Listing Ceremony.

Managing Our Risks

Given the different types of risks that can significantly affect our business, Risk Management has become a major key focus of the JSEG. Through the Risk & Compliance Division, along with industry experts in this field, we continue our journey in integrating Enterprise Risk Management into our operations. Cyber Security Risks and risks in relation to Data Privacy are also areas of concentration.

The Year 2023 & Priorities For 2024

In 2023, we displayed the versatility of the JSE Group in providing different types of options to the market with respect to the mobilization of capital as we facilitate both the raising of equity and debt capital. We have increased the number of account holders, demonstrating that interest in the market is alive and well despite reduced activities in trading volumes and value traded.

MANAGING DIRECTOR'S REPORT (Cont'd)

The strategic imperative for the Exchange now is to remain focused on inspiring market confidence through good governance of the Group, encouraging our listed companies to do likewise and ensuring that the markets are well regulated.

Market education and sensitization are key cornerstones for the continuation of market growth and development and are relevant tools for issuers and investors in the mobilization of capital, therefore resources will continue to be allocated to this area. Providing options for investments in financial products and services, encouraging good governance are also pivotal to growth therefore this will also have the attention of the Exchange Group as we move into our 55th year of providing services.

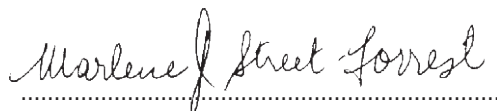
We are ever mindful that the development of the Social Sector is critical to advancing an improved economic climate and the appetite for investment, so the Jamaica Social Stock Exchange remains a focus for us. We recognize that the potential and success will take time and we are forward-looking and are not daunted by the task as Corporate Social Responsibility must not only be articulated, but lived.

Our priority in 2024 is to remain focused on delivering on our strategic objectives, which are that of providing support for the growing and maturing capital markets in Jamaica and the region. The access to capital and the confidence that both the companies and investors have in the stability and management of the market

will remain our priority in the ensuing years. We have long embraced the use of technology and the efficient utilization of our internal resources including data and our manpower competencies to drive growth. We are here to provide support to our market, through an organization that is customer friendly, reliable, relatable, efficient, and transparent. To the workforce that we so proudly speak about, we will continue to empower them by providing the tools necessary to advance our plans. We will continue to lobby the government and other stakeholders for change where required and to collaborate and encourage individual businesses and investors to leverage our platforms toward market efficiency.

We are confident that implementing our strategic plan will ensure the success of our investors, and companies, and increase the attractiveness of our markets. Further details on our 2023 performance are provided in our segment 'Managers' Divisional Highlights'.

I thank you once again for being our partners on our journey to serve with excellence even amid uncertainty.



Marlene J Street Forrest
Managing Director

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023

Information Technology (IT)

With cyber threats evolving in sophistication and frequency and regulatory requirements becoming more stringent, the resilience of financial institutions hinges upon their ability to proactively identify, mitigate, and adapt to emerging risks. Robust cybersecurity measures not only protect valuable assets and confidential information but also uphold the fundamental trust upon which financial systems are built. By prioritizing cybersecurity and risk management, the JSE Group not only protects its own interests but also fulfills our duty to customers, shareholders, and the broader economy by ensuring a resilient and secure foundation for our operations. Noteworthy areas of concentration in 2023 include:

Management of Risk and Technology

Throughout 2023, we continued our efforts to refine our Cyber Risk governance frameworks, prioritizing the enhancement of controls and risk monitoring. This strategic focus aims to elevate our Capability Maturity Model Integration (CMMI) rating, further solidifying our commitment to robust risk management practices. The CMMI is an industry rating which measures our security maturity. By meticulously managing aspects of the framework and risks, we consistently deliver dependable services while ensuring that our technological infrastructure remains robust and in a state of continual enhancement, poised to capitalize on emerging trends and advancements.

Cybersecurity Successes and Other Initiatives

In 2023, the JSE Group celebrated several achievements, including the successful implementation of controls, resulting in an impressive maturity rating of 3.59. This achievement not only reflects our dedication to strengthening our infrastructure but also underscores our proactive approach towards mitigating emerging threats in cyberspace. Additionally, in response to evolving market dynamics and emerging risks, we updated our business continuity plans. These enhancements not only bolstered our resilience in the face of disruptions but also ensured seamless continuity of critical operations, safeguarding the interests of our stakeholders.

Recognizing our commitment to enhancing client experiences and optimizing digital platforms, we embarked on several initiatives aimed at optimizing client experiences and streamlining operations:

1. **JCSD Client Portal:** As part of our ongoing commitment to empowering our clients with intuitive and efficient tools, we introduced the JCSD Client Portal. This user-friendly platform serves as a central hub for clients to access pertinent information and engage with our services seamlessly. The portal's robust security measures ensure the confidentiality and integrity of sensitive data, fostering trust and confidence among our clientele.
2. **JSSE Website Upgrade:** Recognizing the pivotal role of our digital presence in promoting the social capital market, we embarked on a comprehensive upgrade of the JSSE website. The revamped website not only boasts a modern and visually appealing interface but also offers enhanced functionality and accessibility. Leveraging cutting-edge cybersecurity protocols, we ensure that the website remains resilient against potential cyber threats, safeguarding the integrity of information shared with our stakeholders.

Continuing Initiatives (2024-2025)

Looking ahead to 2024-2025, our strategic roadmap is focused on expanding market participation and fortifying our organizational capabilities through the following initiatives:

- Enhancing the Online Trading Platform to elevate user experience and interface aesthetics.
- Continuing our robust Cybersecurity activities to bolster defenses against evolving threats.

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023 (Cont'd)

- Advancing the implementation of the Data Privacy Governance Framework to ensure regulatory compliance and data protection.
- Introducing initiatives such as Short Selling, Direct Market Access (DMA) Solution Phase 2, Data Commercialization, and Trading of Government Bonds in collaboration with the Bank of Jamaica.
- Upgrading the JCSD Settlement Platforms to optimize operational efficiency and transactional reliability.

Commitment to Excellence

The Information Technology Department remains steadfast in its commitment to driving the Group's digital acceleration agenda. We will continue collaborating with business units to strengthen our resilience and enhance our product offerings across various domains, including:

- Progressing initiatives aligned with the 2024 strategy objectives.
- Developing bespoke Business Solutions to align with the Group's overarching strategy.
- Iteratively improving Business Continuity measures to ensure operational robustness.
- Enhancing IT Governance, Security, Risk Management, Project Management, and Service Delivery frameworks.
- Elevating Customer Service and Support standards through ongoing enhancements.

Security Awareness and Training

Cybersecurity awareness remains a critical competency to safeguard both personal and professional assets. Across the JSE Group, our staff members undergo consistent sensitization through monthly campaigns, fostering awareness and understanding of various security risks. These efforts reinforce expected behaviors in the face of potential threats, ensuring a proactive stance against cyber vulnerabilities.

As we forge ahead into 2024, our team remains resolute in our commitment to realizing our strategic initiatives, further expanding our technological capabilities, and effectively managing risks to capitalize on market opportunities.

Risk & Compliance

The Jamaica Stock Exchange (JSE) Group continues to strengthen its Enterprise Risk Management program with the guidance of a consultant who is overseeing the implementation process.

ERM Framework & Policy – The approved ERM Framework and Policy documents extend to the JSE and all subsidiaries (Group), including its Boards of Directors, Management team and all employees. The documents provide mandatory standards for the management of risk across the Group, are applicable to all levels of management and staff and require all employees to understand the nature of risks and accept responsibility for managing risks in their areas of authority.

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023 (Cont'd)

Table 2 below describes the high-level responsibilities applicable to this policy:

Table 2

Resource	Approve	Draft & Review	Implement	Adherence	Monitoring
Board	X			X	
Executive Management			X	X	
Risk Governance Structure		X		X	X
Risk & Compliance Manager		X	X	X	X
Line Management			X	X	
Employees				X	

Risk Reporting – In 2023, the Group continued to build on its risk identification and reporting capabilities. Assessments are currently undertaken by each Business Unit, a consolidated report is prepared by the Risk & Compliance Unit and submitted for discussion with the Audit Committee and Board of Directors.

Risk Appetite Statements - The JSE has finalized quantitative risk appetite statements for each of the nine (9) categories of risk included in its ERM Framework as of December 2023. Risk Appetite statements articulate the Group's risk management philosophy with respect to significant categories of risk, driven by its strategic objectives. The Risk Appetite statements currently comprise qualitative statements which articulate the various levels of risk acceptance. These statements will help to guide decision making and confirm that there is appropriate governance around risk exposure.

ERM Maturity: The company finalized the development of its ERM Maturity Model. Risk Maturity is a model used to aid in planning, implementing and maturing enterprise risk management practices within an organization. The goal of the Risk Maturity Model is to serve as a benchmarking tool for improving ERM practices and communication throughout the organization. As of December 31, 2023, the company's overall maturity rating was 52. Activities have been identified for completion during 2024 and once all are successfully completed, the risk rating for the company will increase to 61, indicating a maturity level of Consistent Implemented or Basic, as well as some more sophisticated ERM Practices in Place.

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023 (Cont'd)

Data Protection – The Group has completed preparing for registration with the Information Commissioner's Office and is ready to submit the necessary documentation. We have engaged the services of a Data Protection Officer (DPO) in December 2023 to monitor our compliance with The Data Protection Act, 2020 (DPA) and to ensure that JSE processes personal data in compliance with the data protection standards and with the DPA. The Office of the DPO will focus primarily on monitoring the implementation of procedures across the organization, ongoing nonconformity management and the fulfilment of its statutory duties.

The Way Forward – The Group will continue to embed ERM in the culture of the organization through the continued support of the Board of Directors and Senior management and continuous training and awareness programmes for all employees, thus bolstering the Group's risk and compliance framework. This will include further enhancements to the structure and resources of the risk management activities across the Group.

Marketing and Communication

The JSE utilizes many branches of media to reach its target audience. The Group has continued to use multiple approaches to stay in touch with the different target audiences in 2023 and we have continued to increase its presence in the social media space. One of the measures of the impact of marketing for the JSE Group is the number of new accounts opened each year. In 2023, the JCSD added 42,690 new accounts, up by 18,325 or 75% from the previous year in 2022.

From Table 3 below we can see a gradual increase each year and an almost doubling of new accounts in 2023.

Table 3 – Number of Accounts Created

2020 - 2023			
2020	2021	2022	2023
25,038	21,445	24,365	42,690

Increasingly we are seeing the results of our marketing efforts bearing fruit, especially from the standpoint of our market education programme.

Regional Investment and Capital Markets Conference

The JSE, for the first time, hosted two Conferences in one year. The regular Investments and Capital Markets Conference in Kingston, Jamaica, and the Guyana Conference in Georgetown, Guyana.

Kingston, Jamaica Conference

The JSE's 2023 Conference was a Conference with a difference. It's the first time since 2019 that we were able to have a full face-to-face with only a few online participants. The Conference was very successful, especially the Opening Night when we had a large turnout of excited attendees, both locals and from overseas and this enthusiasm carried over into the following two full days of the Conference. We concluded that since the COVID-19 pandemic, people were anxious to get back to normal face-to-face networking.

There were 715 persons in attendance at the Opening Night and 80 persons online. While on the second and the third day, there were over 400 persons in attendance each day. The general feedback was that the Conference was excellent, from the speakers to the moderators. The participants were impressed with the quality of information that was presented by the subject matter experts.



Bank of Jamaica Governor, Mr. Richard Byles speaking at the JSE Jamaica 2023 Conference.

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023 (Cont'd)

Georgetown, Guyana Conference

The 1st Conference to be hosted by the JSE outside of Jamaica was a roaring success, thanks to the JSE Team and others who assisted in the process. Thanks to our Managing Director for her vision and foresight. During the Investments and Capital Markets Conference, business leaders and Jamaican financial experts shared insights on raising capital and investing in the capital markets. The conference this year was hosted in Guyana, by the Jamaica Stock Exchange, and is the first regional conference held outside of Jamaica. It provided a platform for key participants of the financial services industry to discuss and present ideas on issues pertinent to the development of the sector. It is also envisioned that the Guyana conference, partnerships will be created, which will improve the understanding between financial institutions, aimed at generating more investment opportunities. There were over 250 persons in attendance and the Minister of Finance was the Keynote Speaker.



Dr. Marlene Street Forrest, Managing Director of the JSE Group warmly greets and speaks with Guyanese businessman Mr. Dunstan Barrow at the Guyana Conference.

Corporate Secretarial Services

The JSE launched its Corporate Secretarial Services in July 2023. To help Companies reduce the risk of non-compliance and comply with the laws that regulate various companies in Jamaica

This Division provides the following:

1. Preparation and filing of Annual returns and Beneficial Ownership
2. Preparation and filing of Change Documents
3. Letters of Good Standing
4. Company incorporation (including provision of Company Stamp and Seal)
5. Assist with Board Meetings
6. Maintenance of Company registers and
7. Business addresses

Workplace Outreaches

The Exchange participated in 24 workplace outreaches, up from 20 in 2022. This was a mix of virtual and face-to-face. The JSE was able to present information on the Stock Market to over 1,200 persons using this medium.

Community Outreach

The new initiative, launched by the JSE in 2022, saw the JSE attending one Community financial fair in the Old Harbour Housing Scheme in 2023. The turnout was impressive, with over 150 residents in attendance.



Patrons visit the JSE Booth at the Ladies Expo held at the Wolmer's Boys School.

EXPO's

The JSE participated in 17 Expos, up from 12 Expos in 2022. A total of 1600 persons participated and visited the JSE Booth at these expos.

Workshop

The JSE had two 'On the Stock Series' workshops virtually, where we partnered with Sagicor Investments. One thousand eight hundred persons (1,800) persons participated in this virtual workshop. We also undertook two workshops for JCSD. One was to inform persons about the Direct Market Access (DMA). There

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023 (Cont'd)

were 100 persons in attendance at this face-to-face forum. There was also a Pledge, Client Portal, and Deferred Shares workshop, which was held virtually. There were 450 persons in attendance.

School Programme

The JSE Schools program, for the most part, went back to face-to-face. There were 82 schools in attendance, with over 2900 students and 350 teachers receiving information on the stock market. The school's programme is a drive by the JSE to equip students with knowledge regarding investments and the operations of the stock market.

Stock Market Games

The Stock Market Game, had for the 5th time running, Jamaica College winning the overall awards of:

1. 1st Place Student Stock Market Game
2. 2nd Place Student Stock Market Game.
3. 1st and 3rd Place Mentor Teacher
4. 1st Place Teachers Stock Market Game

Top School, Wolmer's High School for Girls was the second school to achieve sets of Awards copping:

1. 2nd Place Student Stock Market
2. 2nd Place Teachers Game
3. 2nd Place Top School

For the first time in the Game, Happy Grove High must be given commendation for receiving the 3rd place in the Top School Awards, while St. Georges College also received the 3rd place in the Teachers Game Awards.

Young Investor Stock Market Game

The Young Investor Game came to an end in December 2023, with Mr. Daniel Whyte, a student from the University of Technology (Utech) placing first with a portfolio of \$3 million.

The Primary Education Financial Program

The JSE plans to launch the Primary Education Financial Program. The Primary Education Financial Program (PEFP) is geared towards grades 4,5 and 6 in the primary or prep-schools in

Jamaica. This program will assist the students ages 9-12 to better understand the financial market. Primarily looking on products and services within the financial market and most importantly the Jamaica Stock Exchange's roles and functions. They will learn from an early age how to navigate these financial markets.

Children will learn from an early age how to use the financial sector. This will be a game changer for the country, creating a new category of product segmentation, allowing for more financial products and greater wealth in the country.

To execute this program, we will work closer with the Ministry of Education, the key player, and our regulators.

DMA Platform

Jamaica Stock Exchange (JSE) continues to provide innovative ways through technology to meet the needs of local investors. Direct Market Access (DMA) is the latest product by the JSE that will now enable local investors through their local brokers to have access to buy and sell stocks trading on overseas Stock Markets, with the first such access being the Canadian Securities Exchange (CSE) and the USA market is the next phase.

The JSE hosted a webinar on May 25, 2023, which provided investors with a road map on how the system works, the security features of the system, and the roles of both local and overseas brokers.

Other Stock Market Games

The JSE facilitated two Tertiary Games. The first was with the UWI Financial Management Group, which used the Game to give their students real-life experience in investing in the Market. Their participation was then used as a grade for the class. This game ran from October to December. There was also the UTech Investment Club. This ran from October to April 2024. Each of the tertiary games had 73 participants.

The College Tour

The Release lifestyle and entertainment television programme engaged the Jamaica Stock Exchange (JSE) in launching its 4th staging of **The Release College Tour** (formally called The Release Innovation College Tour). The tour focused on **'Entrepreneurship'** This was an ideal time for the Stock Exchange to speak to college students about investing in the Markets and creating businesses that later could be listed on either the Junior Market or the Main Market. A total of 10 colleges with 1,473 students participated in the JSE's workshops and presentations during this period.

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023 (Cont'd)

Market Meets the Markets by the Sea

“Market meet the Market by the Sea” at the Kingston Waterfront. Dubbed as an integration of the Farmers' Market and the Financial Market, patrons had the opportunity to purchase fresh produce from the farmers while engaging with representatives from the financial market and other sectors. There were 2 staging in 2023 our regular staging in May and there was a Christmas edition. There were over 3000 patrons passing through both events.



Patrons at the JSE's Market meets the Market by the Sea at the BOJ Waterfront.”

Memorandum of Understanding (MOU)

As the Stock Exchange forges relationships with other exchanges, the JSE sought to forge a closer relationship with the Nairobi Securities Exchange (NSE). Both Exchanges signed a Memorandum of Understanding via Zoom signifying a long and mutually beneficial partnership for both countries in December.

National Investor Education Week (NIEW)

Overcoming Financial Obstacles Through Smart Investment Decisions.

The Jamaica Stock Exchange (JSE) chose this timely theme to drive its free annual week-long market education seminars during the 16th National Investor Education Week (NIEW), held at the

Exchange, 40 Harbour Street, Kingston, October 14 – 20, 2023. The JSE begins all its events inviting the blessings of God and its NIEW week of activities began the same, with a special service at the Spanish Town Seventh-day Adventist Church in St Catherine on Saturday, October 14. This Church Service was followed on Tuesday by the Youth Forum & Stock Market Games Award Ceremony, facilitating the National Heroes weekend and National Honours on the Monday. The Open House, as the title suggests, accommodated all interested members of the public to a full day of market education on various areas of the stock market. On Thursday, the phenomenal 'She Leads' women's conference followed. The week of education ended with the youngest cohorts from across Jamaica, gathered at the Exchange; the primary schools' market participants, a newly launched market education programme and a milestone achieved for the JSE.

NIEW is a planned week of activities designed to assist the public by raising awareness about the importance of investor education and protection covered by securities regulations. It is a forum through which the JSE, the listed companies, stockbrokers and other players in the financial industry converge to offer expert advice and solutions to participants to navigate this challenging economic climate and stimulate financial recovery and new wealth creation.

Best Practices Awards

Twenty-seven (27) Jamaican companies won awards at the Jamaica Stock Exchange's 19th Best Practices Awards Ceremony held at The Jamaica Pegasus Hotel on December 7, 2023. The announcements revealed repeated winners and some surprises. The Annual Awards saw a total of 44 awards being presented to the most outstanding member dealers and listed companies that do business with the JSE. The companies were assessed on their performance during the year 2022.

JMMB Securities Limited was the first big winner announced, copping the JSE's Chairman's Award as the top member dealer (stockbroker) in Jamaica in 2022. LASCO Financial Services Limited and GraceKennedy Limited were the top winners among the 101 companies listed on the Stock Exchange. Both companies won the prestigious Governor-General Awards for Excellence, LASCO in the Junior Market category and GraceKennedy in the Main Market category. His Excellency the Most Hon. Sir Patrick Linton Allen is the patron for the JSE's Best Practices Awards.

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023 (Cont'd)

Social Media

With the advent of Covid-19, the JSE's social media platforms became even more relevant for communicating and staying connected with our stakeholders. Our social media platforms, which include LinkedIn, Twitter, Instagram, Facebook, and YouTube have become one of the Group's main marketing tools. Several educational videos have been placed on our YouTube channel.

Annual General Meeting (AGM)

The 46th Annual General Meeting (AGM) of the Jamaica Stock Exchange (JSE) was held on Thursday, June 22, 2023, in hybrid format, from JSE, 40 Harbour Street, Kingston. Although the AGM was held in a hybrid format, many shareholders took the opportunity to attend face to face. The meeting was chaired by the JSE's Chairman, Mr. Julian Mair.

Publications

Among the JSE's many publications where it seeks to keep the market abreast with news and information are:

1. Guide to the Securities Market
2. Yearbook
3. Pocketbook
4. Stock Market Review
5. The CGI Index.

The JSE delivered these mentioned publications in 2023.

The Market Research Competition

Since its launch in 2002, the Jamaica Stock Exchange's (JSE's) Market Research Competition has been nothing but spectacular and only gets better each year. The finalists for the 2022/23 Market Research Competition were Ms. Jamelia Jalaalwalikraam (NCB Financial Group Limited) & Mr. Nickard Swaby (NCB Financial Group Limited). It is very rare to have two finalists from the same company. The final Winner was Miss Jamelia Jalaalwalikraam (NCB Capital Markets Limited).



JSE unveiled “Stocky The Bull” who was an instant hit, with students and adults alike.

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023 (Cont'd)

Human Resources

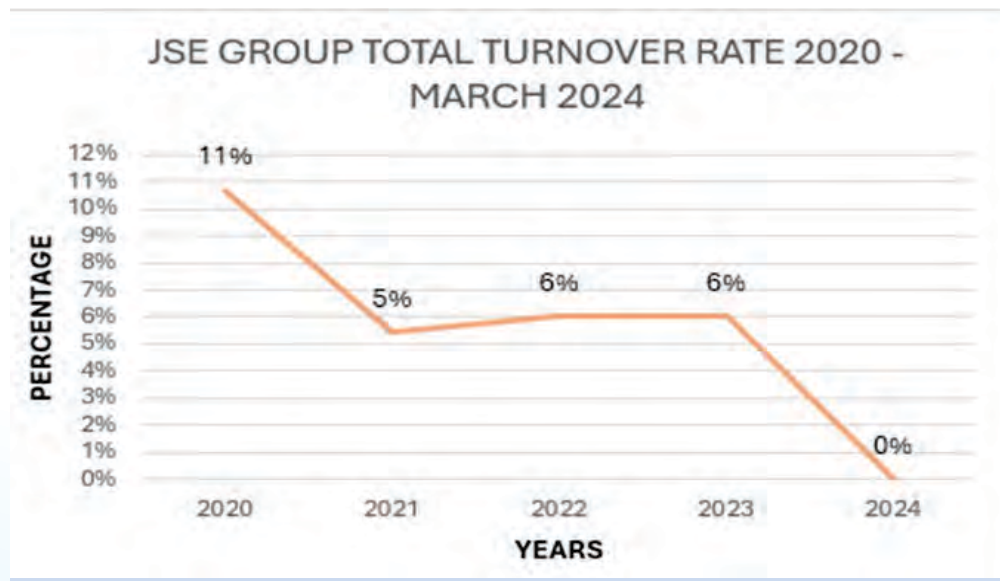
OUR TEAM

TRANSPARENCY, RELIABILITY, INTEGRITY, PURPOSE-DRIVEN, PROFESSIONALISM ... the core values of the JSE. We continue to solidify our core values through employee engagement, our code of ethics and conduct, training and development, team building and wellness programmes. In ensuring that our Core Values are upheld and to ensure greater efficiency of our operations, our Sexual Harassment Policy was reviewed and updated, and we now have in place our Data Privacy & Procedures Policy.

The JSE is committed to having a prepared and motivated workforce to effectively contribute to the Organization's strategic goals and our Team is equipped through training programmes offered by our e-Campus such as the Caribbean Securities Course, Post Graduate Diploma in Financial Services Management, and other external training programmes including training in Data Privacy and Franklin Covey Leadership Development Programme.

Being part of this August Institution continues to be the pride of our Team as reflected in the Staff Turnover in Figure 1 below.

Figure 1



In quoting our Managing Director, Dr. Marlene Street Forrest ... **“Our team is more than just a collection of individuals – we're a dynamic community driven by a shared vision of innovation and excellence. Together, we're not just solving problems; we're shaping the future.”**

BUSINESS CONTINUITY

Including ensuring the safety of our workplace in keeping with proper hygiene and sanitation, the Group continues to strengthen its processes, including its technical, structural, and operational environment. We recognized that our recovery from the pandemic and our resilience during the pandemic was primarily because of our focus on issues relating to the environment, access to our building, creating the pathway for working outside of our physical compound and utilizing technology to network our staff and services. We continue to manage the risks associated with business continuity.

MANAGING DIRECTOR'S REPORT (Cont'd)

JSE MANAGERS' DIVISIONAL HIGHLIGHTS 2023 (Cont'd)

GREENING OF THE EXCHANGE

Our Managing Director's commitment to a clean and healthy environment is evidenced by the introduction of “**JSE's Greening Project.**” Against this initiative, the “Greening Project Committee” was formed, and environmental experts were commissioned to conduct an environmental audit of the Exchange. Based on the audit and recommendations of the environmentalists, several changes will be made to improve our environmental commitment, which will include:

- (a) Updating the present cooling methodology to a central Variable Refrigerant Volume (VRV) system with inverters and associated indoor units on all buildings. This will result in a reduction in multiple condensers and electrical circuits, which will give more efficient and central operation of cooling load and
- (b) Introducing a Dedicated Outdoor Air System (DOAS) to the occupancy zone with energy recovery, resulting in increased fresh air in the buildings and the reuse of cooled air, which would add to efficiency.

An additional initiative for our Greening Project includes our Recycling Project in partnership with Recycling Partners of Jamaica. We will also be reaching out to St. Michael's Junior School to sensitize the students on the importance of a healthy environment through different activities that will involve members of the Team. Of course, we will be having physical cleanup activities by having a “Staff Beach Clean Up Day” at the Kingston Waterfront.

A clean, safe, and healthy environment positively reflects the mindset of its inhabitants and in our quest to maintain a healthy environment, we continue to partner with Recycling Partners of Jamaica and will also engage the Community including the schools to partner with us in our Staff Beach Cleanup Day at the Kingston Waterfront.

Coming out of the Greening of the Exchange Initiative, we engaged the services of Environmental Solutions Limited (ESL) and based on their recommendations, the following *inter alia* were implemented:

- (a) Removal of decommissioned HVAC System
- (b) Reviewed window shading techniques to reduce radiant energy from the sun into the building.
- (c) Conducted a leak detection assessment on property.
- (d) Engaging the services of a Structural Engineer to assess the structural integrity of the building.

Our Team is cognizant that a healthy environment is everyone's business, and we are committed to being vigilant in supporting the requisite initiatives to ensure that we continue to make our environment safe and environmentally friendly.

*“Providing A Fair, Efficient and
Transparent Stock Market”*

MANAGING DIRECTOR'S REPORT (Cont'd)

CORPORATE SOCIAL RESPONSIBILITY

St. Michael's Primary School

We continue to focus on Corporate Social Responsibility by positively impacting the lives and livelihood of the communities in and around the JSE. The school feeding programme at St. Michaels' Primary School continues to provide daily nutritious meals to the students, which resulted in increased attendance and continued improved performance by the students in the Mastery and PEP Examinations.

Bring back the Love to Downtown, Kingston

We brought 'Love' to Downtown, Kingston when we held Market meets the Market by the Sea (Christmas Edition) at the Kingston Waterfront. Children in and around Downtown Kingston were feted and treated at Santa's Village while they were educated about investments and interacted with our Mascot 'Stocky the Bull'. This was a very grand occasion as the children enjoyed this event to its fullest.



Pancakes & Prayers 2023

Once again, the JSE hosted the Children's Event “Pancakes & Prayers”, a Prayer Breakfast conceptualized by the Wynter brothers (ages 10, 12 and 14 years). This was impactful and very inclusive, encompassing children from various schools, churches and children's homes participating in fun, fellowship, and worship. This event was aired by a live broadcast by Love FM 101 Radio Station.



MANAGING DIRECTOR'S REPORT (Cont'd)

CORPORATE SOCIAL RESPONSIBILITY

Other Donations

We continued to touch the lives of others by contributing to Caring Institutions such as:

- Mentality Challenged Orphans and Homeless Foundation
- The United Way Corporate Social Responsibility and Workplace Philanthropy Programme
- Best Care Foundation - Special Needs Children
- Missionaries of the Poor
- Franklin Town Development Programme for Unattached Youths
- Operation Save Jamaica - Inner City Men's Breakfast with Men from Portmore
- Jamaica Down Syndrome Foundation
- EH Promotions Back-to-School Project
- JCC - Kingston Central Division Safety and Security Branch Summer School Programme

Education is of paramount importance to the JSE and students at the University of Technology, Jamaica (UTech, Ja) and the University of the West Indies (UWI) are given a chance to achieve their educational goals through bursaries and scholarships facilitated at these institutions by the JSE.

The JSE continues its commitment 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. Below are some of the recipients who have benefited since the 2004/2005 academic year:

Recipients	Year Awarded	Graduated
Sanchia Henry	2004-2006	First Class Honours:
Andre Williams	2006-2008	Upper Second Class
Honours:		
Oma Coke	2008-2010	First Class Honours:
Latoya Williams	2008-2010	Upper Second Class
Kadine Blake	2010-2012	First Class Honours:
Jerahmeel James	2013-2015	Upper Second Class
Jahnoy Lieth	2015-2017	Upper Second Class
Samoya Smith	2016-2018	Upper Second Class
Meisha-Marie Webster	2016-2018	Upper Second Class
Shani Smith	2019-2021	First Class Honours
Densil Lee	2023+ Present	Current Recipient

MANAGING DIRECTOR'S REPORT (Cont'd)

Jamaica Social Stock Exchange (JSSE)

Following the inaugural telethon in 2022, the 3 projects for which the JSSE sought funding were listed on the Social Stock Exchange's platform on February 14, 2023.

Choose Life International, Love Changes Life and JaMin Music Entrepreneurship were able to kickstart their social projects under the guidance the JSSE Technical Partner, United Way Jamaica.

Love Changes Lives uses the Train the Trainer method and focuses on behaviour change & financial literacy training. Facilitators are trained to teach social and spiritual graces and financial literacy for wealth creation. The initial pilot encompasses five (5) secondary schools.

AIR JaMIN conducted pest control treatments in September and November 2023. Renovation work was done on the studio and new equipment has been purchased and installed.

Choose life Happiness Club facilitators underwent 36 hours of training in the Art and Science of Happiness, Suicide Prevention, Conflict Resolution, Trauma Intervention, and Basic Skills in Counselling. The project launched its “Happiness Clubs” in St. Georges College, Charlemont High School, St. Patrick's Primary School and Windward Road Primary and Junior High School in November 2023.

Promotion of the Give-a-Little campaign continued to be a focus. Individual appeals were made to employees of corporate entities to donate a small amount of their salary to the JSSE. Take-up has been slow, but the initiative received some traction.

During October, JSSE played its part in raising raise awareness and pledging its support to inspire and support those affected by breast cancer. This special project fundraiser raised by JSE Group employees raised in excess of \$100,000.

Website Redesign

The JSSE redesigned its website its website for better aesthetics and to facilitate website donations and submitting project proposals. The new website went live on June 2, 2023.

Project STAR

The selection and Listing committee approved the application for listing by Project STAR who sought to raise funds via the JSSE Platform. The STAR project, led by the Planning Institute of Jamaica (PIOJ), opened the first social IPO on June 22, 2023. The IPO which operates on a rolling close basis, aims to raise 600 million over 4 years from corporate donors, crowdfunding and multilateral organizations with 100M being required for listing. The project is expected to raise the minimum for listing by the first quarter of 2024. Funds will be managed using JSSE's monitoring and evaluation structure to ensure accountability.



Listing of Project Star on the JSSE.

MANAGING DIRECTOR'S REPORT (Cont'd)

Business Development

Data Privacy

With the Data Privacy Act coming into effect on December 1, 2023, the Jamaica Stock Exchange sought to prepare its managers and staff for the implementation. Managers were first engaged for training in April to conduct Data Privacy Impact Assessments on third parties. Staff members were later trained in general data privacy concerning the Act, as well as their respective roles.

The JSE Group went a step further and organized sensitization sessions for all its third parties. They were apprised of the Group's posture concerning data protection and the level of readiness in relation to registration with the office of the information commissioner. During the session, third parties with whom we do business were advised on how the Act will affect how we do business, including the completion of the due diligence questionnaire.

Understanding that not many companies have begun their preparation journey, the Group collaborated with Privacy consultants, Design Privacy Limited to offer the Self-Help Registration Toolkit. This resource offered companies a do-it-yourself option to put in place the necessities to satisfy the registration procedures before the deadline.

In December 2023, the JSE Group completed registration with the Office of the Information Commissioner in compliance with the pre-established deadline.

New Business

JSE continues its partnership with private companies and lobby groups to bring new listings to the Exchange. Recovery of the financial market has been slow; however, the prospects remain high.

Potential Listees

We continue to engage with private entities in different industries who are seeking to launch their business into the next horizon. These businesses are courted into how to prepare for listing on the Exchange and are referred to the relevant stakeholders for support in coming to market.

JMEA

JSE and JMEA continued to work in partnership to prepare companies to list on the Junior Market. Several companies at different stages of readiness have been engaged in preliminary listing meetings. The prospective listees were also engaged in capacity-building sessions throughout the year. Corporate Governance training was held to assist the prospects in improving their governance structure. The 2nd capacity-building session occurred during National Investor Education Week and focused on Business Valuation.

Global and Regional Expansion

The Jamaica Stock Exchange is expanding its reach and impact across the globe by creating synergies with partners to broaden investment opportunities for investors. JSE participated in the Ghana Brokerage Seminar as well as other symposiums relating to the capital market. The aim is to widen the knowledge of the JSE Group while opening doors for further investments through Direct Market Access (DMA), Cross listings and capacity building through the JSE e-Campus.

In October 2023, JSE hosted its first Regional Investment and Capital Market Conference in Guyana. The two-day event was held under the theme, Guyana's Capital Market: Wealth Creation and Retention. Over 500 Participants from Jamaica, Guyana, Trinidad, United Kingdom, Barbados, and United States participated.

A Memorandum of Understanding has been signed with Latin American Stock Exchange (Latinex) and Nairobi Securities Exchange to further extend market developments the JSE footprint.

Green, Social and Sustainability-linked Bonds (GSS+)

The Jamaica Stock Exchange (JSE) is actively working towards developing guidelines for thematic bonds, including green bonds, to contribute to sustainability in capital markets. In 2020, the JSE partnered with the Ministry of Economic Growth and Job Creation, Climate Change Division and with support from the Green Climate Fund (GCF), completed a market assessment and developed a roadmap for green bond listings. As part of the Sustainable Stock Exchange Initiative, JSE aims to boost capital

MANAGING DIRECTOR'S REPORT (Cont'd)

allocation to Green, Social, Sustainable, and Sustainability-Linked initiatives. Building on the development work achieved through funding from the GCF, the JSE is now receiving technical assistance from the IDB Invest to further their efforts to create a conducive environment for a Green, Social and Sustainability-linked Market ecosystem. Within a one-year timeframe, they plan to formulate a sustainability roadmap, unveil a comprehensive guide, and implement systems for bond listings by the third quarter of 2024.

These initiatives align with the objectives of the Government of Jamaica and the International Monetary Fund (IMF) reporting target for June 2024.

Data Commercialization

During 2023, the second phase of the data commercialization framework commenced, with the project to implement a JSE Data Shop. The Data Shop will allow the JSE to commercialize its 55-year-old library of data. The Project remains on track and will be completed by the second quarter of 2024.

Caribbean Business Exchange (CBX)

In 2022 JSE launched its cable television channel, Caribbean Business Exchange (CBX). The channel, in its infancy, has weathered many storms but remains steadfast in its goal to educate and entertain the public on matters relating to local, regional, and international business affairs. In Jamaica, the channel is being streamed on channel 143 on Flow and channel 28 on Digicel. Total Average Viewers across all platforms: 593,000 per month. The social media pages for the channel were launched in August 2023 and the following quickly rose to over 800 by year's end.



JSE's Cable Channel, Caribbean Business Exchange (CBX), positioned to bring business and financial information across the Region.

JSE Group

2023 MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Jamaica Stock Exchange Group comprises the Jamaica Stock Exchange Limited (JSE) and the Jamaica Central Securities Depository Limited (JCSD), which has as an integral company, its subsidiary, the JCSD Trustee Services Limited (JCSPTS). The companies within the Group are linked because each provides complementary services to ensure efficiency in effecting financial transactions within the capital markets, enabling seamless completion of business while constantly mitigating risks.

All the Companies within the Group are subject to the regulatory requirements of the Securities Act and in addition, the parent company, which is itself listed on the main market of the Jamaica Stock Exchange, is also regulated by the JSE through its independent process of the Regulatory and Market Oversight Division and Committee (RMOD). This demutualized structure allows for the improvement of corporate governance and results in a more vibrant and forward-looking Exchange.

As we are listed and our securities are publicly traded on the Exchange, we are conscious that this results in a greater scrutiny of our operations, and we are also very mindful of our responsibility as a listed company to set the example for other companies listed on our markets. We, therefore, operate within a framework of ensuring that our regulatory responsibilities are conducted in keeping with our mission of fairness and transparency while ensuring that we always enhance value to the market itself and our shareholders.

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, appreciate the Group's focus and strategies, the material changes made during the period under review and the results of its operations for the year ended December 31, 2023. 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 judgement of management, taking into consideration all internal systems and controls, plans and current programmes and policies being pursued. Where management provides forward-looking statements, the results may vary depending on social, economic, and environmental factors beyond our control.

The JSE has 701,250,000 shares now in issue. During the year 2023, the price of the JSE shares declined from \$15.55 to close at \$10.01, reflecting a 35.63% decline in the stock price, making this four consecutive years of price decline, which can be attributed to the impact of general economic conditions and macroeconomic policies that have affected the performance of the Exchange. The volume and value traded amounted to 21.6M units and \$266.8M, respectively, compared with the previous year of 57.2M units and \$1.3B.

We have a rich history of paying dividends annually. Therefore, despite the market challenges that have resulted in a decline in profitability, in line with our dividend distribution policy, in 2023, our shareholders benefited from a 22% or \$89.8M distribution in dividends. This represents the 2022 final dividend payment. For the calendar year 2022, the Company distributed \$305M representing 2022 interim and 2021 final payments.

At the end of 2023, Business and Consumer Confidence reflected an improvement over 2022, with consumers displaying greater optimism citing a rise in entrepreneurship, growth in certain sectors, and new investment coming. The Business sector was less optimistic but showed growth in optimism quarter over quarter. The overall improvement in business and consumer confidence and economic indicators was not reflected in the stock market, however, as local and global conditions continued to affect market confidence. The Junior Market recorded a marginal decline of 3.5%, while the Main Market recorded a decline of 8.5%. Revenue for the Group was flat in 2023, while expense grew by 9.6% over 2022, resulting in decreased profitability, Total Comprehensive Income declined by 23.7%, moving from \$636.4m to \$485.6m. This reflected in earnings per stock unit which saw a downward movement from \$0.72 to \$0.59.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

ENVIRONMENTAL ISSUES IMPACTING THE GROUP

Recovering from the active COVID-19 Virus period, the market has been trying to find its equilibrium, but this has dogged to Group, given several market uncertainties involving a lack of confidence in the financial sector, increase in interest rates which resulted in a reluctance to trade or a migration from the market and a wait and see approach by issuers. The fact that many of our investors are relatively new to the market also has not allowed for the maturity of actions where the market is bearish. In fact, flight from the market further depressed market performance.

THE JAMAICA SOCIAL STOCK EXCHANGE (JSSE)

The Jamaica Social Stock Exchange (JSSE), a subsidiary of the JSE Group aims to improve the social wellbeing of Jamaicans by supporting social investments in approved projects and organizations using the same obligation of transparency and accountability. JSSE engages the public via its social capital market to raise funds and list projects with meaningful impact on the social needs of the country.

The JaMIN Music Studio project by the Agency for Inner-city Renewal, the Choose Life Mental Health project by Choose Life International and the Stop the Violence project by Praise Jamaica continued to be the primary targets for funding for 2023. Having been listed on the market in 2023, the social stock exchange sought to find many innovative ways to increase responsiveness by donors to the JSSE's platform. The projects remain listed as they have demonstrated the importance of good governance and are complying with the JSSE's post-regulatory requirements.

Fundraising Initiatives

To ensure sustainability for the JSSE and the project the JSSE must take deliberate steps to mobilize social capital. While the JSSE has embarked on many initiatives and has done a market sensitization programme within Jamaica and globally, we are yet to ignite the level of enthusiasm and support required to drive this entity and to address the needs of so many social entities that require capital and formalization. In 2023, the company concentrated on two major projects:

1. Telethon

In December 2023, a three-day telethon was hosted with the aim of filling the funding gap and listing the three outstanding projects: Choose Life International, Agency for Inner-city Renewal and Stop the Violence. The telethon, dubbed a “musical and cultural event” saw donors from local and regional companies, foundations, and individuals pledging support of the projects' cause. At the end of the three-day event, a total of \$7.5 million was received in pledges.

2. Sustained Giving Programmes

Give a Little Campaign

JSSE partnered with Lasco Financial Services Ltd. to solicit donations from receivers of remittance to donate a minimum of USD 2.00 towards the JSSE projects seeking funding. This ongoing initiative has so far yielded One Hundred Thousand Dollars.

Employees Partnership- Sustained salary deductions

This initiative is aimed at enlisting employees from private and public sector organizations to give monthly contributions from their salaries to JSSE. This will result in long-term sustainable funding for JSSE projects.

3. JSE/IDB Project - Innovating Social Sector Financing

The genesis of the Innovating Social Sector Financing project stems from the recognition that most of the Social Enterprises (SEs) in Jamaica operate within the Micro, Small, and Medium Enterprise (MSME) sector. Consequently, they encounter similar hurdles as the broader MSME sector, including issues such as informality, deficient management and technical capacities, the necessity for a more robust entrepreneurial culture, and limited access to financial resources. Moreover, Social Service Organizations (SSOs) encounter analogous obstacles in securing sustainable financing for their philanthropic endeavours. Often, SSOs struggle to articulate their impact and maintain accurate financial records, hindering transparency and accountability. In 2019, the Jamaica Stock Exchange (JSE) and the Inter-American Development Bank's (IDB) innovation subsidiary, IDB Lab, signed a Technical Cooperation Agreement aimed at developing and growing the Social Sector in Jamaica.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The project's design was geared towards enabling the efficient mobilization of resources to Social Service Organizations (SSOs) and Social Enterprises (SEs) that cater to marginalized and vulnerable populations. This was expected to be achieved through several areas, including:

- Enhancing the integrated systems and tools of the Jamaica Social Stock Exchange.
- Implementation of capacity development initiatives to strengthen the abilities of these Social Service Organizations (SSOs) to proficiently oversee their projects, as well as to assess, articulate, and disseminate their outcomes.
- Advocating for enhancement of the all-encompassing Social Enterprise policy and/or amendments proposed for the current MSME & Entrepreneurship Policy are advised to offer enhanced clarity in acknowledging the value generation within the social sector.
- Engaging investors/donors and increasing public awareness around the social sector and their impact in Jamaica.

Since the project's inception, the social enterprises sector recorded significant gains in policy implementation, productivity initiatives and direct mentoring and other support. Some of the major project achievements and updates are noted below:

4. Impact Measurement for Social Sector Organizations

In anticipation of stimulating social investing, the JSE engaged a consultant to undertake the design of a Social Impact Measurement Framework. The measurement framework provided a step-by-step approach to a clear impact thesis, impact map between partners, data capacity, and data collection and demonstrated impact effectively. The consultant also developed impact metrics to measure the impact of the social sector organizations that will benefit from donations or investments through the Social Stock Exchange.

Having established the measurement framework, the JSSE has sought technical and financial support from UNDP to acquire Impact Management and Measurement Software that will capture and measure the results of its social and impact investment, using the appropriate standards. To this end, UNDP is entering into a Development Service Agreement (DSA) with the Jamaica Social Stock Exchange as the instrument will allow for the delivery of agreed-upon services focused on Impact Measurement and Management to advance Jamaica's Social Capital Market. The services under the DSA will be managed and implemented through the UNDP Jamaica MCO using the Direct Implementation Modality (DIM).

As part of the DSA signed with UNDP in July 2023, JSSE organized an Impact Measurement and Management training session to enhance the capacity of the organization and participating enterprises. Over two days, more than 25 representatives from various organizations, including Government of Jamaica (GoJ) representatives and local social practitioners from various enterprises and organizations. The participants were trained on SDG Impact Measurement and Management and utilized the UNDP Impact Lab tool to measure and manage impact.

5. Certificate in Social Sector Management

The development of the online curriculum in 2022 facilitated the launch of the JSE/IDB training programme “Certificate in Social Sector Management” in 2023 which was exclusively designed to cater to the training needs of social sector organizations. This programme which is approved and endorsed by the professional certification body, CPD Certification Service, comprises eight (8) modules and is delivered virtually through the JSE eCampus platform. It aims to impart participants with essential knowledge and practical skills, laying the groundwork for understanding how social sector organizations (SSOs) govern themselves, strategize, deliver services, and measure their social and environmental impact. Furthermore, it seeks to enhance participants' institutional capacity, transition them into financially self-sustaining social business enterprises or social enterprises, and position them to attract equity investment.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Sixty-six (66) individuals enrolled in the program. Of that number, twenty-five (25) participants are now on track to fulfil all the requirements for the completion of the Certificate in Social Sector Management Programme.

STRATEGIC PLAN 2023- TARGETS AND ACTUAL

The performance of the JSE Group for 2023, against its purpose-driven indicators is represented below.

Table 1

PERFORMANCE INDICATORS	2023 TARGET	2023 ACTUAL
1. Value of Transactions /year	\$89.3B	\$50.3B
2. Profit	\$704M	\$416M
3. # New Listings/year	18	14
4. Amount of Capital Mobilized	\$32B	\$18.7B
5. Total Revenue	2,816M	2.248M
6. Shareholders' Equity	2,535M	2.619M
7. Total Assets	3,091M	3.058M
8. Return on Equity	26%	15.9%

The JSE Group will be revisiting its key performance indicators for 2024-2027. This is due to the extended bear market that is being experienced because of external factors that have caused some investors and potential listed companies to seek alternate sources of investing and funding. Others have taken a cautious approach to the market.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

JSE GROUP FINANCIAL PERFORMANCE

(Comparison for Years Ended December 31, 2023, and December 31, 2022). While there was marginal growth in profitability in 2022, the year under review saw a reduction in profitability due to the continued turbulence in the market. When compared to the prior year, profit after taxation moved from \$503.2m in 2022 to \$416m in 2023; a decline of 17.3%.

(i) Revenue

The Group's Financial Statements reflect a marginal improvement in revenue over 2022. Revenue of \$2,248.4m in 2023 reflects an increase of \$55.8m (2.5%) over \$2,192.6m in 2022. Excepting Cess revenue, which declined by \$155.8m or 32.6%, Fee income, e-campus fees and other operating income posted marginal increases while Investment income returned a 104% increase. The Group benefited from higher interest rates on investment.

(ii) Expenditure

Expenses of \$1,566.3m in 2023 represent an increase of \$136.7m or 9.6% over the \$1,429.6m in 2022 and reflect a lower rate of increase over the previous year. The Group continues to monitor expenditure by applying tight procurement guidelines and reserved spending to manage cash flow. Areas which showed significant movements over 2022 are highlighted below:

a. Staff Costs

Staff Costs registered the highest increase of \$67.4m in expenditure, which reflected annual increase in staff salaries and the addition of employees required for job functions.

b. Property Expenses

Property expenses increased by \$36.1m in 2023. This is attributed to increases in maintenance costs and licences expenses.

c. Depreciation & Amortization

Depreciation and amortization reflect an increase in expenditure of \$27.3m moving from \$88.0m in 2022 to \$115.3m in 2023. This increase in expenditure has a direct correlation with the increase in the value of the Group's property, equipment, and intangible assets for 2023 and reflects our investments in technology in furtherance of our strategic initiatives.

d. Advertising & Promotion

Advertising & Promotion was \$131.0m in 2023 compared to \$125.6m in 2022, an increase of \$5.4m or a marginal 4% increase. While marketing and advertising are key tools to assist in encouraging market participation, some shift has been effected to reallocate funds to allow for greater effect.

(iii) Profit

The Group's \$416m Profit for 2023 is comprised of the parent company's profit of \$43.1m and subsidiary profit of \$460.6m less dividend paid to the parent company of \$88m and lease elimination of \$0.29k. The Group's performance was below the profit of \$503.2m recorded in 2022 due primarily to a decline in Cess revenue.

(iv) Earnings per Share

Basic earnings per stock is calculated by dividing the profit by the weighted average number of stock units. The weighted average number of stock units in 2023 is 701,250,000 and represents the total ordinary stocks issued at no par value. The basic earnings per stock unit moved from \$0.72 in 2022 to \$0.59 in 2023.

(v) Total Equity

The Group's Equity increased in 2023 to \$2,618.9m from \$2,223.1m in 2022. The positive movement was propelled by an increase in property revaluation reserves and current year's profit. A total of \$89.8m was also paid to shareholders.

The information below reflects the Group's performance over a five (5) year period.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Table 2 on next page and charts 1 and 2 provide a visual representation of the revenue structure of the JSE Group.

(vi) Key Financial Ratio

JSE Group Revenue (Inclusive of Investment Income) 2019 to 2023

Table 2

GROUP REVENUE	2023	2022	2021	2020	2019
<i>Cess</i>	321,682,285	477,496,753	469,472,769	380,018,380	697,321,428
Fee Income					
<i>Annual Listing</i>	289,810,184	234,184,948	187,226,810	170,357,500	140,300,000
<i>Initial Listing</i>	20,555,593	12,529,474	20,985,856	14,190,630	17,794,432
<i>Supplementary Listing</i>	3,623,232	2,787,970	3,061,596	2,579,629	3,679,530
<i>Members & Attorney</i>	853,913	1,054,348	320,000	400,000	370,000
<i>Transaction</i>	54,427,314	140,579,047	105,905,074	109,648,554	164,961,726
<i>Maintenance</i>	77,071,090	62,182,590	33,650,499	26,727,216	24,897,054
<i>Trade Data</i>	14,972,174	14,409,396	11,091,141	14,092,261	11,399,047
<i>Registrar</i>	318,122,904	306,955,211	238,070,683	228,625,465	148,545,120
<i>Trustee</i>	576,376,930	506,799,478	516,165,125	479,099,538	405,650,489
<i>Retail Repurchase Agreement Fee</i>	244,234,532	174,866,337	147,782,219	117,606,535	95,278,685
<i>Membership Fee</i>	104,179,134	87,806,819	75,465,397	45,674,051	24,193,414
Other Income					
<i>Regional Conference</i>	48,737,151	36,832,425	24,366,604	37,186,050	26,367,658
<i>Other Income</i>	110,269,966	102,980,352	94,110,227	85,183,191	113,613,296
Sub-Total	2,184,916,402	2,161,465,148	1,927,674,000	1,711,389,000	1,874,371,879
<i>Investment Income</i>	63,436,253	31,103,000	48,784,000	43,967,000	22,048,000
TOTAL	2,248,352,655	2,192,568,148	1,976,458,000	1,755,356,000	1,896,419,879

JSE GROUP 2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Chart 1

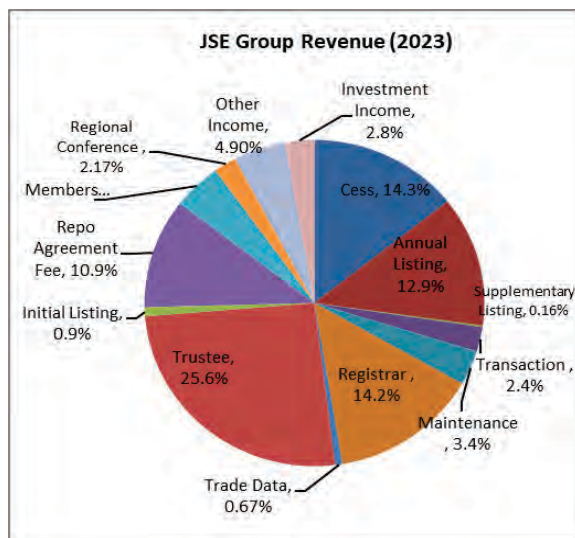
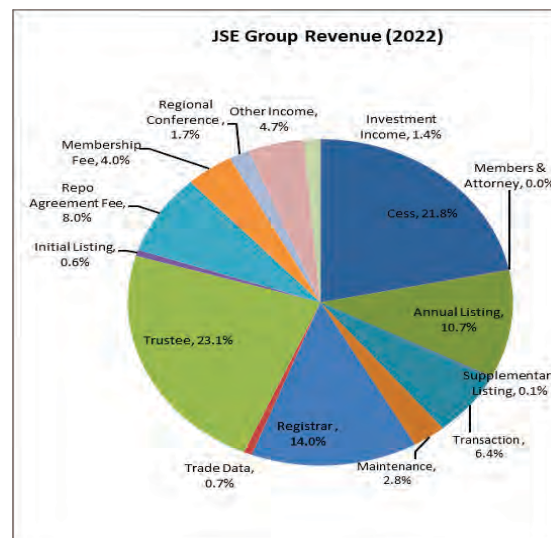


Chart 2



Five-Year Key Financial Highlights and Graphical Presentations

Table 3

(\$'000)	2023	2022	2021	2020	2019
Revenue	2,248,353	2,192,568	1,976,458	1,755,356	1,896,420
Expenses	1,566,276	1,429,632	1,235,481	1,136,889	1,093,347
Surplus derived from Operations	416,001	503,238	497,313	406,936	519,878
Efficiency Ratio	70%	65%	63%	65%	58%
Return on Equity	15.9%	22.6%	26.3%	26.5%	35.4%
Earnings per share \$	0.59	0.72	0.71	0.58	0.74

JSE GROUP
2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Chart 3

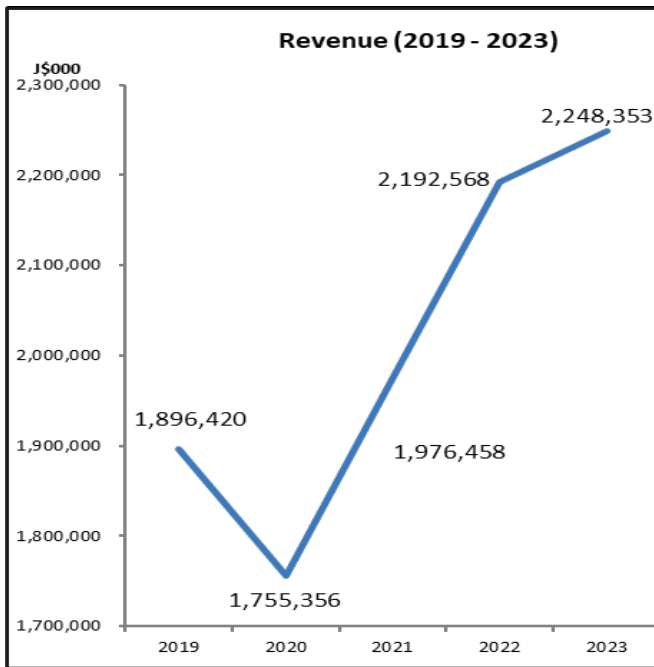


Chart 4

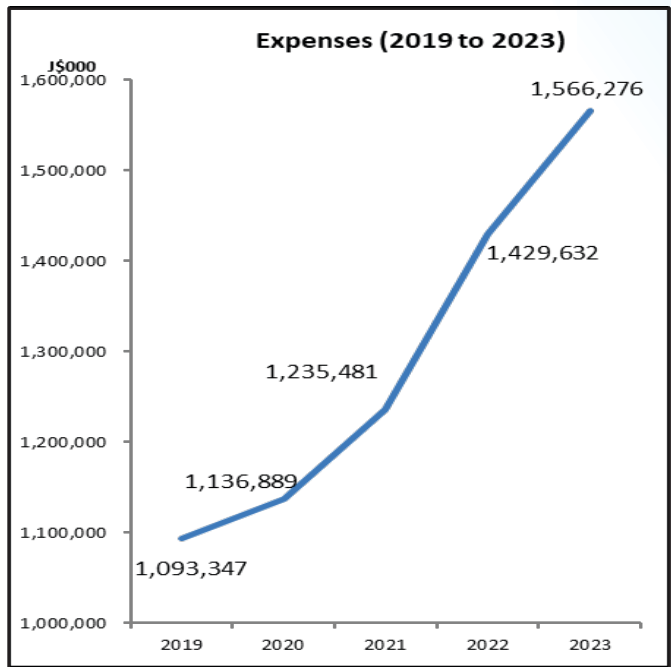


Chart 5



Chart 6



JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

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 overall commitment is also to focus beyond the traditional measurements of profits, on environmental and social concerns which we believe will increase profitability. As technology will be the gateway to get us there in the quickest possible time, our focus is properly and consistently looking at and refreshing our critical assets and ensuring that risk strategies are in place to safeguard our environment.

Our Vision to 2027: To be an innovative and customer-oriented Premier Exchange connecting companies, traders, and investors globally, to raise capital and create wealth.

Our Priorities:

- **Grow Core Business through Innovation**

We are steadily growing market participation by over 100% within the last ten years primarily due to market education and the development of new products and services. The number of accounts has increased even though the markets are down which is a strong and positive indicator for long-term interest and growth in the market. The number of account holders now stands at 299,415 and has increased by 17.6 percent over the last two years confirming the importance and impact of market education and the acceptance of the services of the JSE. For 2023, several accounts closed primarily due to the transferring of their portfolios to other brokers. A key indicator we will be tracking as we move forward is the number of accounts that display market activities which will provide us with a picture of those who are developing a genuine appreciation of the market post the IPO involvement.

In 2022 and 2023 the market attracted 24,365 and 42,690 new investors, respectively. Despite the economic conditions in 2023 which impacted Market activities, Online Trading registered \$7.6Bm in transaction value on the JMD Market and \$1.22m on the USD Market. The chart 7 below reflects the activities over the 3-year period 2021 to 2023.

Chart 7



JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

In keeping with our vision of being the premier securities market in the Caribbean, the Exchange is proud to report that our presence is felt in over five countries globally, with our connections both at the broker, investors, or stock exchanges, in Barbados, Bahamas, Canada, Trinidad & Tobago, the United States of America and Cayman. In 2021, Cayman and Jamaica agreed to confer on each other, Recognized Exchange status.

Following the Memorandum of Understanding signed with the Ghana Stock Exchange, our Managing Director participated virtually in a financial markets seminar hosted by the Ghana Stock Exchange in August 2023. Additionally, the trading results of the Ghana Stock Exchange are visible daily on CBX. There is ongoing dialogue with our Ghanaian counterparts as we seek to expand the partnership.

- **The Importance of Lobbying & Collaborations**

Our lobbying efforts though strong, have not yielded the level of success we anticipated especially in benefits for listed companies and the implementation of new markets for Jamaicans especially with using digital platforms for investors. We await the government and regulatory authorities to assist in the growth and usage of the capital markets especially as we organize ourselves to be the financial centre of the region.

Regarding market education and training, we have collaborated well with our missions and consuls globally as we try to engage diaspora participation in our market. Our collaboration has assisted in the building of institutional knowledge within the Group and for the players in the market. We strive to ensure that we remain current with respect to trends, practices, and regulations in developed markets.

Over the period 2023, the JSE collaborated with both the government and key stakeholders in further pursuing the Listing of Government of Jamaica Securities as well as enhancement to the JSE Private Market ecosystem. These will ensure long-term benefits to the markets. We have continued our collaboration with various organizations such as the PSOJ, Jamaica Chamber of Commerce, the Securities Dealers Association, and the Small Business Association amongst others to ensure that we operate in sync with other associations to bring about positive improvements to our market and to help with lobbying for changes that are or will be relevant to the growth of the economy.

- **New Initiatives and Innovations**

The JSE Group remains committed to introducing new products and services, utilizing our existing infrastructure, and incorporating innovative technology for the improvement of service delivery and customer satisfaction. We maintain close collaboration with all stakeholders to ensure these endeavours align with market expectations and global standards for successful implementation. Our primary focus for 2024-25 is to finalize the ongoing initiatives outlined below.

- Short selling – 2nd Quarter 2024
- Direct Market Access (DMA) Phase 2 – 3rd Quarter 2024
- Data Commercialization (Phase 2) – 2nd Quarter 2024
- Trading of Government Bonds – 4th Quarter 2024

We anticipate that the implementation of these initiatives will lead to increased market participation. The identification, ownership, and commitment to realizing the Group's Long-Term Vision remain consistent and align with previous years' objectives.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

- **Identifying the Key Element in achieving the Group's Long-Term Vision:**
 - Offering regionally and globally diversified capital market products
 - Commitment to exacting standards of transparency and governance
 - Continuously improving shareholders' value
 - Setting a solid 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 competencies
 - 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
 - Commitment to encouraging/promoting sustainable capital markets and responsible investing.
 - Infusion of knowledge of the capital markets from primary level onward so that it becomes one embedded in our culture.

- **Summary of Our Performance Measurements**
 - High customer and employee satisfaction
 - Measurement of and reporting of risk, risk tools and risk mitigation strategies
 - Financial measurement, including growth and profitability targets, net profit and return on equity.

- Diversification of products and services maintaining sustainability
- Increase in listings on the Main, Junior, USD Equities, and Bond Markets and Private Market
- Market Performance & Resilience
- Reduced dependence on manual intervention to drive systems functionality and efficiency.
- Number of Cross Listed Securities on the Market

Employee Engagement

Our Human Capital is the lifeblood of our organization, and we continue to bolster our employee engagement in keeping with the strategic objectives of the Organization. We continue to bolster our employee retention by the upskilling of our Team Members through programmes offered by our e-Campus and other external professional training programmes, and effective employee engagements through team-building programmes and other exercises, for example, our Group Chat-In Sessions. Our Team continues to exude pride in being part of this noble Institution, which embraces a holistic approach to the well-being of our team. This is reflected in our staff retention rate of 95%.

Business Development Division

The core of new business creation and stakeholder interaction lies within the Business Development division. Strategic endeavours persist in fostering business connections worldwide, with the goal of expanding the service portfolio of the JSE Group. This unit remains actively involved in reaching out to prospective businesses to enhance revenue streams and expand investment opportunities for stakeholders. Throughout 2023, numerous initiatives were pursued to fulfil the unit's strategic goals.

Data Privacy

We are pleased to announce that the JSE Group successfully met the registration deadline with the office of the Information Commissioner in December 2023. As part of our preparedness mechanism, all our suppliers were made aware of our new position regarding data privacy and how it would change the way we continue our business relationship. Data Privacy Impact Assessment (DPIA) was conducted followed by due diligence questionnaires from suppliers. These were important steps to better understand and secure the privacy of all data we share.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Caribbean Business Exchange (CBX)

Our in-house cable television station, Caribbean Business Exchange (CBX), has been gaining popularity among viewers, as well as in the media industry. In Jamaica, the channel can be viewed on FLOW, channel 143 and on Digicel, channel 23 and streamed live on the Jamaica Stock Exchange website homepage. Throughout the Caribbean, CBX is being broadcast across 13 countries, with plans to further expand across the region. Since the launch of CBX, two recent programs have been added in 2023: Business and Entertainment and Sports Xchange.

The channel also serves to encourage investing across borders. CBX airs daily, regional, and international business news and programs. The ticker for stocks traded on the Trinidad Stock Exchange, Barbados Stock Exchange, Caribbean Exchange Index, and the Ghana Stock Exchange.

Data Commercialization – JSE Data Shop

The JSE has long been planning to expand the offering from its library and make available its repository of data dating back to 1969 in an electronic format. The creation of the Data Shop will make this possibility a reality by offering our customers individual data products and monthly subscriptions for the purpose of research, journalism, and academic work. This new offering will be made available to the public by the second quarter of 2024.

JSE Sustainable Stock Exchange

The Jamaica Stock Exchange is equally concerned with the environmental stability of the company and Jamaica as a whole. Subsequently, internal air quality assessments were conducted and followed up with initiatives to begin the 'Greening' of the buildings of the Exchange. Part of this initiative includes the installation of solar panels and upgrading of more environmentally friendly Heating, ventilation, and air conditioning (HVAC) systems. The company's environmental and Occupational Safety and Health Administration (OSHA) policy has since been updated and the staff members sensitized.

A Healthy Environment contributes to our company's and the economy's growth and stability.

We continue to monitor and execute initiatives in keeping with recommendations from environmental audits and assessments which were conducted. These initiatives include the continued sensitization of our Team on the Occupational Safety and Health Administration (OSHA) upgrading and maintaining our solar panels, air condition (HVAC) systems in addition to upgrading our green areas with requisite amenities to facilitate staff to have a healthier alternative to indoor facilities, while enjoying nature.

The JSE Sustainable Finance Initiative

The Jamaica Stock Exchange (JSE), as part of its commitment to actively contribute to the sustainability path of capital markets which includes climate action, is continuing the process of developing guidelines for the issuance of thematic bonds (which will include guidelines for green bonds) in Jamaica. In 2019, the JSE partnered with the Ministry of Housing, Urban Renewal, Environment and Climate Change (MHURECC), now the Ministry of Economic Growth and Job Creation (MEGJC), on the project 'Facilitating an enabling environment for a Caribbean Listing of Green Bonds on the Jamaica Stock Exchange'. With financial support from the Green Climate Fund (GCF), the project facilitated the completion of the market assessment the project was able to achieve the following deliverables:

1. Green Bond Market Assessment Report
2. Roadmap for the development of Green Bond Listing and market ecosystem

Building upon the advancements made through the GCF initiative, the JSE has enlisted technical support from IDB Invest to further its endeavours in cultivating a conducive environment for a Green Bond Market ecosystem. JSE, as a participant in the Sustainable Stock Exchange Initiative, acknowledges the crucial role it plays in fostering sustainable economies. To align with this commitment, JSE has chosen to formulate guidelines, products, and segments aimed at boosting capital allocation to Green, Social, Sustainable, and Sustainability-Linked (GSSS) initiatives. This one-year endeavour aims to achieve two primary goals:

1. formulating a sustainability roadmap and action plan for the Jamaica Stock Exchange, and
2. unveiling a comprehensive Green, Social, and Sustainability+ Guide for Jamaica.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The establishment of these guidelines aligns with the objectives of the Government of Jamaica, and the International Monetary Fund (IMF) reporting target set for June 2024. In addition to the approved bond guidelines, which are intended to provide the market with best practices and parameters for the issuance of sustainable, green, and social securities and provide international standards and guidelines to assess eligible assets, the JSE is simultaneously implementing the systems and platform to enable listings for the 3rd quarter of this year.

Local, Regional and International Expansion

As we continue to forge cross-border connections, we have engaged other stock exchanges through Memoranda of Understanding (MoUs) and partnership agreements. The African continent was among those targeted and this resulted in the Ghana Stock Exchange and the Nairobi Securities Exchange being included to facilitate the possibilities of cross-listings. We continue to strengthen our partner relationships which are bearing much fruit. We have participated in a Financial Management workshop hosted by the Ghana Stock Exchange and ensured that the right linkages are formed in the best interest of our investors and other stakeholders.

The Group participated in the City of Miramar 3rd Annual Taste of the Caribbean Islands Food Music Art and Book Festival. The objective was to create new investing customers from the diaspora to invest through the Stock Exchange and in Jamaican businesses. Our services were presented to over 5,000 patrons in the diaspora as they enjoy the various aspects of Caribbean culture.

The Stock Exchange has sustained a robust flow of potential listings and has engaged with numerous companies interested in being listed on both the Junior and Main markets. Our engagement involves conducting site visits, providing information on initial requirements, and facilitating connections with various professional service providers.

Looking Ahead

1. Expansion of data commercialization including the Data Shop and CBX
2. Listing of green, social, and sustainable bonds
3. Listing and trading of GOJ JMD Securities

Risk & Compliance Division

The build-out and development of the company's Enterprise Risk Management program continue to grow and improve with the guidance of a consultant who continues to oversee the implementation process.

Definition - Enterprise Risk Management (ERM) is defined as “a process, effected by an entity's board of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives” (COSO, 2004).

ERM Governance Documents – The scope of the approved ERM Framework and Policy documents extends to the main company and all subsidiaries, its Boards of Directors, Management team and all employees. The company's ERM Framework is designed to enable each Business Unit to identify, assess, treat, and report on all risks through the Group Risk and Compliance Division which has the responsibility of reviewing all reports and compiling a final report for discussion with the Audit Committee and then the Board of Directors.

Approach - The company has a risk-based approach to managing its business which is designed to provide reasonable assurance that business objectives will be met. The approach is based on the following principles:

- Risk represents both opportunity and threat and therefore effective management is required to manage uncertainty associated with significant risks and increase the potential for reward through opportunities.
- Effective risk management equips management and staff with the tools to make appropriate risk and return decisions, and provides greater assurance that the company's vision, strategy, and objectives will be achieved without surprises.
- To effectively manage uncertainty and the associated risk and opportunity, the ERM Framework must be applied consistently and pervasively across the business, providing a common language for the identification, assessment, management, monitoring and reporting of ERM on a continuous basis.

JSE GROUP

**2023 MANAGEMENT
DISCUSSION AND ANALYSIS** (Cont'd)

- ERM Standards and Guidelines will support the ERM Policy to respectively identify the mandatory requirements relating to risk management.

Risk Reporting – The Board understands that adequate risk reporting must be in place to provide comfort to the risk governance structures that risks are being appropriately managed. In 2023 the company continued to build on its risk identification and reporting capabilities.

Risk Appetite Statements - Risk Appetite statements currently comprise qualitative statements which articulate the various levels of risk acceptance. In 2024, qualitative statements will be developed and implemented to guide decision-making even further. Currently, the risk categories are:

- | | |
|--------------------|-------------------|
| 1. Compliance risk | 6. Operational |
| 2. External risk | 7. Organizational |
| 3. Financial | 8. Reputational |
| 4. Technology | 9. Strategic |
| 5. Legal | |

In 2024, the risk category, Data Protection, will be added to the list.

Risk Standards - The Standards on which implementation of the ERM programme is based are (i) ISO 31000 and (ii) Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Enterprise Risk Management Integrated Framework.

ERM Maturity - The ERM Risk Maturity Model implemented by the company identifies eight focus areas each with varying tasks for assessment, and each task in the focus areas, has two key sub-activities that must be implemented for full compliance; a total of 73 activities have been identified. The scores from each of the eight focus areas will be tallied by the Risk and Compliance Unit to create an overall score for the organization, reflecting the Maturity of the Enterprise Risk Management System.

There are four levels of risk maturity based on scoring and the levels are as follows:

Description of the current State of ERM	Range of Total Score
Initial (Just Getting Started)	From 1 to 25
Consistent Designed (Basic ERM Practices in Place)	From 26 to 45
Consistent Implemented (Basic as well as some more sophisticated ERM Practices in Place)	From 46 to 65
Optimized (Robust ERM in Place)	From 66 to 73

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

As of December 31, 2023, the company's overall maturity rating was 52. Activities have been identified for completion during 2024 and once all are successfully completed, the risk rating for the company will increase to 61.

Data Protection – Following the passing of the Data Protection Act, 2020, the company had been working with a consultant to ensure that the data that was required to be submitted to enable registration with the Information Commissioner's Office by the December 2023 deadline was elicited and compiled - the company has been successful in meeting its deadline. In 2024, the company will continue to collaborate with the consultant in the new capacity of Data Protection Officer, to build out and implement the necessary protocols and procedures to enhance the existing standard of confidentiality and protection of client's personal data. The development and implementation of processes will be monitored through the Risk & Compliance Unit.

The Way Forward – The JSE recognizes that an open and transparent organizational culture that encourages the right risk management behaviours must be fostered within the Group, and within which good risk management practices and general risk awareness are encouraged. In 2023 the Group implemented mandatory training programmes for all employees, and the programme will continue in 2024. The training programmes are geared to ensure that employees understand the importance of good risk management practices and know how to implement these practices.

Market Resilience & Risk Management

Market Resilience - Environment Social & Governance (ESG)

As part of its 2023 agenda, the Jamaica Stock Exchange (JSE) continues its efforts to implement a comprehensive ESG (Environmental, Social, and Governance) strategy that aligns with global sustainability goals and investor expectations. This strategy involves integrating ESG considerations into every aspect of the JSE's operations, from listing requirements to trading mechanisms and investor education. With technical assistance from IDB Invest, the JSE is developing a Sustainability Strategy and Action Plan, which will serve as a roadmap for integrating Environmental, Social, and Governance (ESG)

principles into its operations and decision-making processes. Additionally, the JSE has begun coordinating market education and sensitization efforts aimed at helping companies better understand the fundamentals of ESG practice and reporting, enhancing ESG disclosure standards, and promoting transparency and accountability. Through these initiatives, the JSE remains committed to promoting responsible and sustainable investment practices, driving positive social and environmental impact, and delivering long-term value to investors.

Total Risk Management

The Group provides essential services to the Jamaican and Regional capital markets and as a result, managing risks is essential and fundamental to our business and our ability to effectively execute on our strategies. We have, therefore, identified and have been pursuing several areas continuing into 2022 for which focus has been placed.

(a) Enterprise Risk Management

The Group has seen significant changes in how risk is measured and managed. We are far advanced in embedding the culture in the organization. This programme is under the oversight of the Audit Committee, which reports into the Board. A full treatment of ERM has been covered under the Risk & Compliance Report.

(b) Cyber Security

In 2023, the escalating threat landscape underscored the critical importance of cybersecurity for organizations, including the JSE Group. Phishing attacks remained prevalent, posing significant risks to data security. In response, the JSE Group maintained vigilance, implementing measures to mitigate data breaches and enhance overall security resilience.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The JSE Group's cybersecurity strategy adopts a multi-tiered approach, incorporating physical controls, network security controls, and administrative controls. This approach is designed to provide comprehensive protection against cyber threats and ensure the resilience of the organization's security posture. Key focus areas include maintaining confidentiality by restricting unauthorized access, preserving integrity through measures to prevent improper modification or destruction of assets, and ensuring availability to authorized users when needed.

The foundation established over the past three years has enabled the JSE Group to assess its current security controls, identify areas of risk exposure, implement appropriate controls, and prioritize ongoing enhancements. Through a commitment to continuous improvement, the organization continues to refine processes and leverage technology to strengthen its security posture and adapt to evolving threats.

At the end of 2023, various security initiatives were implemented resulting in an industry-accepted Capability Maturity Model Integration (CMMI) maturity rating of 3.59. This milestone reflects the Group's commitment to implementing robust cybersecurity controls, fostering a culture of continuous improvement, and aligning its practices with industry standards and best practices.

(c) Environmental Risk Management

The environmental framework, including the technology, workforce, rules and regulations, are all being built out by the JSE Group for its organization as well as guidance for listed companies. The global sentiment is that Exchanges will be the best conduit to drive the discussion and changes towards a more sustainable environment including climate change issues. As these are increasingly seen as risk and reportable matters, we will be pushing with external stakeholders, including multilaterals and through the JSSE, to move with expediency. Climate

change has been increasingly recognized as a risk to business continuity, particularly in Small Island Developing States (SIDS) like Jamaica. The JSE, as a partner to the UN Sustainable Stock Exchanges (UN SSE) Initiative, recognizes the importance of environmental risk management to the sustainable operations of the company and the wider capital market. The COVID-19 pandemic and other climate shocks, including sustained wars globally, have also reinforced the need to strengthen our environmental risk management strategies with respect to workplace health and safety, as well as disaster resilience.

In 2020, we commenced engagement with a local environmental consulting firm to assist with the development of our Environmental Management System (EMS). The firm completed its assessment of the Exchange in December, and this will provide the basis of the operational procedures to be included in the EMS. The EMS will outline the processes to be taken to reduce our environmental impacts and increase our operating efficiency through consistent review, evaluation, and improvement of our environmental performance. This process is in its developmental stages and somewhat delayed, but we expected to be completed by the fourth quarter of 2023.

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 (FSC), enabling them to operate within regulatory frameworks. Leveraging innovative technology, the JSE and JCSD operate electronic trading and settlement platforms, facilitated through service licensing agreements with industry leaders such as NASDAQ and Percival Software Limited.

In addition to utilizing external providers, the Group has cultivated its own suite of proprietary systems crucial for delivering efficient and relevant services to the market. These include the Online Trading Platform, the JCSD Portal, the JSE eCampus Platform, the Jamaica Social Stock Exchange Platform, and various Application Programming Interfaces (APIs) facilitating seamless integration with other systems.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

These developments are the result of collaboration between our proficient in-house IT team and seasoned IT service providers and developers, both locally and internationally. Our commitment to best-in-class technology is evident in our pursuit of systems capable of garnering long-term acceptance and driving efficiency.

As we continue to embrace digitalization and expand our service offerings, we are dedicated to ensuring that our digital assets are seamlessly integrated, purpose-fit, well-maintained to prevent obsolescence, and efficiently utilized to enhance user experiences—whether internal or external. Our aim is to achieve a tangible return on investment while delivering the desired level of service excellence.

Memberships, Accreditations & Agreements

- 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
- Recognized Exchange in Cayman
- 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 and reaccredited in 2021.
 - Approved by the Ministry of Education and accredited by the General Legal Counsel of Jamaica)
 - MOUs with the Northern Caribbean University, MIND, Mico University College, and Canadian Securities Institute
 - MOU with BlockStation to deliver a fully digitized course on Introduction to Digital Assets

- Signatory to the UN Global Compact (Endorsing Women Empowerment Principles)
- Signed Memorandum of Understanding with the Canadian Securities Exchange
- Member of the Jamaica Chamber of Commerce
- Member of the Private Sector Organization of Jamaica (PSOJ)
- JCC Award for best performing medium-sized company, 2023.

The JSE Cable channel, Caribbean Business Exchange (CBX), is committed to leveraging innovative technology for seamless broadcast delivery. Our investment in state-of-the-art Digital Encoders enables us to capture high-quality 4K signals, transmitting them efficiently to the Digicel and Flow digital platforms. This infrastructure allows CBX to reach audiences across the 15 territories we currently operate in.

CBX prides itself on its near digital operations. Our newsroom, seamlessly connected to the control room and studio, facilitates the swift sharing of broadcast files digitally, ensuring rapid dissemination of information. Moreover, all content is securely stored electronically, guaranteeing swift retrieval whenever needed. Editing processes are exclusively digital, utilizing Adobe Premiere Pro software to refine content before it is electronically transferred to the Control Room Operator (CRO) for broadcast. Beyond these core functions, our technological capabilities extend to:

- Communication with hosts from remote locations.
- Connection to a PC using a camera or video switcher while doing live or delayed recordings.
- Making remote connections between off-site and studio possible

Additionally, the channel is aired live on the Jamaica Stock Exchange website through the internal partnership of our IT department and is supported electronically by an external service provider.

Market Depth

- 103 listed companies offering one hundred and six (106) Ordinary Securities (49 listed on the JSE Main Market, 48 listed on the JSE Junior Market and 9 listed on the US Dollar Equities Market) and thirty-two (32)

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Preference Securities (20 listed on the JSE Main Market, 9 listed on the US Dollar Equities Market and 3 listed on the Private Market). Four corporate bonds are listed on the Bond Market and nine bonds are listed on the Private Market. Trading activities are concentrated 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 2023 was J\$1.8T. The top five stocks represented 39.75% of overall market capitalization.
- Indices during 2023:
 - The JSE Market Index
 - The JSE All Jamaican Composite Index
 - The JSE Select Index
 - The JSE Cross-Listed Index
 - The JSE Junior Market Index
 - The JSE US Dollar Equities Index
 - The JSE Combined Index
 - The Financial Index
 - The JSE Manufacturing & Distribution Index

The JSE Main Index is a market-weighted index comprising 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. The JSE Cross-Listed Index measures the performance of the companies that are cross-listed on the JSE Main Market. The JSE also maintains two sector indices, 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\$18.7B was raised from the companies that listed securities in 2023; JA\$7.2B was raised by way of initial public offerings, JA\$510M was raised by way of an additional public offering and JA\$11B was raised by way of private placement offerings.

Market Operations & Trading

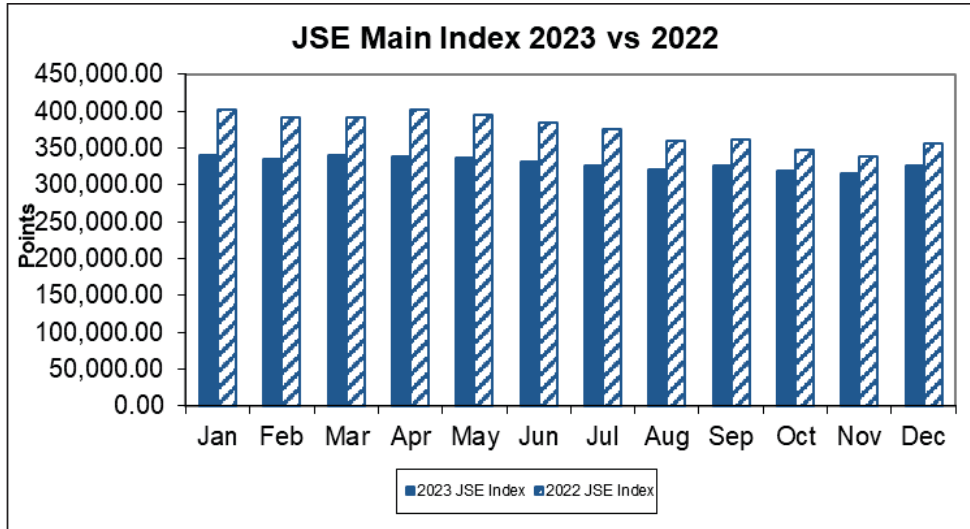
Eight of the nine JSE indices recorded declines as at December 29, 2023, in comparison to the values as at December 31, 2022.

Main Market

As at the end of 2023: the JSE Index declined by 30,196.85 points or 8.48% to close at 325,699.79 points, per Chart 8 below. The All-Jamaican Composite Index declined by 8.95% or 36,02.51 points to close at 367,017.85 points and the JSE Select Index declined by 776.46 points or 8.73% to close at 8,120.02 points in comparison to the 2022-year end closing indices.

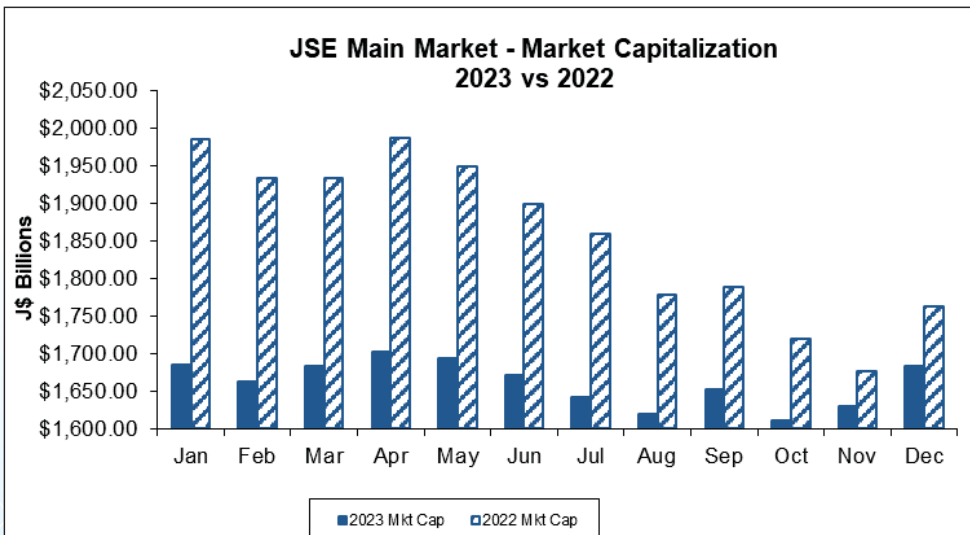
JSE GROUP
2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Chart 8



Market capitalization for the main market amounted to \$1.7T, a decline of \$80B in comparison to the \$1.8T recorded in 2022. Please view the chart 9 below for more detail.

Chart 9



The Main Market welcomed two new companies during the year. The Main Market (inclusive of block trades) recorded a total of 183,447 transactions with volume traded of 4.96B units valued at \$38.4B. This represented a decline of 21.3% in the number of transactions, a decline of 11.5% in the volume traded and a decline of 31.8% in the value traded in comparison to the prior year. For the year under review, the following was recorded in the market statistics (excluding the block market): the number of transactions declined by 21.3%, the volume traded declined by 33.3% and the value traded declined by 40.1% when compared to the market activity of 2022.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The charts 10 and 11 below reflect the trading activity on the main market (excluding blocks) for 2023 compared to 2022. On the block market in 2023, the block trades amounted to 70, a decline of 27.1%, volume traded amounted to 1.2B units, an increase of 4,318% and value traded amounted to \$5.0M, an increase of 735.0%.

Chart 10

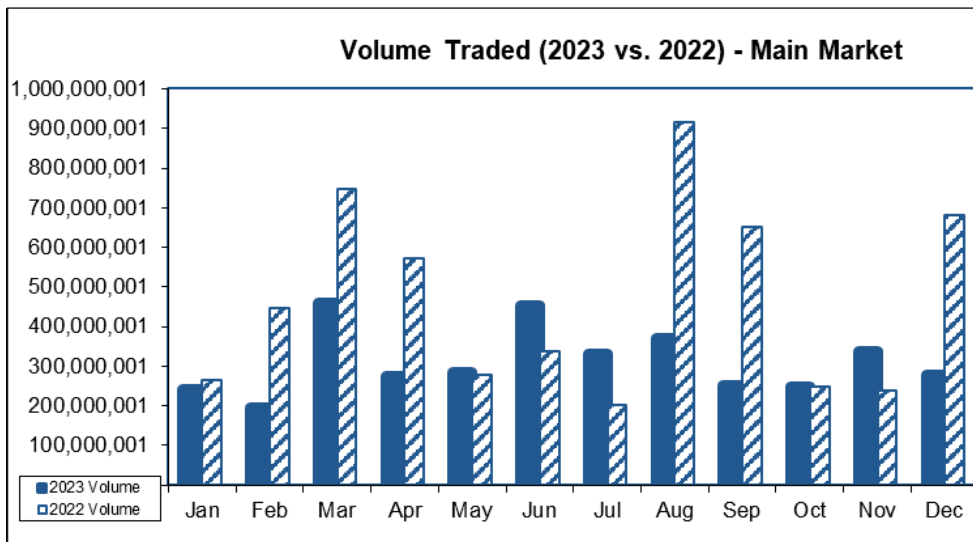
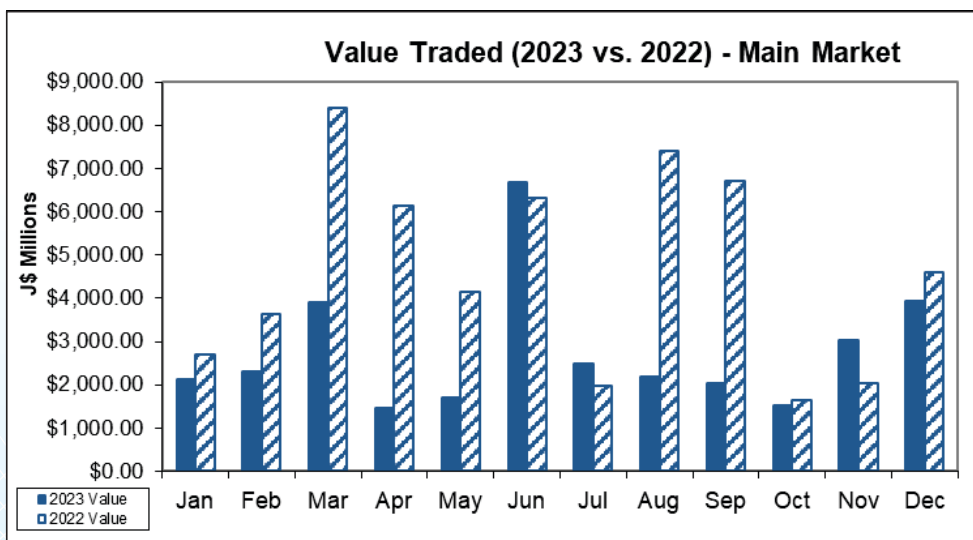


Chart 11



The performance of the market for 2023 was also captured in the advance/decline ratio, which indicated that seventeen ordinary stocks advanced while thirty-one declined. The average price depreciation was 6.27% for the ordinary stocks in the Main Market partially because thirteen stocks reflected a price depreciation of more than 20% for the year. Presented in Table 6 are the top ten advancers and decliners of the Main Market for 2023, while the succeeding charts indicate the recent five years of JSE trading history of the main market.

JSE GROUP
**2023 MANAGEMENT
DISCUSSION AND ANALYSIS** (Cont'd)

Table 6 – Top Advancers and Decliners for 2023

Advancers Main Market 2023
Decliners Main Market 2023

<i>Company</i>	<i>Change (%)</i>	<i>Company</i>	<i>Change (%)</i>
<i>Ciboney Group Limited</i>	<i>98.21%</i>	<i>First Rock Real Estate Investments Limited</i>	<i>(45.60%)</i>
<i>Transjamaican Highway Limited</i>	<i>93.57%</i>	<i>Palace Amusement (1921) Company Limited</i>	<i>(45.19%)</i>
<i>Wisynco Group Limited</i>	<i>21.68%</i>	<i>Guardian Holdings Limited</i>	<i>(38.74%)</i>
<i>Sagicor Select Funds Limited - Man & Dist</i>	<i>13.46%</i>	<i>Berger Paints (Jamaica) Limited</i>	<i>(36.89%)</i>
<i>Massy Holdings Ltd</i>	<i>12.54%</i>	<i>Jamaica Stock Exchange Limited</i>	<i>(35.63%)</i>
<i>Seprod Limited</i>	<i>12.24%</i>	<i>Pulse Investments Limited</i>	<i>(34.91%)</i>
<i>Scotia Group Jamaica Limited</i>	<i>12.04%</i>	<i>Key Insurance Company Limited</i>	<i>(32.42%)</i>
<i>Wigton Windfarm Limited</i>	<i>11.27%</i>	<i>VM Investments Limited</i>	<i>(31.59%)</i>
<i>Jamaica Broilers Group Limited</i>	<i>10.16%</i>	<i>Barita Investments Limited</i>	<i>(26.90%)</i>
<i>General Accident Insurance Company Ja Ltd</i>	<i>9.98%</i>	<i>Caribbean Producers Jamaica Limited</i>	<i>(24.53%)</i>

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Junior Market

The JSE Junior Market Index declined by 138.11 points or 3.46% to close at 3,848.33 points.

The Junior Market welcomed the listing of two new securities during the year, bringing the total listings to forty-eight securities. Market activity on the Junior Market recorded a decline of 44.9% in the number of transactions, a decline of 24.1% in the volume traded and a decline of 41.3% in the value traded. The number of transactions amounted to 128,990 trades, the volume traded amounted to 3.3B units and the value traded amounted to \$9.6B in 2023. As at December 31, 2023, market capitalization of the Junior Market amounted to \$185.7B. This was a decrease of 4.43% from the start of the year. There were 250 days of trading in 2023 and 253 days of trading in 2022. Charts 12 to 15 below reflect the trading activity in the Junior Market for the year under review compared to the previous year.

Chart 12



Chart 13



JSE GROUP
2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Chart 14

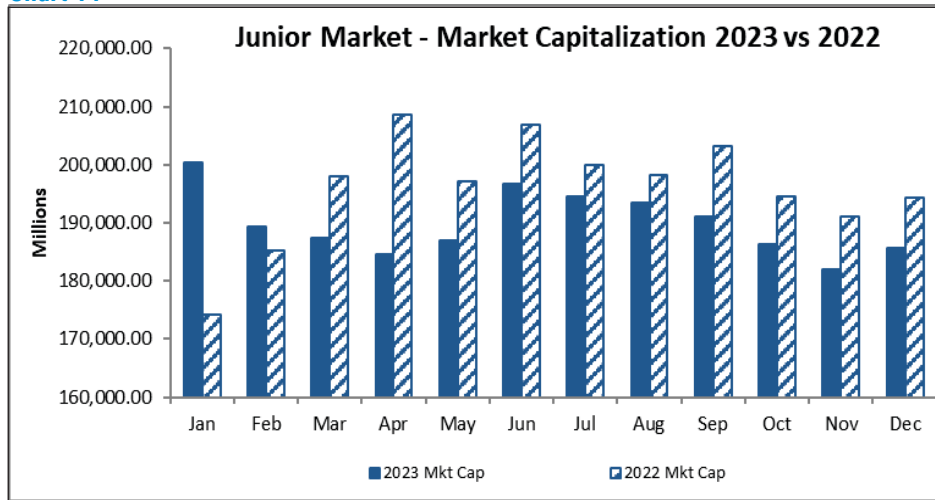


Chart 15



JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Charts 16 to 19 - Five-Year History of Combined Market Data for the JA\$ Markets

Chart 16

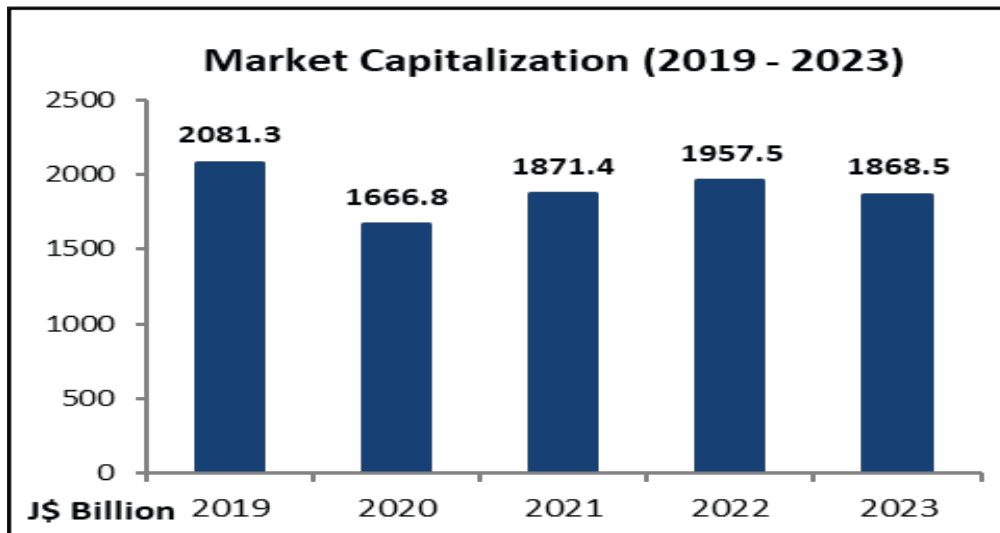
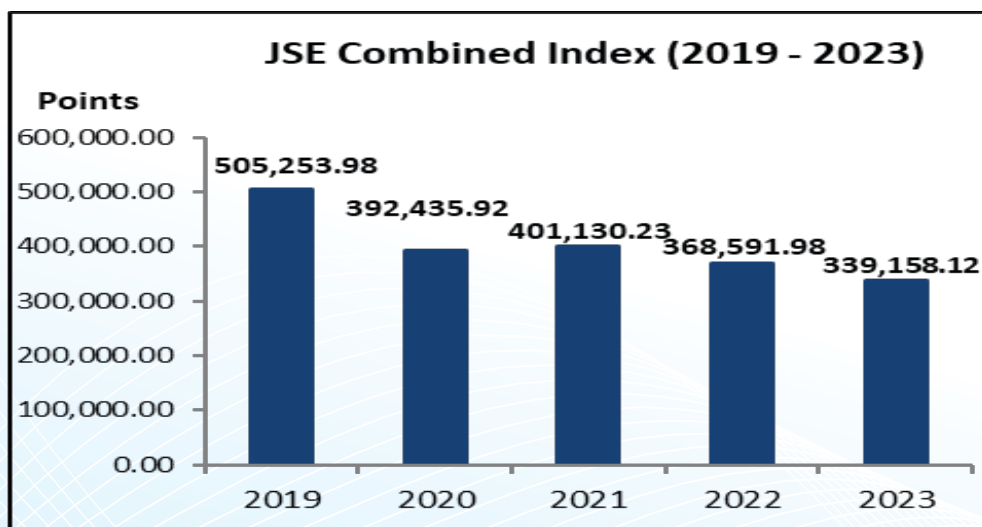


Chart 17



JSE GROUP

2023 MANAGEMENT
DISCUSSION AND ANALYSIS (Cont'd)

Chart 18

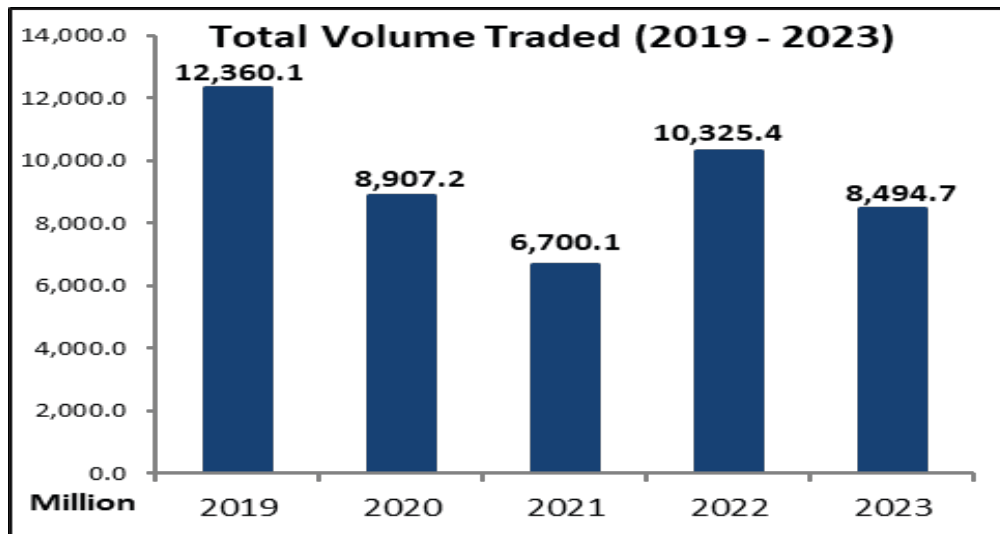
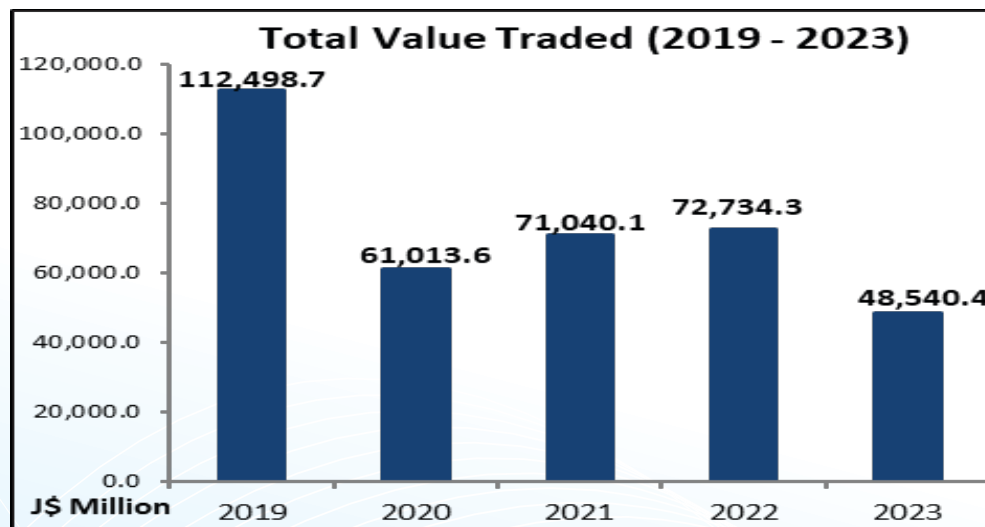


Chart 19



US Dollar Equities Market

In the US Dollar Equities Market, the total volume amounted to 175.7M units valued at US\$11.1M in 2023. This was an increase of 48.2% in the volume traded and an increase of 13.5% in the value traded when compared to the market activity in 2022. The number of transactions stood at 6,176, representing a 27% decrease on the 8,456 trades in 2022. The JSE USD Equities Index decreased by 1.25% to close at 231.05 points. Market capitalization ended the year at US\$700M, a decrease of 6.1% for the year. There was one new listing on the US Dollar Equities Market in 2023.

JSE GROUP

2023 MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Bond Market

In 2023, there were seventy-three (73) transactions with a total value of \$90M on the Bond Market compared to the one transaction valued at \$25M on the Bond Market in 2022. There were four (4) listings on the Bond Market in 2023.

Private Market

There were seven (7) transactions valued at \$331M in 2023 in comparison to eight (8) transactions with a total value of \$98.4M on the Private Market in 2022. There were five (5) listings on the Private Market in 2023.

Market Conditions & Outlook

For 2023, we expect that markets will slowly rebound into 2024 given that while Jamaica boasts the quickest economic recovery in the region post-COVID-19, many other factors such as inflation, high-interest rate, global contagions and general uncertainty continue to impact, especially stock markets recovery. While many of our listed companies are posting good profits, trading

volumes are lower than expected and values are still depressed due to lower prices of shares traded on the markets. However, as businesses increasingly deal with several areas of interruption in their operations, we anticipate that prices will rebound within 2024.

Jamaica Chamber of Commerce indicates that the Business and Consumer confidence indices increased in 2023, by 8.5% over 2022 while business confidence fell by 3.9%. Despite the dip in business confidence, over 60% of the companies surveyed in the Wholesale, Agricultural, Transportation and Construction sectors indicated intent to significantly increase capital investment in the next 12 months.

The Chief Regulatory Officer's 2023 YEAR IN REVIEW - Andrae Tulloch

The mandate of the Regulatory and Market Oversight Division (RMOD) is to support the Regulatory and Market Oversight Committee's (RMOC) role in promoting market transparency, integrity and efficiency of the capital market.

The RMOD was established as the administrative arm of the RMOC to carry out daily market surveillance, compliance checks and enforcement of the rules of the JSE to protect and advance stakeholders' welfare. In 2023, we performed the abovementioned activities in an environment of heightened anxiety, distrust, and low market confidence, which underscored the need for keen attention and accuracy in the reporting of matters to the RMOC, which, *inter alia*, make decisions as regards the compliance of Member/Dealers and Listed Companies with the rules of the Exchange.

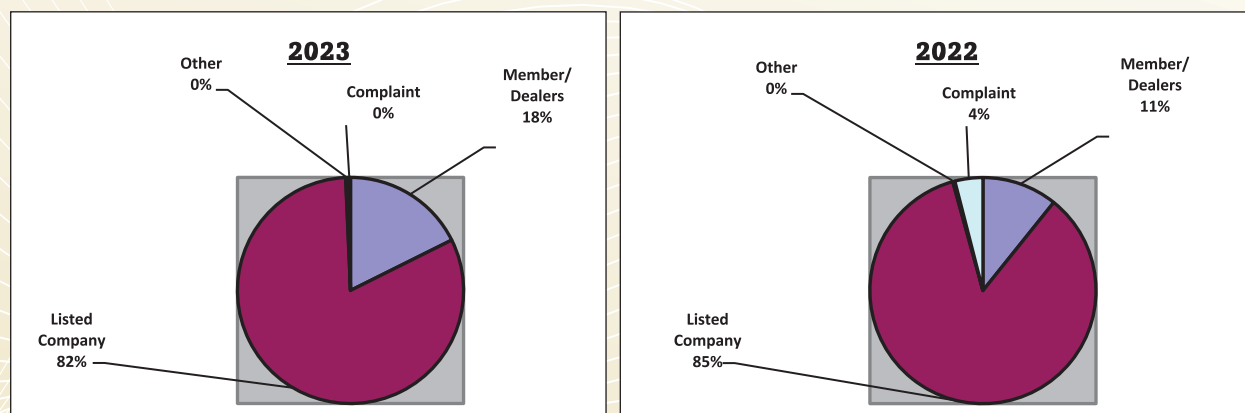
In 2023, the RMOD identified and processed Two Hundred and Ninety (290) compliance and market surveillance issues, which represented a decrease of 11% when compared to the number of issues handled in 2022 of Three Hundred and Twenty-Six (326). Notwithstanding the decrease, the intensity of regulatory activity in the year was also reflected by the number of enforcement actions taken, which was one hundred and thirteen (113). This indicates an increase of 36% in the number of enforcement actions taken in 2023 in comparison, to the previous year's amount of eighty-three (83).

A summary of the regulatory issues handled in 2023 by type and group is presented in **Table 1** below, while **Table 2** presents information on the RMOD's performance indicators over the past five (5) years 2019 -2023:

Table 1: Regulatory Issues by Type & Group (2023/2022)

YEAR	2023	2022
Nature of Infraction	Total	
Complaints on Member/Dealers	1	11
Complaints on Listed Companies	1	1
Complaints on Other Market Participants	0	1
Compliance & Mkt. Surveillance – Member/Dealers	51	35
Compliance & Mkt. Surveillance -Listed Company	236	278
Other Compliance & Mkt. Surveillance Issues	1	0
TOTAL	290	326

Chart – Regulatory Issues (2023/2022)



The Chief Regulatory Officer's

2023 YEAR IN REVIEW (Cont'd)

Table 2 – Performance Indicators

Activity	2023	2022	2021	2020	2019
Compliance and Market Surveillance Issues handled	290	326	255	263	315
Percentage of Regulatory/ Compliance Issues Closed	92%	95%	90%	93%	92%
Total Number of Enforcement Actions	113	83	96	73	41
Member-dealers timely filing of Monthly Statements	97%	94%	96%	96%	99%
Member-dealers timely filing of Quarterly Statements	90%	92%	96%	92%	98%
Member-dealers timely filing of Audited Statements	57%	92%	92%	92%	77%
Member-dealers Compliance Rate to Insurance	93%	100%	100%	100%	100%
Main Market Companies timely filing of Unaudited Statements -	95%	92%	94%	96%	95%
Main Market Companies timely filing of Audited Statements	75%	94%	89%	85%	63%
Main Market Companies timely filing of Annual Report	78%	76%	74%	80%	74%
Main Market Companies timely filing of Share Registers	99%	99%	99%	99%	100%
Junior Market Companies timely filing of Unaudited Statements	93%	96%	89%	97%	93%
Junior Market Companies timely filing of Audited Statements	65%	85%	77%	92%	74%
Junior Market Companies timely filing of Annual Report	72%	55%	71%	76%	63%
Junior Market Companies timely filing of Share Registers	100%	100%	100%	90%	100%
Main Market Companies timely filing of Trade Notices	97%	92%	92%	97%	97%
Junior Market Companies timely filing of Trade Notices	82%	83%	91%	79%	76%

As indicated in Table 2, nine (9) of the fifteen (15) key performance measures for timely filing of financial statements and notices had compliance rates of over 90%. According to the data, Listed Companies and Member/Dealers have generally maintained a high standard for the timely filing of financial statements; the exception is the filing of Audited Financial Statements, which experienced a decrease from 2022 to 2023 following the cessation of extension relief in March 2023 for the filing of Audited Financial Statements. For Main Market companies, the compliance rate for timely filing of Audited Financial Statements in 2023 was 75% and for Junior Market companies, this was 65%. This indicated that of the 101 Listed Companies, approximately 30 did not file their Audited Financial Statements in a timely manner during the year.

Listed Companies have communicated how the limited resources of auditors affect their capacity to finish audits on time. The matter has been marked for attention in 2024 due to the significance of audited financial statements to market integrity and transparency. This attention will involve early discussion with key stakeholders on potential causes and solutions to improve compliance.

The Chief Regulatory Officer's

2023 YEAR IN REVIEW (Cont'd)

OPERATIONAL ACTIVITIES

Further details on the Division's activities during the year across the core operational areas are presented in **Table 3** below:

Table 3: Operational Activities

	YEAR	2023	2022
Listed Company Compliance			
Listed Company Filing Reviews		2,738	2,598
# of Reminder Notices circulated to Listed Companies		701	340
# of Orientation Sessions with Listed Companies Representatives		5	8
Member-Dealer Regulation			
Member/Dealer Financial Returns - Reviews		236	247
Inspection/Surveys		1	1
Member/Dealer Training Sessions		2	1
# of Reminder Notices circulated to Member/Dealers		71	63
Market Surveillance			
# of Exception Reports - Arising from Market Surveillance Activities		14	43
Enforcement			
# of Enforcement Actions		113	84
Fines Levied - \$		\$5.5M	\$2.8M
Dispute Resolution			
Total # of Complaints		2	13
# of Complaints Closed during the Year		1	9
Risk Assessment			
Risk Assessments		2	1
Rule Development			
Rule Addition or Amendment Proposals		7	6
Rule Addition or Amendment Proposals – Approved		0	3
Rule Addition or Amendment Proposals – Withdrawn		1	1
Other Operational Activities			
# of Outreach Sessions		8	3
Publication of Monthly Regulatory Reports		12	14
Publication of RMOD's Bi-Annual Newsletter		1	0
Review of Initial Public Offering (IPO) Documents		33	42

The Chief Regulatory Officer's

2023 YEAR IN REVIEW (Cont'd)

Listed Company Sensitization Session

During the year, the RMOD hosted a Listed Company Sensitization Session, which afforded the opportunity for Listed Companies to be updated on amendments to the Companies Act of Jamaica, the JSE Audit Committee Rules and new rules and regulations concerning Data Protection. I would like to take this opportunity to thank the Companies Office of Jamaica, Mr. Chuckwuemeka Cameron and his team at Design Privacy for their contributions to the session. Additionally, I would like to express my gratitude to the JSE Marketing Team for helping to organize the session, which drew in over 200 participants. Feedback indicates that the session was well received.

OUTLOOK

The event of the unprecedented fraud at Stocks and Securities Limited (SSL) provided a catalyst for examining the JSE's regulatory functions. Post SSL, the RMOD has moved ahead with

added measures that encourage collaboration between stakeholders to close potential regulatory gaps to enhance investor protection in the market.

In closing, I sincerely thank the RMOC Chairman, Mrs. Janet Morrison, and all members of the RMOC for the oversight, guidance and leadership provided during the year. I also thank Dr. Marlene Street Forrest, Managing Director of the JSE Group, for the support provided to the RMOC and RMOD as we executed our duties and for the ongoing commitment to building a resilient and agile JSE.

Finally, I express my sincerest appreciation to all members of the RMOD for the resolute commitment, hard work and keen attention that was given to regulatory undertakings during the year. Many thanks to all our stakeholders for their contribution and feedback which we found to be invaluable. We look forward to continued partnership as we work towards maintaining a fair, efficient and transparent market.



Director of One on One Educational Services Limited, Ms. Karen Vaz, collects the Junior Market Rule Book from JSE's Chief Regulatory Officer, Mr. Andrae Tulloch.

SHAREHOLDINGS

Top 11 for Jamaica Stock Exchange

As at December 31, 2023

Name	Joint Holders	Volume	Percentage
SAGICOR POOLED EQUITY FUND		<u>70,125,000</u>	<u>10.00</u>
	<i>Client total ownership</i>	70,125,000	10.00
JCSD TRUSTEE SERVICES LTD - SIGMA EQUITY		<u>63,701,662</u>	<u>9.08</u>
	<i>Client total ownership</i>	63,701,662	9.08
VMWM (PRINCIPAL TRADING A/C)		<u>51,000,000</u>	<u>7.27</u>
	<i>Client total ownership</i>	51,000,000	7.27
GK CAPITAL MANAGEMENT LIMITED		<u>51,000,000</u>	<u>7.27</u>
	<i>Client total ownership</i>	51,000,000	7.27
M/VL (PRINCIPAL TRADING A/C)		23,500,000	3.35
		25,410,860	3.62
		508,702	0.07
		<u>10,520</u>	<u>0.00</u>
	<i>Client total ownership</i>	49,430,082	7.04
JAMAICA MONEY MARKET BROKERS GROUP		3,880,000	0.55
	<i>Client total ownership</i>	<u>44,200,000</u>	<u>6.30</u>
		48,080,000	6.85
BARITA INVESTMENT LTD. - LONG A/C (TRADING)		<u>48,050,537</u>	<u>6.85</u>
	<i>Client total ownership</i>	48,050,537	6.85
SJIML A/C 3119		<u>36,578,802</u>	<u>5.21</u>
	<i>Client total ownership</i>	36,578,802	5.21
MAYBERRY EMPLOYEE SHARE SCHEME		1,000	0.00
		<u>33,268,794</u>	<u>4.74</u>
	<i>Client total ownership</i>	33,269,794	4.74
JCSD TRUSTEE SERVICES LTD - SIGMA DIVERSIFIED INVESTOR		<u>29,995,020</u>	<u>4.27</u>
	<i>Client total ownership</i>	29,995,020	4.27
JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE		<u>19,812,241</u>	<u>2.82</u>
	<i>Client total ownership</i>	19,812,241	2.82

SHAREHOLDINGS

Senior Managers and Connected Parties Shareholdings Report

As at December 31, 2023

Name	Joint Holders	Volume	Percentage
MARLENE STREET FORREST			
	Senior Manager's Holdings	31,663.00	0.004
	Connected Party Holdings	<u>0.00</u>	<u>0.00</u>
	Combined Holdings	31,663.00	0.004
SUZETTE MCNAUGHT Minette McLeish			
	Senior Manager's Holdings	30,000.00	0.004
	Connected Party Holdings	<u>0.00</u>	<u>0.00</u>
	Combined Holdings	30,000.00	0.004
SUZETTE WHYTE			
	Senior Manager's Holdings	22,000.00	0.003
	Connected Party Holdings	<u>0.00</u>	<u>0.00</u>
	Combined Holdings	22,000.00	0.003
NEVILLE ELLIS Judith Vynel Ellis			
	Senior Manager's Holdings	10,000.00	0.001
	Connected Party Holdings	<u>0.00</u>	<u>0.000</u>
	Combined Holdings	10,000.00	0.001
ANDRE GOODEN Sharon Gooden			
	Senior Manager's Holdings	3,000.00	0.00
	Connected Party Holdings	<u>0.00</u>	<u>0.00</u>
	Combined Holdings	3,000.00	0.00
SUZETTE PRYCE			
	Senior Manager's Holdings	5,000.00	0.00
	Connected Party Holdings	<u>0.00</u>	<u>0.00</u>
	Combined Holdings	5,000.00	0.00
RICCALYA ROBB			
	Senior Manager's Holdings	5,000.00	0.00
	Connected Party Holdings	<u>0.00</u>	<u>0.00</u>
	Combined Holdings	5,000.00	0.00
TAMIEKA RICKETTS			
	Senior Manager's Holdings	329.00	0.00
	Connected Party Holdings	<u>0.00</u>	<u>0.00</u>
	Combined Holdings	329.00	0.00

SHAREHOLDINGS

Directors and Connected Parties Shareholdings Report

as at December 31, 2023

Name	Joint Holders	Volume	Percentage
DIAN BLACK	Director's Holdings	2,000.00	0.0002
	Connected Party Holdings	<u>0.00</u>	<u>0.0000</u>
	Combined Holdings	2,000.00	0.0002
MARLENE STREET FORREST	Director's Holdings	31,663.00	0.004
	Connected Party Holdings	<u>0.00</u>	<u>0.000</u>
	Combined Holdings	31,663.00	0.004
MICHAEL MCNAUGHTON	Director's Holdings	6,000.00	0.0008
	Connected Party Holdings	<u>0.00</u>	<u>0.0000</u>
	Combined Holdings	6,000.00	0.0008
<u>ALTERNATE DIRECTORS</u>			
EDWIN MCKIE	Director's Holdings	1,399,304	0.199
	Connected Party Holdings	<u>0</u>	<u>0.000</u>
	Combined Holdings	1,399,304	0.199

SUBSIDIARIES' REPORT FOR 2023

The JCSD, a subsidiary of the Jamaica Stock Exchange and its subsidiary, the JCSD Trustee Services, are referred to as the JCSD Group in this report.

The year 2023 was a year of recovery and strengthening for the JCSD Group. Our overall financial performance was much improved in comparison to the last three years. In addition, there were improvements in our operations and client base.

The Jamaica Stock Exchange continues to reap great returns on its investment in the JCSD and JCSD Trustee Services and the many synergies formed with the company have greatly enhanced market growth and development.

In 2023, the JCSD added 42,690 new accounts, up by 18,325 or 75% from the previous year. The table below shows the number of accounts opened over the last four years:

Number of Accounts created 2020 – 2023.

2020	2021	2022	2023
25,038	21,445	24,365	42,690

This brought the total number of accounts in the JCSD as of December 2023 to 299,415.

Depository Services Unit (DSU)

While the number of transactions received in 2023 was lower than previous years, we were able to process the following transactions:

Transaction	Volume
Deposits	770
Pledges	286
Inter Member Movements	10,088
Intra Member Movements	1,643
Mandates	7,583

Convenience matters and so the JCSD designed a user-friendly, self-service portal with our clients in mind. Once you have registered to the portal, you will be able to:

- Generate Statements
- View Corporate Notices
- Update JCSD Accounts(s)
- View Dividend History
- View Company Registers Managed by JCSD
- Submit Queries

Since the launch of the portal there are 2,654 accounts that are active on that platform.

The following tables show the Registrar Services Unit Market shares for listed companies and our projections for 2024:

JCSD-RSU REGISTRAR CURRENT MARKET SHARE		
AS AT October 12, 2023		
Description	Count	Percentage %
JCSD Registrar	93	85
External Registrars	17	15
Total	110	100
Projections for 2024 as of December 31, 2024		
Description	Count	Percentage
JCSD Registrar	102	86
External Registrars	17	14
Total	119	100

SUBSIDIARIES’ REPORT FOR 2023 (Cont’d)

All trustee and corporate secretarial service providers are required to be registered under the new Trust and Corporate Services Providers Act. The JCSD Trustee Services Ltd was the first company to be registered under this act in 2023 and be issued a license. This requirement was predicated on getting Jamaica off the CFATF blacklist.

The unit also automated most of its processes in 2023. This has led to greater efficiency in the unit and a quick turnaround for handling client queries.

Trust Key Luncheon 2023 - This event included presentations of all JCS DTS departments to investors and our clients. At this event, our managing director graciously encouraged us to unlock the potential of trust. The feedback from the event was all round positive and the investors and clients were educated on our services, and the service level standards that should be expected of us.

Please see pictorial highlight below:



Miss Andrea Kelly, General Manager, JCSD and JCSD Trustee Services review notes with Mr. Jevaughn Leon, Manager - Trustee Services Unit, during the Trust Key Luncheon.



Dr. Marlene Street Forrest, Managing Director, JSE, welcomes the Indian High Commission to Jamaica, his Excellency Shri R. Masakui to the Trust Key Luncheon.



Meeting of the Minds, Mr. Richard Gordon, SVP Proven Asset Management (l), in discussion with Mr. Andre Gooden (r), Group Business Development Manager and Mr. Michael Johnson, Deputy Group Development Manager, while Dr. Marlene Street Forrest, Managing Director, JSE looks on.



Team Trustee at the ready to register visitors to the Trust Key Luncheon.

SUBSIDIARIES' REPORT FOR 2023 (Cont'd)

Retail Repo Unit

The Retail Repo Market Capitalization ended the year at \$465 billion, an annual increase of approximately 0.08% over the last year. There was a total of 152 securities in the Retail Repo Pool, broken down as follows with 86 securities being of JMD currency and 66 of USD currency: -

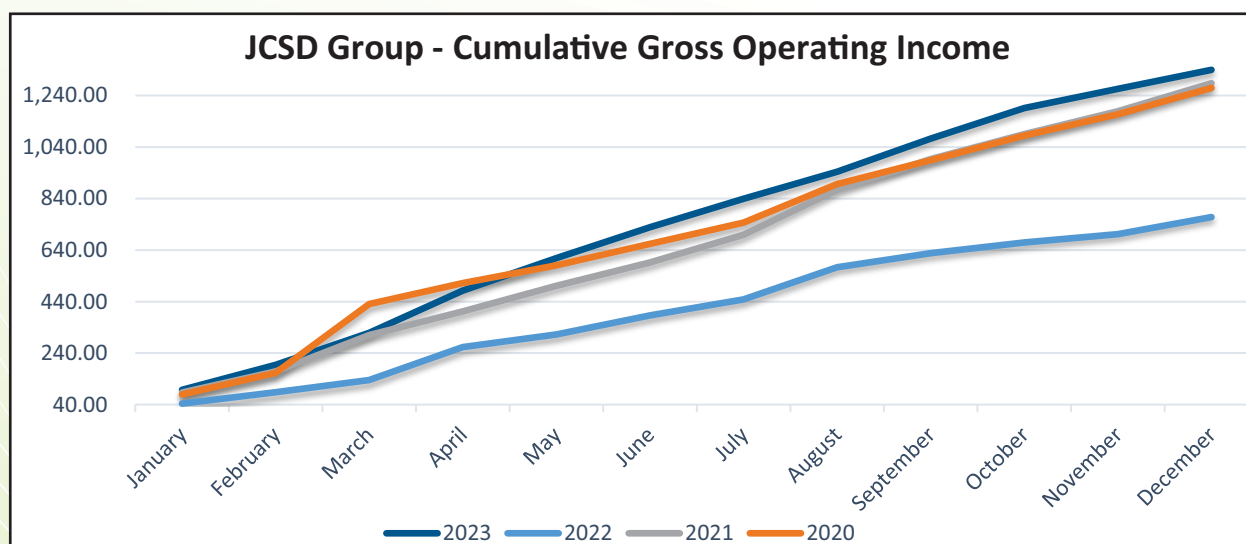
Bank of Jamaica/GOJ securities	- 32
Local Corporate Bonds	- 70
Bonds	- 50

Financial Highlights

The JCSD Group's profit of \$460.63M for 2023 was \$14.40M or 3.2% above 2022. The year's total revenue of \$1.35B was mainly contributed by the Trustee Services department and resulted mainly from an increase in Funds under Management and trustee clients. Trustee fees amounted to 42.7% of the total income for JCSD Group in 2023. The combined JCSDTS (i.e. Retail Repo, CIS, and Corporate Bonds) income lines now comprise approximately 60.8% of total JCSD Group revenue for the year. The Trustee Fees were 13.7% more than 2022, whilst the Retail Repo performance was 39.7% better than 2022. All revenue areas for the JCSD decreased for the year. Cess fees decreased by 32.6% in 2023 in comparison to 2022. This is a result of the decline in trading on the JSE. Membership and user fees decreased by 9.1% when compared to the prior year.

The JCSD Group's total expenses of \$689.24M represented a 7.6% increase over 2022.

The table below shows the four-year comparison of the Consolidated Gross Operating Income of the JCSD Group. The graph below shows that the JCSD Group's income for 2023 exceeds that of the three previous years.



The consolidated year-end balance sheet reflected a strengthened capital position with equity increasing by 30%. Total Assets increased by 29.3% to end 2023 at \$1,651.9M.

A total of \$88M was paid from profits to the parent company, the Jamaica Stock Exchange, in dividend, representing a return of \$1.44 per share on an outstanding share of 61,000,000.

The JCSD Group revenue reserve of J\$1,365.4M increased over 2022 by J\$334M.

SUBSIDIARIES' REPORT FOR 2023 (Cont'd)

Operations

We continue to streamline our operations to ensure our efficiency levels are maintained and improved where necessary. As we focus on improving operational efficiency, all units have either updated their operations procedure or are in the process of doing so. The staff will also be engaged during the review for their comments to ensure all areas are covered.

To enforce a TQM strategy, all policies must be updated and staff awareness is key. Once the review is completed, a TQM strategy will be enforced with accountability at all levels.

Purpose Driven Targets

Performance Indicators	Purpose Driven Targets 2020	Actual 2020	Purpose Driven Targets 2021	Actual 2021	Purpose Driven Target 2022	Actual 2022	Purpose Driven Targets 2023	Actual 2023
Profit \$M	\$377.4M	\$396.9M	\$434M	\$382.5M	\$499M	\$456M	\$574M	\$460.6M
Real Return on Equity	T+43%	T+52%	T+47%	T+33%	T+54%	T+30	T+62%	T+27%
Trustee market share (Non-govt. bonds & Unit Trusts)	75%	85%	90%	87%	90%	90%	90%	83%
Funds under Administration \$T	\$988B	\$1.3T	\$1.13T	\$1.2T	\$1.3T	1.3T	\$1.49T	\$1.2T
Registry Market Share %	78%	73%	87%	72%	90%	80%	93%	86%
Value of Security in custody \$T	\$1.9T	\$5.6T	\$6.0T	\$6.5T	\$6.7T	\$7T	\$7T	\$9.2T
# Trustee Clients (including Repo)	210	246	230	225	265	279	304	253

The actual performance of the company for 2023 was below our Purpose Driven Targets in all cases, with the exception of the Value of securities in custody that stood at J\$9.2T in comparison to a target of J\$7T. Both the JCSD and JCSDTS lost market share and our number of clients also decreased. There was a reduction in the appetite for Corporate Bonds in the market as a result of the many extensions that were sought by issuers. This had an impact on the number of clients and our profits.



***“Providing A Fair, Efficient and
Transparent Stock Market”***



Consolidated Financial Statements



**JAMAICA
STOCK
EXCHANGE**

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED

DECEMBER 31, 2023

(Expressed in Jamaican Dollars)

YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)

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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, 2023, 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 material 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, 2023 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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("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
Valuation of financial instruments and fair value hierarchy	
<p>As detailed in Note 8 <i>Investment in Securities</i>, 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, 2023 amounted to \$229.66 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"> ▸ 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. ▸ Testing, for a selection of pricing inputs used, that they were externally sourced and were correctly inputted into pricing models. ▸ Reperforming an independent valuation of the Group's securities with the assistance of our internal Strategy and Transactions team. ▸ Assessing the completeness and accuracy of the disclosures relating to investments to assess compliance with the disclosure requirements of IFRS.



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 2023 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 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
Chartered Accountants
Kingston, Jamaica
February 29, 2024

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

	Notes	2023 \$'000	2022 \$'000
Non-current assets			
Property and equipment	4	1,345,918	1,110,920
Intangible assets	5	241,277	197,487
Post employment benefit asset	7(b)	164,363	186,106
Investment in securities	8(a)	214,688	196,509
Long-term receivables	9	17,362	22,998
Total non-current assets		1,983,608	1,714,020
Current assets			
Income tax recoverable		17,648	26,588
Due from related parties	10(b)	6,964	4,617
Trade and other receivables	11	407,112	298,975
Investment in securities	8(b)	14,977	17,276
Government securities purchased under resale agreements	12	345,145	234,412
Certificates of deposit	13(b)	42,582	114,861
Cash and cash equivalents	13(a)	240,308	196,797
Total current assets		1,074,736	893,526
Total assets		3,058,344	2,607,546
Equity			
Share capital	14	238,146	238,146
Fair value reserve	15	26,059	13,819
Property revaluation reserve	4	618,027	488,020
Revenue reserve non-distributable	16	48,367	48,367
Revenue reserve	17	1,688,350	1,434,792
Total equity		2,618,949	2,223,144
Non-current liabilities			
Deferred tax liabilities	18	211,609	163,880
Total non-current liabilities		211,609	163,880
Current Liabilities			
Contract liabilities	32	33,451	29,880
Payables and accruals	19	194,335	190,642
Total current liabilities		227,786	220,522
Total equity and liabilities		3,058,344	2,607,546

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

The consolidated financial statements were approved for issue by the Board of Directors on February 29, 2024 and signed on its behalf by:



Julian Mair

Chairman



Marlene Street Forrest

Managing Director

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

	Notes	2023 \$'000	2022 \$'000
Revenue			
Cess		321,682	477,497
Fee income		1,704,227	1,544,155
E-campus		41,003	35,006
Other operating income	20	118,004	104,807
		<u>2,184,916</u>	<u>2,161,465</u>
Expenses			
Staff costs	21	699,947	632,492
Property expenses		341,567	305,467
Depreciation and amortization	4,5	115,296	88,034
Advertising and promotion		131,046	125,612
Professional fees		87,792	98,737
Securities commission fees		44,517	68,573
Net impairment loss on financial assets	29(d)	22,380	3,331
E-campus		40,187	33,351
Other operating expenses		83,544	74,035
		<u>1,566,276</u>	<u>1,429,632</u>
Investment income	22(a)	63,436	31,103
Loss/(gain) on asset disposal		922	(384)
Profit before taxation	23	682,998	762,552
Taxation	24	(266,997)	(259,314)
Profit for the year	25	<u>416,001</u>	<u>503,238</u>
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss:			
Remeasurement of employee benefits asset	7(c)	(109,030)	87,179
Deferred income tax on item that will never be reclassified to profit or loss	18	36,343	(29,060)
Revaluation surplus on land	4	47,000	20,100
Revaluation surplus on property and equipment	4	124,510	113,620
Deferred income tax on revaluation surplus	18	(41,503)	(37,873)
		<u>57,320</u>	<u>153,966</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	17,652	(31,073)
Net impairment gain	15	471	(60)
Deferred income tax on items that may be reclassified to profit or loss	18	(5,883)	10,357
		<u>12,240</u>	<u>(20,776)</u>
Other comprehensive income for the year, net of taxes		<u>69,560</u>	<u>133,190</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>485,561</u></u>	<u><u>636,428</u></u>
Earnings per stock unit	26	<u>\$0.59</u>	<u>\$0.72</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

	Share Capital \$'000 (Note 14)	Fair Value Reserve \$'000 (Note 15)	Property Revaluation Reserve \$'000 (Note 4)	Revenue Reserve Non- Distributabl e \$'000 (Note 16)	Revenue Reserve \$'000 (Note 17)	Total \$'000
Balance at January 1, 2022	238,146	34,595	392,173	48,367	1,178,479	1,891,760
Profit for the year	-	-	-	-	503,238	503,238
Other comprehensive income:						
Appreciation in fair value of investments, net of taxes	-	(20,776)	-	-	-	(20,776)
Remeasurement of employees benefit assets, net of taxes	-	-	-	-	58,119	58,119
Revaluation surplus of property, plant and equipment, net of taxes	-	-	95,847	-	-	95,847
Total comprehensive income for the year	-	(20,776)	95,847	-	561,357	636,428
Dividend (Note 30)	-	-	-	-	(305,044)	(305,044)
Balance at December 31, 2022	238,146	13,819	488,020	48,367	1,434,792	2,223,144
Profit for the year	-	-	-	-	416,001	416,001
Other comprehensive income:						
Appreciation in fair value of investments, net of taxes	-	12,240	-	-	-	12,240
Remeasurement of employees benefit assets, net of taxes	-	-	-	-	(72,687)	(72,687)
Revaluation surplus of property, plant and equipment, net of taxes	-	-	130,007	-	-	130,007
Total comprehensive income for the year	-	12,240	130,007	-	343,314	485,561
Dividend (Note 30)	-	-	-	-	(89,756)	(89,756)
Balance at December 31, 2023	238,146	26,059	618,027	48,367	1,688,350	2,618,949

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

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Profit for the year		416,001	503,238
Adjustments for:			
Depreciation of property and equipment	4	63,170	46,097
Amortisation of intangible assets	5	52,126	41,937
Loss on disposal of assets		-	391
Write off of intangible assets	5	3,949	940
Write off of property and equipment	4	-	2,960
Gain on investment through profit and loss	22(a)	(2,064)	1,843
Investment premium/discount	22(a)	554	709
Foreign exchange (gain)/ loss on investments	22(a)	(10,800)	1,025
Employee benefits expense	7(c)	(18,240)	22,740
Net impairment on financial assets	29(d)	22,380	3,331
Income tax charge	24	266,997	258,914
Interest income	22(a)	(51,126)	(34,680)
Operating cash flows before movements in working capital		742,947	849,445
Increase in trade and other receivables		(128,995)	5,423
(Decrease)/increase contract liabilities		3,571	(2,924)
Increase in payables and accruals		3,693	10,210
Post employment benefit contributions	7(d)	(69,047)	(59,279)
Cash provided by operations		552,169	802,875
Income tax paid		(221,371)	(306,957)
Cash provided by operating activities		330,798	495,918
Cash flows from investing activities			
Acquisition of investment (net)		4,000	-
Certificates of deposit		72,233	(84,574)
Government securities purchased under resale agreements, net		(110,956)	56,835
Receipts from related parties		(2,347)	(4,622)
Acquisition of property and equipment	4	(89,449)	(119,485)
Acquisition of intangible assets	5	(137,075)	(105,509)
Long-term receivables		5,636	(2,174)
Interest received		50,361	33,760
Cash used in investing activities		(207,597)	(225,769)
Cash flows from financing activity			
Dividends paid	30	(89,756)	(305,044)
Cash used in financing activity		(89,756)	(305,044)
Net increase/(decrease) in cash and cash equivalents		33,445	(34,895)
Cash and cash equivalents at the beginning of the year		196,797	241,101
Effect of foreign exchange rate changes		10,066	(9,409)
Cash and cash equivalents at the end of the year	13	240,308	196,797


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

**SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**


	Notes	2023 \$'000	2022 \$'000
Non-current assets			
Property and equipment	4	1,319,723	1,098,172
Intangible assets	5	127,360	121,190
Investment in subsidiary	6	61,000	61,000
Post employment benefit asset	7(b)	135,281	134,079
Investment in securities	8(a)	41,485	37,641
Long-term receivables	9	14,653	17,623
Total non-current assets		1,699,502	1,469,705
Current assets			
Income tax recoverable		36,862	40,020
Due from related parties	10(b)	6,964	4,617
Trade and other receivables	11	112,080	91,987
Investment in securities	8(b)	11,841	10,308
Government securities purchased under resale agreements	12	18,789	18,349
Certificates of deposit	13(b)	32,000	31,770
Cash and cash equivalents	13(a)	16,101	7,385
Total current assets		234,637	204,436
Total assets		1,934,139	1,674,141
Equity			
Share capital	14	238,146	238,146
Fair value reserve	15	5,228	3,851
Property revaluation reserve	4	618,027	488,020
Revenue reserve	17	321,558	402,365
Total equity		1,182,959	1,132,382
Non-current liabilities			
Deferred tax liabilities	18	202,519	165,910
Total non-current liabilities		202,519	165,910
Current liabilities			
Due to related party	10(b)	431,915	249,455
Contract liabilities	32	13,794	11,563
Payables and accruals	19	102,952	114,831
Total current liabilities		548,661	375,849
Total equity and liabilities		1,934,139	1,674,141

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

The consolidated financial statements were approved for issue by the Board of Directors on February 29, 2024 and signed on its behalf by:



Julian Mair Chairman



Marlene Street Forrest Managing Director

**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

	Notes	2023 \$'000	2022 \$'000
Revenue			
Cess		302,381	448,847
Fee income		378,204	306,833
E-campus		41,003	36,006
Other operating income	20	208,840	343,968
		<u>930,428</u>	<u>1,134,654</u>
Expenses			
Staff costs	21	321,724	293,677
Property expenses		162,652	145,690
Depreciation and amortization	4,5	93,508	71,074
Advertising and promotion		121,405	113,361
Professional fees		64,798	62,732
Securities commission fees		39,221	59,390
Net impairment gain on financial assets	29(d)	5,118	(423)
E-campus expenses		40,187	33,351
Other operating expenses		33,412	15,768
		<u>882,025</u>	<u>794,620</u>
Investment income	22(a)	8,907	3,957
Gain/(loss) on asset disposal		922	(297)
Profit before taxation	23	58,232	343,694
Taxation	24	(15,144)	(43,270)
Profit for the year	25	<u>43,088</u>	<u>300,424</u>
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss:			
Remeasurement (loss)/gain of employee benefits asset	7(c)	(51,208)	68,684
Deferred income tax on item that will never be reclassified to profit or loss	18	17,069	(22,895)
Revaluation surplus on land	4	47,000	20,100
Revaluation surplus on property and equipment	4	124,510	113,620
Deferred income tax on revaluation surplus	18	(41,503)	(37,873)
		<u>95,868</u>	<u>141,636</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	2,083	(6,789)
Net impairment loss	15	(12)	(4)
Deferred income tax on items that may be reclassified to profit or loss	15,18	(694)	2,263
		<u>1,377</u>	<u>(4,530)</u>
Other comprehensive income for the year, net of taxes		<u>97,245</u>	<u>137,106</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>140,333</u></u>	<u><u>437,530</u></u>

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

**SEPARATE STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2023
(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
Balance at January 1, 2022	238,146	8,381	392,173	361,196	999,896
Profit for the year	-	-	-	300,424	300,424
Other comprehensive income:					
Appreciation in fair value of investments, net of taxes	-	(4,530)	-	-	(4,530)
Remeasurement of employee benefits assets, net of taxes	-	-	-	45,789	45,789
Revaluation of land and building, net of taxes	-	-	95,847	-	95,847
Total comprehensive income for the year	-	(4,530)	95,847	346,213	437,530
Dividend (Note 30)	-	-	-	(305,044)	(305,044)
Balance at December 31, 2022	238,146	3,851	488,020	402,365	1,132,382
Profit for the year	-	-	-	43,088	43,088
Other comprehensive income:					
Appreciation in fair value of investments, net of taxes	-	1,377	-	-	1,377
Remeasurement of employee benefits assets, net of taxes	-	-	-	(34,139)	(34,139)
Revaluation of land and building, net of taxes	-	-	130,007	-	130,007
Total comprehensive income for the year	-	1,377	130,007	8,949	140,333
Dividend (Note 30)	-	-	-	(89,756)	(89,756)
Balance at December 31, 2023	238,146	5,228	618,027	321,558	1,182,959

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

**SEPARATE STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Profit for the year		43,088	300,424
Adjustments for:			
Depreciation of property and equipment	4	56,898	38,597
Amortisation of intangible assets	5	36,610	32,477
Write off of intangible property and equipment	4	3,130	2,960
Transfer of property and equipment	4	-	(37,187)
Loss on disposal of assets		-	304
Net gain on investment through profit and loss	22(a)	(1,428)	1,775
Foreign exchange gain	22(a)	(3,245)	(487)
Investment premium/discount		64	181
Post employment benefit expense	7(c)	(12,333)	11,941
Impairment loss on financial assets recognized/(reversed)	29(d)	5,118	(423)
Income tax charge	24	15,144	43,270
Interest income	22(a)	(4,298)	(5,426)
Dividend income	20	(88,000)	(243,800)
Operating cash flows before movements in working capital		50,748	144,606
Decrease/(Increase) in trade and other receivables		(24,694)	16,766
Increase/(Decrease) in contract liabilities		2,231	(2,053)
Increase/(Decrease) in trade and other payables		(11,879)	14,849
Post employment benefit contributions	7(d)	(40,077)	(33,933)
Cash provided by operations		(23,671)	140,235
Income tax paid		(505)	(109,368)
Cash (used in)/provided by operating activities		(24,176)	30,867
Cash flows from investing activities			
Government securities purchased under resale agreements		(616)	(416)
Certificates of deposit		(641)	(776)
Receipts from related parties		182,318	141,996
Acquisition of property and equipment	4	(76,396)	(111,847)
Acquisition of intangible assets	5	(78,658)	(10,776)
Long-term receivables		2,970	833
Dividend received	20	88,000	243,800
Interest received		4,356	5,227
Cash provided by investing activities		121,333	268,041
Cash flows from financing activities			
Dividend paid	30	(89,756)	(305,044)
Cash used in financing activities		(89,756)	(305,044)
Net increase/(decrease) in cash and cash equivalents		7,401	(6,136)
Cash and cash equivalents at the beginning of the year		7,385	12,456
Effect of foreign exchange rate changes		1,315	1,065
Cash and cash equivalents at the end of the year	13	16,101	7,385
Non-cash transactions:			
Intangible assets transferred (Note 5(a))		(2,205)	-

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

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 subsidiaries as detailed below:

<u>Subsidiaries</u>	<u>Principal Activity</u>
Jamaica Central Securities Depository Limited (JCSD) and its wholly-owned subsidiaries, JCSD Trustee Services Limited (Incorporated July 21, 2008) and JCSD Trustee Services (Barbados) (Incorporated December 21, 2021).	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 subsidiaries JCSD Trustee Services Limited provides trustee custodianship and related services. JCSD Trustee Services (Barbados) Limited provides trustee custodianship and related services.

Both the JCSD and its subsidiaries JCSD Trustee Services Limited, are incorporated and domiciled in Jamaica. The JCSD Trustee Services (Barbados) incorporated in Barbados and has not commenced operations. 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:

(i) **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, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

These new standards and amendments applied for the first time in 2023 and the nature and the impact of each new standard or amendment is described below.

- **IFRS 17 Insurance Contracts (effective January 1, 2023)**

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. IFRS 17 replaces IFRS 4 Insurance Contracts. 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

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

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

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

• **IFRS 17 Insurance Contracts (effective January 1, 2023) (continued)**

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.

The Group does not have insurance contracts therefore the amendments did not have an impact on the consolidated financial statements.

• **Amendments to IAS 8 - Definition of Accounting Estimates (effective January 1, 2023)**

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements.

• **Amendments to IAS 1 and IFRS Practice statement 2 - Disclosure of Accounting Policies (effective January 1, 2023)**

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant accounting policies’ with a requirement to disclose ‘material accounting policy information’, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have not had a material impact on the Group’s disclosures of accounting policies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

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

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

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

- ***Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective January 1, 2023)***

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments had no impact on the consolidated financial statements.

- ***Amendments to IAS 12 International Tax Reform- Pillar Two Model Rules (effective January 1, 2023)***

The amendments to IAS 12 have been introduced in response to the OECD’s BEPs Pillar Two Rules and includes:

- a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two Model rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

The amendments had no impact on the consolidated financial statements as the Group is not in scope of the Pillar Two Model rules.

(ii) ***Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group***

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated and separate financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- ***Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (effective January 1, 2024)***

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

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

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

(ii) **Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group (continued)**

- **Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (effective January 1, 2024) (continued)**

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16.

Management is in the process of assessing the impact on the consolidated financial statements.

- **Amendments to IAS 1 - Classification of Liabilities as Current and Non-current with Covenants (effective January 1, 2024)**

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments will have no impact on the consolidated financial statements.

- **Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements (effective January 1, 2024)**

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

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

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

(ii) **Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group (continued)**

- **Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements (effective January 1, 2024) (continued)**

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than on which the finance providers pay the entity's suppliers.

Management is in the process of assessing the impact on the consolidated financial statements.

- **Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (deferred indefinitely)**

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures 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 a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interest in the associate or joint venture.

The amendments will have no impact on the consolidated financial statements.

- **Amendments to IAS 21 – Lack of exchangeability (effective January 1, 2025)**

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

The Group will assess the impact of adopting these amendments on the consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

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

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

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

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:

- 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.

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

(e) Accounting estimates and judgements (continued)

- Allowance for credit losses (continued)

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 \$81.41 million (2022: \$60.55 million) and for the Company \$13.69 million (2022: \$9.09 million), in respect of repurchase agreements, \$6.64 million (2022: \$4.67 million) for the Group and \$0.23 million (2022: \$0.38 million), in respect to cash and cash equivalents for the Group and for the Company nil (2022: \$3.28 million for the Group and \$3.29 million for the Company), in respect of certificates of deposit, \$1.05 million (2022: \$1.99 million) for the Group and \$0.66million (2022: \$0.33 million) for Company and in relation to bonds measured at FVOCI, \$2.29 million for the Group and \$0.17million for the Company (2022: \$1.82 million for the Group and \$0.13 million 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 \$229.66 million (2022: \$213.78 million) and \$53.32 million for the Company (2022: \$47.95 million) (Note 8).

Had the fair value of these securities been 2% higher or lower the fair value reserve for the Group would increase/decrease by \$4.59 million (2022: \$4.28 million) and \$1.06 million for the Company (2022: \$0.96 million).

- Employee benefits

As disclosed in Note 7, the Group operates a defined benefit pension plan. The retirement benefit asset disclosed in the consolidated statement of financial position for the Group is \$164.36 million (2022: \$186.11 million) and Company \$135.28 million (2022: \$134.08 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
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2. Statement of compliance and basis of preparation (Continued)**(e) Accounting estimates and judgements (continued)**

- Employee benefits (continued)

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 \$1,155.90 million (2022: \$941.00 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.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (See Notes 18 and 24).

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amounts reflected in the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

3. Material 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2023 (Expressed in Jamaican Dollars)

3. Material accounting policies (Continued)

(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).

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Expressed in Jamaican Dollars)**

3. Material accounting policies (Continued)**(c) Fair value measurement (continued)**

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.

(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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
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3. Material accounting policies (Continued)

(d) Property and equipment (continued)

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.

(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) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Material accounting policies (Continued)**(g) 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.

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.

(h) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Material accounting policies (Continued)

(h) Employee benefit costs (continued)

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

(i) 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.

(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Material accounting policies (Continued)**(i) Financial assets and liabilities (Continued)****(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.
- **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(i)(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Material accounting policies (Continued)**(i) Financial assets and liabilities (continued)****(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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
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3. Material accounting policies (Continued)**(i) Financial assets and liabilities (continued)****(v) Identification and measurement of impairment (continued)**

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.

(j) 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.

(k) Investment in subsidiary

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

(l) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Material accounting policies (Continued)**(i) Taxation (continued)****(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.

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 tax is accrued and recognised in profit or loss. Deferred taxes are recognised in net profit or loss except, when they relates to items that are recognised in other comprehensive income or directly in equity in which case the deferred taxes 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
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3. Material accounting policies (Continued)

(m) 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.

(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.

(n) Revenue recognition

(i) Cess income

Cess income which is based on a percentage of the value 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Material accounting policies (Continued)

(n) Revenue recognition (continued)

(ii) Fee income (Continued)

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.

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.

(o) 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

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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
Cost or fair value								
January 1, 2022	205,600	566,600	26,610	101,316	113,203	3,678	37,625	1,054,632
Additions	-	25,693	6,460	35,364	20,277	7,500	24,191	119,485
Disposal	-	-	-	-	(23,948)	-	-	(23,948)
Transfers	-	23,552	-	-	-	-	(23,552)	-
Reclassifications (Note 5)	-	-	141	32,436	4,610	-	-	37,187
Write off	-	-	-	-	-	-	(2,960)	(2,960)
Revaluation	20,100	99,455	-	-	-	-	-	119,555
December 31, 2022	225,700	715,300	33,211	169,116	114,142	11,178	35,304	1,303,951
Additions	-	27,175	1,539	21,935	13,526	-	25,274	89,449
Disposals	-	-	-	-	-	(3,678)	-	(3,678)
Transfers	-	34,790	-	-	-	-	(34,790)	-
Reclassifications (Note 5(a))	-	-	3,200	30,103	3,906	-	-	37,209
Revaluation	47,000	105,965	-	-	-	-	-	152,965
December 31, 2023	272,700	883,230	37,950	221,154	131,574	7,500	25,788	1,579,896
Depreciation								
January 1, 2022	-	-	15,597	77,422	87,959	3,678	-	184,656
Charge for year (Note 23)	-	14,165	2,064	13,888	15,605	375	-	46,097
Disposal	-	-	-	-	(23,557)	-	-	(23,557)
Revaluation	-	(14,165)	-	-	-	-	-	(14,165)
December 31, 2022	-	-	17,661	91,310	80,007	4,053	-	193,031
Charge for year (Note 23)	-	18,545	2,743	27,961	12,421	1,500	-	63,170
Disposal	-	-	-	-	-	(3,678)	-	(3,678)
Revaluation	-	(18,545)	-	-	-	-	-	(18,545)
December 31, 2023	-	-	20,404	119,271	92,428	1,875	-	233,978
Carrying amounts								
December 31, 2023	272,700	883,230	17,546	101,883	39,146	5,625	25,788	1,345,918
December 31, 2022	225,700	715,300	15,550	77,806	34,135	7,125	35,304	1,110,920

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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
Cost or fair value								
January 1, 2022	205,600	566,600	20,243	75,816	67,227	3,678	37,625	976,789
Additions	-	25,693	1,643	33,137	19,683	7,500	24,191	111,847
Disposals	-	-	-	-	(12,423)	-	-	(12,423)
Transfers	-	23,552	-	-	-	-	(23,552)	-
Reclassifications (Note 5)	-	-	141	32,436	4,610	-	-	37,187
Write off	-	-	-	-	-	-	(2,960)	(2,690)
Revaluation	20,100	99,455	-	-	-	-	-	119,555
December 31, 2022	225,700	715,300	22,027	141,389	79,097	11,178	35,304	1,229,995
Additions	-	27,175	945	12,417	10,585	-	25,274	76,396
Disposals	-	-	-	-	-	(3,678)	-	(3,678)
Transfers	-	34,790	-	-	-	-	(34,790)	-
Reclassifications (Note 5(a))	-	-	2,875	23,762	3,906	-	-	30,543
Revaluation	47,000	105,965	-	-	-	-	-	152,965
December 31, 2023	272,700	883,230	25,847	177,568	93,588	7,500	25,788	1,486,221
Depreciation								
January 1, 2022	-	-	11,287	55,036	49,509	3,678	-	119,510
Charge for year (Note 23)	-	14,165	1,442	11,587	11,028	375	-	38,597
Disposal	-	-	-	-	(12,119)	-	-	(12,119)
Revaluation adjustment	-	(14,165)	-	-	-	-	-	(14,165)
December 31, 2022	-	-	12,729	66,623	48,418	4,053	-	131,823
Charge for year (Note 23)	-	18,545	1,834	24,198	10,821	1,500	-	56,898
Disposals	-	-	-	-	-	(3,678)	-	(3,678)
Revaluation adjustment	-	(18,545)	-	-	-	-	-	(18,545)
December 31, 2023	-	-	14,563	90,821	59,239	1,875	-	166,498
Carrying amounts								
December 31, 2023	272,700	883,230	11,284	86,747	34,349	5,625	25,788	1,319,723
December 31, 2022	225,700	715,300	9,298	74,766	30,679	7,125	35,304	1,098,172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(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 in December 2023.

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:

	2023	2022
	\$'000	\$'000
Freehold land	43,997	43,997
Freehold buildings	349,497	287,532

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.

	The Group and the Company	
	2023	2022
	\$'000	\$'000
Balance at January 1	488,020	392,173
Net gain arising on revaluation of land and buildings	171,510	133,720
Deferred tax adjustments on buildings	(41,503)	(37,873)
Balance at December 31	<u>618,027</u>	<u>488,020</u>

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5. Intangible assets

	The Group				The Company			
	Computer Software \$'000	Computer Software Development Project \$'000	Programmes Total \$'000	Total \$'000	Computer Software \$'000	Computer Software Development Projects \$'000	Programmes Total \$'000	Total \$'000
Cost								
1-Jan-22	239,240	86,283	-	325,523	179,344	70,158	-	249,502
Additions	21,729	80,725	3,055	105,509	6,844	37,434	3,055	47,333
Transfers	25,464	(25,464)	-	-	14,125	(14,125)	-	-
Reclassification (Note 4)	-	(37,187)	-	(37,187)	-	(36,557)	-	(36,557)
Write off	-	(940)	-	(940)	-	-	-	-
31-Dec-22	286,433	103,417	3,055	392,905	200,313	56,910	3,055	260,278
Additions	6,465	123,726	6,884	137,075	4,386	67,388	6,884	78,658
Reclassification (Note 5(a))	8,273	(45,789)	306	(37,210)	2,259	(35,313)	306	(32,748)
Write off	-	(3,949)	-	(3,949)	-	(3,130)	-	(3,130)
31-Dec-23	301,171	177,405	10,245	488,821	206,958	85,855	10,245	303,058
Amortisation								
1-Jan-22	153,481	-	-	153,481	106,611	-	-	106,611
Charge for the year	41,852	-	85	41,937	32,392	-	85	32,477
31-Dec-22	195,333	-	85	195,418	139,003	-	85	139,088
Charge for the year	50,588	-	1,538	52,126	35,072	-	1,538	36,610
31-Dec-23	245,921	-	1,623	247,544	174,075	-	1,623	175,698
Carrying amounts								
31-Dec-23	55,250	177,405	8,622	241,277	32,883	85,855	8,622	127,360
31-Dec-22	91,098	103,417	2,970	197,487	61,310	56,910	2,970	121,190

(a) In 2023, this represents for the Group, assets reclassified from intangibles to property and equipment of \$37.21 million and for the Company, reclassifications of \$30.54 million to property and equipment and transfers of \$2.20 million to related companies.

(b) Amortisation of the computer software and programme costs are calculated based on an estimated useful life of 2 - 5 years. Amortisation is not calculated on computer software in development.

6. Investment in subsidiary

	The Company	
	2023 \$'000	2022 \$'000
Shares at cost in Jamaica Central Securities Depository Limited	61,000	61,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 18.2% of pensionable salary) (2022: 15.7%) to meet the obligations of the plan.

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 funding valuation was carried out at December 31, 2021, by Duggan Consulting Limited, a qualified actuary. The valuation indicated that the Plan was adequately funded with funding ration of 95% 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. In addition, an IAS 19 valuation was carried out as at December 31, 2023.

(a) Principal assumptions used for the purpose of the actuarial valuations:

Financial Assumptions

	2023	2022
Discount rate	11.0%	13.0%
Expected rate of future salary increases	9.0%	6.5%
Administrative expenses	1.5%	1.2%

The weighted average duration of the defined benefit obligation as at December 31, 2023 is 10.8 years (2022: 11.3 years) for the Group and 10.8 years (2022: 10.6 years) for the Company.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Employee benefits (Continued)

- (a) Principal assumptions used for the purpose of the actuarial valuations: (continued)

Mortality

American 1994 Group Annuitant Mortality (GAM94) table with 5-year mortality improvement.

Demographic assumptions

Demographic assumptions include an assumed retirement age of 60 years for all employees (which is the normal retirement age). Assumptions regarding future mortality are based on American 1994 Corporation Annuitant Mortality (GAM94) table with 5-year mortality improvement. No assumption was made for termination and death prior to retirement.

- (b) Amount included in the separate and consolidated statement of financial position in respect of the Plan:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Fair value of plan assets	1,013,170	880,655	708,549	624,454
Present value of defined benefit obligations	(848,807)	(542,151)	(573,268)	(384,428)
Effect of asset ceiling	-	(152,398)	-	(105,947)
Net asset in the statement of financial position	<u>164,363</u>	<u>186,106</u>	<u>135,281</u>	<u>134,079</u>

- (c) Amounts recognised in profit or loss and other comprehensive income in respect of the Plan:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Items in profit or loss:				
Current service costs	13,033	27,253	9,226	15,175
Interest costs	69,731	62,300	49,709	42,915
Return on plan assets	(101,004)	(66,813)	(71,268)	(46,149)
Net expense (income) for the year recognised in profit	<u>(18,240)</u>	<u>22,740</u>	<u>(12,333)</u>	<u>11,941</u>
Items in other comprehensive income (OCI)				
Re-measurements change in demographic assumptions	131	-	(746)	-
Re-measurements loss/(gain) in financial assumptions	123,559	(345,847)	83,281	(224,575)
Re-measurements - Experience adjustments and change in asset ceiling	(14,660)	258,668	(31,327)	155,891
Total re-measurements for OCI	<u>109,030</u>	<u>(87,179)</u>	<u>51,208</u>	<u>(68,684)</u>
	<u>90,790</u>	<u>(64,439)</u>	<u>38,875</u>	<u>(56,743)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Employee benefits (Continued)

- (d) Movement in the net asset recognised in the separate and consolidated statement of financial position:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Net asset at start of year	186,106	62,388	134,079	43,403
Benefit expense	18,240	(22,740)	12,333	(11,941)
profit or loss and OCI	(109,030)	87,179	(51,208)	56,743
Contributions by Company	69,047	59,279	40,077	33,933
Net asset at end of year	<u>164,363</u>	<u>186,106</u>	<u>135,281</u>	<u>122,138</u>

- (e) Changes on the present value of the defined benefit obligations:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Opening defined benefit obligations	542,151	729,370	384,428	507,417
Service cost	13,033	27,253	9,226	15,175
Interest cost	69,731	62,300	49,709	42,915
Members' contributions	43,294	38,261	25,430	23,224
Benefits paid/deferred benefits (net)	(11,881)	(8,591)	(4,225)	(3,827)
Re-measurements change in demographic assumptions	131	-	(746)	-
Re-measurements loss/(gain) in financial assumptions	123,559	(345,847)	83,281	(224,575)
Re-measurement loss	68,789	39,405	26,165	24,099
Closing defined benefit obligations	<u>848,807</u>	<u>542,151</u>	<u>573,268</u>	<u>384,428</u>

- (f) Changes in fair value of plan assets:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Opening fair value of plan assets	880,655	791,758	624,454	550,820
Members' contributions	43,294	38,261	25,430	23,224
Employer's contributions	69,047	59,279	40,077	33,933
Interest income on plan assets	120,816	66,813	85,041	46,149
Benefits paid	(11,881)	(8,591)	(4,225)	(3,827)
Re-measurements – experience adjustment	(88,761)	(66,865)	(62,228)	(25,845)
Closing fair value of plan assets	<u>1,013,170</u>	<u>880,655</u>	<u>708,549</u>	<u>624,454</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Employee benefits (Continued)

(g) The fair value of Plan assets is analysed as follows:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Corporate bonds	295,371	295,059	206,760	209,220
Equity investments	349,953	297,729	244,966	211,113
Foreign currency bonds	55,381	72,442	38,767	51,367
Government of Jamaica securities	31,814	23,068	22,270	16,357
Repurchase agreements	58,366	11,040	40,856	7,828
Unit trust	101,868	94,204	71,308	66,798
Certificates of deposit	17,783	39,101	12,448	27,726
Others	104,867	48,012	73,407	34,045
Adjustment	(2,233)	-	(2,233)	-
Fair value of plan assets	<u>1,013,170</u>	<u>880,655</u>	<u>708,549</u>	<u>624,454</u>

(h) The history of experience adjustments is as follows:

	The Group				
	Defined Benefit Pension Plan				
	2023 \$'000	2022 \$'000	2020 \$'000	2020 \$'000	2019 \$'000
Present value of defined benefit obligation	(848,807)	(542,151)	(729,370)	(574,803)	(530,632)
Fair value of plan assets	1,013,170	880,655	791,758	677,232	660,742
Effect of asset ceiling	-	(152,398)	-	-	-
Surplus in the plan	<u>164,363</u>	<u>186,106</u>	<u>62,388</u>	<u>102,429</u>	<u>130,110</u>
Experience adjustments on plan liabilities	(34,798)	(304,297)	55,203	(33,468)	42,816
Experience adjustments on plan assets	<u>88,761</u>	<u>64,720</u>	<u>15,384</u>	<u>92,190</u>	<u>(81,487)</u>

	The Company				
	Defined Benefit Pension Plan				
	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
Present value of defined benefit obligation	(573,268)	(384,428)	(507,417)	(410,745)	(386,115)
Fair value of plan assets	708,549	624,454	550,820	483,939	480,789
Effect of asset ceiling	-	(105,947)	-	-	-
Surplus in the plan	<u>135,281</u>	<u>134,079</u>	<u>43,403</u>	<u>73,194</u>	<u>94,674</u>
Remeasurement gain/(loss) on obligation for OCI	(21,053)	(199,219)	30,096	(27,139)	31,354
Remeasurement gain/(loss) on assets for OCI	<u>(62,228)</u>	<u>24,588</u>	<u>16,459</u>	<u>69,563</u>	<u>(62,673)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Employee benefits (Continued)

(i) Sensitivity analyses

1. Discount rate

	2023			
	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	115,689	(91,826)	68,687	(55,105)

	2022			
	Group		Company	
	1/2% decrease in Discount rate Assumption \$'000	1/2% increase in Discount rate Assumption \$'000	1/2% decrease in Discount rate Assumption \$'000	1/2% increase in Discount rate Assumption \$'000
Defined benefit obligation	591,003	(500,891)	416,658	(357,033)

2. Salary Assumption

	2023			
	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	52,230	(60,360)	29,659	(33,838)

	2022			
	Group		Company	
	1/2% decrease in Salary Assumption \$'000	1/2% increase in Salary Assumption \$'000	1/2% decrease in Salary Assumption \$'000	1/2% increase in Salary Assumption \$'000
Defined benefit obligation	(519,815)	567,113	(370,731)	399,587

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Employee benefits (Continued)

(i) Sensitivity analyses (continued)

3. Actuarial losses on defined benefit obligation arising from:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Financial assumptions	(123,559)	345,847	(83,281)	224,575
Experience adjustments	88,761	(41,550)	52,228	(25,356)
Total actuarial (losses)/gain	(34,798)	304,297	(31,053)	199,219

The Group and the Company expect to make contributions of \$136.30 million and \$77.30 million, respectively, (2022: \$84.50 million and \$36.30 million, respectively) to the defined benefit plan during the next financial year.

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Investment in securities at FVOCI:				
Victoria Mutual Building Society FR 10% Note 2026 (2022:FR 7% note 2024)	54,671	49,625	-	-
GOJ US\$ 8% Global Bond 2039 (nominal Value of US\$540,000 for the Group and US\$190,000 for the Company)	160,017	146,884	41,485	37,641
	214,688	196,509	41,485	37,641

Included in the investment balances above is interest receivable in the amount of \$4.71 million for the Group and \$1.62 million for the Company (2023: \$4.78 million for the Group and \$0.68 million for the Company).

(b) Current:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Investment in securities at FVOCI:				
GOJ variable rate benchmark investment Notes 8.16% (2023)	-	4,067	-	-
Investment in securities at FVPL:				
Investment in Unit Trust	14,977	13,209	11,841	10,308
	14,977	17,276	11,841	10,308

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8. Investment in securities (Continued)

(c) Movement in investment in securities:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
The movement for the year in debt instrument financial assets is as follows:				
Balance at January 1	213,785	242,473	47,949	57,272
Additions	45,000	-	-	-
Foreign exchange gain	718	4,937	1,930	(578)
Investment premium/discount	(554)	(709)	(64)	(181)
Fair value gains/losses through OCI	17,652	(1,843)	2,083	(1,775)
Movement in fair value of debt instrument financial assets	2,064	(31,073)	1,428	(6,789)
Disposal of investments	(49,000)	-	-	-
Balance at December 31	<u>229,665</u>	<u>213,785</u>	<u>53,326</u>	<u>47,949</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 \$15.61 million (2022: \$11.86 million) for the Group and \$11.16 million (2022: \$9.00 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.

Set out below is the movement in the loan receivables:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Loans receivable	32,967	34,859	25,811	26,627
Less: Current portion included in receivables (Note 11)	(15,605)	(11,861)	(11,158)	(9,004)
Net long-term portion	<u>17,362</u>	<u>22,998</u>	<u>14,653</u>	<u>17,623</u>

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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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Subsidiary				
Jamaica Central Securities Depository Limited				
Lease payments	-	-	4,109	4,109
Professional fees	-	-	2,403	3,118
Related party				
JSE Compensation Fund				
Administrative fee	23,117	24,352	23,117	24,352

- (b) Amount due from/(to) related parties

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Amount due to related party:				
Jamaica Central Securities Depository Limited	-	-	(431,915)	(249,455)
JSE Compensation Fund	636	1,308	636	1,308
Jamaica Social Stock Exchange	6,328	3,309	6,328	3,309
	6,964	4,617	6,964	4,617

- (c) Dividend received during the year

During the year, dividend of \$88.0 million (2022: \$243.80 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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Short-term benefits	129,836	122,683	68,997	65,114
Post employment benefits	19,218	15,325	9,991	7,984
	149,054	138,008	78,988	73,098

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10. Related party transactions/balances (Continued)

(e) Loans to related parties

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Loans to key management personnel	5,273	6,607	5,200	6,332

11. Trade and other receivables

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cess receivable	51,262	40,595	48,676	37,917
Fees receivable	247,373	160,919	-	-
E-campus	7,304	5,793	7,304	5,793
Registrar service fee	62,456	47,757	-	-
Other	70,572	64,154	52,481	44,825
	438,967	319,218	108,461	88,535
Less: Loss allowance (Note 29(d))	(81,411)	(60,553)	(13,689)	(9,088)
	357,556	258,665	94,772	79,447
Prepayments	49,556	40,310	17,308	12,540
	407,112	298,975	112,080	91,987

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 \$347.78 million for the Group and \$18.84 million for the Company (2022: \$237.42 million for the Group and \$18.35 million for the Company).

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Jamaican dollar denominated	243,390	143,473	18,840	18,224
United States dollar denominated US\$683,554 and \$ NIL Company (2022: \$626,487 Group and \$Nil Company)	104,987	93,948	-	-
Interest receivable	3,410	1,664	183	163
Less: loss allowances (Note 29(d))	(6,642)	(4,673)	(234)	(38)
	345,145	234,412	18,789	18,349

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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	
	2023	2022	2023	2022
	%	%	%	%
Jamaican dollar denominated	4.95	4.69	5.55	4.51
United States dollar denominated	2.20	2.47	-	-

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.

(a) 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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash on hand and in banks	71,490	38,156	16,101	7,385
Certificates of deposit	169,779	161,754	-	-
Interest receivables	2,331	162	-	-
Less: loss allowance (Note 29(d))	(3,292)	(3,275)	-	-
	<u>240,308</u>	<u>196,797</u>	<u>16,101</u>	<u>7,385</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Of the \$71.49 million (2022: \$38.16 million) for the Group and \$16.10 million (2022: \$7.39 million) for the Company, \$7.09 million for the Group (2022: \$3.94 million) and \$0.49 million for the Company (2022: \$0.27 million) are held in USD, with an interest rate of 0.05% (2022: 0.05%) for the Group and 0.05% (2022: 0.05%) for the Company, while \$64.40 million (2022: \$34.22 million) for the Group and \$15.61 million (2022: \$7.12 million) for the Company are held in JMD, and are non-interest bearing.

A letter of guarantee was established on December 25, 2002 in the amount of \$10.00 million to be expired on December 25, 2025 in favour of Bank of Jamaica.

Certificates of deposit grouped with cash and cash equivalents days to maturity are 90 days or less.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. Cash and cash equivalents (continued)

(b) Certificates of deposit

Certificate of deposits under this grouping days to maturity is greater than 90 days.

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Certificates of deposit	43,205	115,438	32,281	31,640
Interest receivables	428	1,409	381	459
Less: loss allowance (Note 29(d))	(1,051)	(1,986)	(662)	(329)
	<u>42,582</u>	<u>114,861</u>	<u>32,000</u>	<u>31,770</u>

The Group entered into certificates of deposit collateralised by the VMBS mortgage portfolio and Citi Bank. These agreements may result in credit exposure in the event that the counter-parties of these transactions are unable to fulfill their contractual obligations.

The weighted average effective interest rates on certificates of deposit held during the year were:

	The Group		The Company	
	2023	2022	2023	2022
	%	%	%	%
Jamaican dollar denominated	5.05	3.53	2.20	2.70

14. Share capital

	2023	2022
	\$'000	\$'000
Authorised:		
2,400,000,000 ordinary shares of no par value (2020: 2,400,000,000)		
100,000,000 preference shares of no par value (2020: 100,000,000)		
Issued capital:		
701,250,000 ordinary stocks of no par value (2020: 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>

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15. Fair value reserve

The reserve represents the fair value adjustment relating to investment in securities (Note 8).

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Balance at January 1	13,819	34,595	3,851	8,381
Net gain/(loss) arising on revaluation of FVOCI	17,652	(31,073)	2,083	(6,789)
Deferred tax adjustments on FVOCI:				
financial assets (Note 18)	(5,883)	10,357	(694)	2,263
Net impairment investments (Note 29(d))	471	(60)	(12)	(4)
	<u>12,240</u>	<u>(20,776)</u>	<u>1,377</u>	<u>(4,530)</u>
Balance at December 31	<u>26,059</u>	<u>13,819</u>	<u>5,228</u>	<u>3,851</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 consolidated financial statements of the Group:

	2023	2022
	\$'000	\$'000
Parent company	321,558	402,365
Subsidiaries	1,365,403	1,031,323
Intercompany lease elimination	<u>1,389</u>	<u>1,104</u>
	<u>1,688,350</u>	<u>1,434,792</u>

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18. Deferred tax

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Deferred tax assets	54,373	61,541	41,538	35,173
Deferred tax liabilities	(265,982)	(225,421)	(244,057)	(201,083)
Net position at the end of the year	<u>(211,609)</u>	<u>(163,880)</u>	<u>(202,519)</u>	<u>(165,910)</u>

The movement in the net deferred tax position was as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
At January 1	(163,880)	(106,904)	(165,910)	(100,499)
Credited/(Charged) to income for the year (Note 24)	(36,686)	(400)	(11,481)	(6,906)
Charged to equity	(5,160)	(66,933)	(24,434)	(60,768)
Charged to fair value reserve for the year (Note 15)	(5,883)	10,357	(694)	2,263
At December 31	<u>(211,609)</u>	<u>(163,880)</u>	<u>(202,519)</u>	<u>(165,910)</u>

The following are the deferred tax assets and deferred tax liabilities recognised by the Group during the year:

Deferred tax assets

	The Group			
	Accrued Vacation	Tax Loss	Capital Allowance in excess of Depreciation	Total
	\$'000	\$'000	\$'000	\$'000
At January 1, 2022	10,567	-	37,834	48,401
Credited/(Charged) to income for the year	1,064	-	12,076	13,140
At December 31, 2022	11,631	-	49,910	61,541
Credited to income for the year	573	15,276	(23,017)	(7,168)
At December 31, 2023	<u>12,204</u>	<u>15,276</u>	<u>26,893</u>	<u>54,373</u>

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18. Deferred tax (Continued)

Deferred tax assets (continued)

	The Company			
	Capital			
	Allowance in			
	Accrued Vacation \$'000	excess of Depreciation \$'000	Tax Loss \$'000	Total \$'000
At January 1, 2022	6,987	27,696	-	34,683
Credited to income for the year	1,107	(617)	-	490
At December 31, 2022	8,094	27,079	-	35,173
Credited/(Charged) to income for the year	(152)	(8,759)	15,276	6,365
At December 31, 2023	7,942	18,320	15,276	41,538

Deferred tax liabilities

	The Group				
	Interest receivable \$'000	Unrealised gains in investment in securities \$'000	Retirement Benefit	Property Revaluation	Total \$'000
			Asset	Reserve	
			\$'000	\$'000	
January 1, 2022	(1,927)	(17,293)	(20,798)	(115,287)	(115,305)
Charged to income for the year	(1,361)	-	(12,179)	-	13,540
Charged to equity for the year	-	-	(29,060)	(37,873)	(66,933)
Charged to fair value reserve (Note 15)	-	10,357	-	-	10,357
December 31, 2022	(3,288)	(6,936)	(62,037)	(153,160)	(225,421)
Credited/(Charged) to income for the year	(422)	-	(29,096)	-	(29,518)
Credited/(Charged) to equity for the year	-	-	36,343	(41,503)	(5,160)
Charged to fair value reserve (Note 15)	-	(5,883)	-	-	(5,883)
December 31, 2023	(3,710)	(12,819)	(54,790)	(194,663)	(265,982)

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18. Deferred tax (Continued)

Deferred tax liabilities (continued)

	The Company				
	Interest receivable \$'000	Unrealised gains in investment in securities \$'000	Retirement Benefit Asset \$'000	Property Revaluation Surplus \$'000	Total \$'000
January 1, 2022	(367)	(5,060)	(14,468)	(115,287)	(135,182)
Credited/(Charged) to income for the year	(65)	-	(7,331)	-	(7,396)
Credited/(Charged) to equity for the year	-	-	(22,895)	(37,873)	(60,768)
Credited to fair value reserve (Note 15)	-	2,263	-	-	2,263
December 31, 2022	(432)	(2,797)	(44,694)	(153,160)	(201,083)
Credited/(Charged) to income for the year	(376)	-	(17,470)	-	(17,846)
Credited/(Charged) to equity for the year	-	-	17,069	(41,503)	(24,434)
Credited to fair value reserve (Note 15)	-	(694)	-	-	(694)
December 31, 2023	(808)	(3,491)	(45,095)	(194,663)	(244,057)

Subject to agreement with the Taxpayer Audit and Assessment Department, loss available for indefinite carry forward and offset against future profits amount to approximately \$45,828,000 for the Company (2022: Nil for the Company). A deferred tax asset was recognised in respect of this loss.

19. Payables and accruals

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade payables	114,693	105,274	59,007	68,728
Accruals	66,204	69,024	43,945	46,103
Other payables	13,438	16,344	-	-
Payables and accruals	<u>194,335</u>	<u>190,642</u>	<u>102,952</u>	<u>114,831</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.

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20. Other operating income

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Regional conference	48,737	36,832	48,737	36,832
Administrative fee	23,117	24,352	23,117	24,352
Dividend income	-	-	88,000	243,800
Other	46,150	43,623	48,986	38,984
	<u>118,004</u>	<u>104,807</u>	<u>208,840</u>	<u>343,968</u>

Included in other income of the Company in an amount of \$88 million (2022: \$243.80 million) representing dividend income received from its subsidiary during the year.

21. Staff costs

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Salaries and other employee benefits	664,861	536,469	321,057	254,020
Statutory contributions	53,326	73,283	13,000	27,716
Charge on pension plan (Note 7(c))	(18,240)	22,740	(12,333)	11,941
	<u>699,947</u>	<u>632,492</u>	<u>321,724</u>	<u>293,677</u>

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22. Investment income

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
(a) Investment income includes:				
Interest income	51,126	34,680	4,298	5,426
Foreign exchange gain	10,800	(1,025)	3,245	487
Investment premium/discount	(554)	(709)	(64)	(181)
Fair value gain through profit and loss	2,064	(1,843)	1,428	(1,775)
	<u>63,436</u>	<u>31,103</u>	<u>8,907</u>	<u>3,957</u>
(b) Investment income earned, analysed by category of financial asset is as follows:				
Receivables at amortised cost (Loans and receivables)	22,974	20,477	1,963	2,896
Debt instruments at FVOCI	40,462	10,626	6,944	1,061
	<u>63,436</u>	<u>31,103</u>	<u>8,907</u>	<u>3,957</u>

23. Profit before taxation

Profit before taxation is stated after taking account of the following:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Income:				
Interest	51,126	34,680	4,298	5,426
Expenses:				
Directors' fees	25,777	24,043	21,369	19,536
Key management emoluments	31,977	31,971	29,049	29,219
Audit fees	7,900	6,803	4,600	3,959
Depreciation of property and equipment	63,170	46,097	56,898	38,597
Amortisation of intangible assets	52,126	41,937	36,610	32,477

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24. Taxation

Recognised in profit or loss

(i) The charge for the year represents

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Current tax				
· Current tax charge	223,892	257,983	-	36,102
· Prior year under/(over) statement	6,419	931	3,663	262
Deferred tax (Note 18)	36,686	400	11,481	6,906
	<u>266,997</u>	<u>259,314</u>	<u>15,144</u>	<u>43,270</u>

(ii) The charge for the year is reconciled to the profit as per the statement of comprehensive income as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Profit before tax	682,998	762,552	58,232	343,694
Tax at the domestic income tax rate of 33⅓%	227,666	254,184	19,411	114,565
Tax effect of items that are not deductible in determining taxable profits	20,808	14,504	21,403	7,730
Prior year (over)/understatement	6,419	931	3,663	262
Effect of income not taxable		-	(29,333)	(81,267)
Other	12,104	(10,305)	-	1,980
	<u>266,997</u>	<u>259,314</u>	<u>15,144</u>	<u>43,270</u>

25. Profit of the Group for the year

Reflected in the financial statements of the:

	The Group	
	2023	2022
	\$'000	\$'000
Parent company	43,088	300,424
Subsidiaries	460,628	446,146
Less Dividend paid to parent company	(88,000)	(243,800)
Lease elimination	285	468
	<u>416,001</u>	<u>503,238</u>

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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.

	The Group	
	2023	2022
Profit (\$'000)	416,001	503,238
Weighted average number of ordinary stock units	701,250,000	701,250,000
Basic earnings per stock unit	<u>\$0.59</u>	<u>\$0.72</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.

	2023					
	Exchange operations \$'000	JCSD Services \$'000	Investment other \$'000	Trustees Services \$'000	Eliminations \$'000	Group \$'000
Over time	377,424	112,722	-	152,358	-	642,504
Point in time	553,004	510,476	63,436	668,407	(189,475)	1,605,848
Revenue - external	930,428	623,198	63,436	820,765	(189,475)	2,248,352
Segment result/ Profit before taxation	58,232	275,582	-	474,806	(125,622)	682,998
Taxation						(266,997)
Profit for the year						<u>416,001</u>
Other information						
Depreciation and amortisation	93,508	17,914	-	3,874	-	115,296
Assets						
Segment assets	1,934,139	903,855	-	995,755	(775,405)	(3,058,344)
Liabilities						
Segment liabilities	751,180	312,608	-	90,228	(714,621)	439,395
Capital expenditure	76,396	12,470	-	583	-	89,449

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27. Segment reporting (Continued)

	2022					
	Exchange operations \$'000	JCSD Services \$'000	Investment other \$'000	Trustees Services \$'000	Eliminations \$'000	Group \$'000
Over time	308,887	94,620	-	159,806	-	563,313
Point in time	825,767	680,082	31,103	522,022	(460,822)	1,598,152
Revenue - external	1,134,654	774,702	31,103	681,828	(460,822)	2,161,637
Segment result/ Profit before taxation	343,694	446,759	-	351,076	(378,977)	762,552
Taxation	-	-	-	-	-	(259,314)
Profit for the year						<u>503,238</u>
Other information Depreciation and amortisation	71,073	12,811	-	4,149	-	88,033
Assets Segment assets	1,674,141	653,067	-	675,276	(394,938)	2,607,546
Liabilities Segment liabilities	541,759	127,320	-	49,098	(333,776)	384,401
Capital expenditure	148,395	2,936	-	4,702	-	156,033

28. Commitments

Capital commitments:

Capital commitments which were authorized and contracted for as at December 31, 2023, amounted to \$92.22 million for the Group and \$23.75 million for the Company in relation to expenditure associated with the implementation of data commercialization and short selling. (2022: \$131.04 million for the Group and Company \$63.10 million).

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 2022.

The Company 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 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 consolidated financial statements:

	The Group		The Company	
	2023	2022	2023	2022
	\$’000	\$’000	\$’000	\$’000
Investment in securities	160,017	146,884	41,485	37,641
Government securities purchased under resale agreements	104,987	93,948	-	-
Cash and cash equivalents	7,092	3,940	495	270
	272,096	244,772	41,980	37,911

Sensitivity analysis

The Group’s investment portfolio is exposed to the United States dollar. The Group’s sensitivity to a 1% appreciation or 4% depreciation 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 1% (2022: 1%) appreciation or 4% (2022: 4%) depreciation in the Jamaican dollar against the United States dollar exposure would be a decrease in profit of the Group by \$10.88 million (2022: \$2.45 million) or an increase of \$2.72 million (2022: \$9.79 million) respectively; and for the Company, \$0.42 million (2022: J\$0.38 million) decrease or \$1.68 million (2022: \$1.52 million) increase.

The analysis is done on the same basis as 2022 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 25 (2022: 200) basis points increase or 25 (2022: 200) basis points decrease for local currency and 25 (2022: 50) basis points increase or 25 (2022: 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 200 basis points higher or lower for investment denominated in local currency and 50 basis points higher or lower for investments denominated in United States currency and all other variables were held constant is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Effect on profit increase 25 (2022: 200) basis points (J\$)	1,202	369	127	249
Effect on profit decrease 25 (2022: 50) basis points (J\$)	(1,202)	(1,477)	(127)	(997)
Effect on profit increase 25 (2022: 50) basis points (US\$)	653	1,116	99	628
Effect on profit decrease 25 (2022: 50) basis points (US\$)	(653)	(1,116)	(99)	(628)

The Group’s and the Company’s sensitivity to interest rates has fluctuated during the current year as the Group had an changes in the number of variable rate financial instruments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in Jamaican Dollars)**

29. Financial instruments (Continued)

(d) Credit risk management

Credit risk refers to the risk that the 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 creditworthy 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 consolidated financial statements represents the Group’s maximum exposure to credit risk.

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial assets				
Debt investment financial assets	229,665	213,785	53,326	47,949
Long-term receivables	17,362	22,998	14,653	17,623
Trade and other receivables	357,556	258,665	94,772	79,447
Due from related parties	6,964	4,617	6,964	4,617
Government securities purchased under resale agreements	345,145	234,412	18,789	18,349
Certificates of deposit	42,582	114,861	32,000	31,770
Cash and cash equivalents	240,308	196,797	16,101	7,385
	<u>1,239,582</u>	<u>1,046,135</u>	<u>236,605</u>	<u>207,140</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, 2023 and December 31, 2022 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
December 31, 2023				
Current	0.05	200,407	0.02	58,543
30 - 60 days past due	0.08	90,255	0.05	23,621
61 - 90 days past due	0.07	32,733	0.13	2,903
91 – 180 days past due	0.3	49,232	0.26	7,155
More than 180 days past due	1.01	66,340	0.93	16,239
Total		438,967		108,461
Loss allowance (Note 11)		81,411		13,689

	The Group		The Company	
	Average Expected Credit Loss Rate	Adjusted Gross Carrying Amount \$'000	Average Expected Credit Loss Rate	Adjusted Gross Carrying Amount \$'000
December 31, 2022				
Current	0.06	171,297	0.02	62,366
30 - 60 days past due	0.09	60,655	0.09	7,149
61 - 90 days past due	0.19	13,874	0.18	3,039
91 – 180 days past due	0.36	28,013	0.38	4,295
More than 180 days past due	1.01	45,379	0.93	11,686
Total		319,218		88,535
Loss allowance (Note 11)		60,553		9,088

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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29. Financial instruments (Continued)

(d) Credit risk management (Continued)

The closing loss allowances for trade receivables as at December 31, 2023 reconcile to the opening loss allowance as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Opening loss allowance as at 1 January	60,553	78,307	9,088	17,683
Decrease in loss allowance recognised in statement of profit or loss	20,858	(3,942)	4,601	(424)
Allowance written-off	-	(13,812)	-	(8,171)
At 31 December 2023 (Note 11)	81,411	60,553	13,689	9,088

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	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Government of Jamaica	515,744	150,950	60,274	37,641
Corporate	269,466	570,749	43,841	60,427
	785,210	721,699	104,115	98,068

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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29. Financial instruments (Continued)

(d) Credit risk management (Continued)

The closing loss allowances for debt investment at amortised cost as at 31 December 2023 is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Opening loss allowance as at 1 January	9,934	2,601	367	362
Increase in loss allowance recognised in statement of profit or loss (Note 12)	1,051	7,333	529	5
At 31 December 2023	10,985	9,934	896	367

Debt investments carried at FVOCI

The closing loss allowances for fair value through OCI as at December 31, 2023 is as follows:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Opening loss allowance as at January 1	1,818	1,878	129	133
(Decrease)/increase in loss allowance recognised in other comprehensive income (Note 15)	471	(60)	(12)	(4)
	2,289	1,818	117	129

Change in loss allowance recorded in the statement of profit or loss

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Trade receivables	20,858	(3,942)	4,601	(424)
Debt securities at amortised cost	1,051	7,333	529	5
Debt securities at FVOCI	471	(60)	(12)	(4)
	22,380	3,331	5,118	(423)

**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						Total \$'000
	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	
2023							
Financial assets							
Non-interest bearing		81,990	798,713	-	-	-	880,703
Interest bearing							
Variable interest rate Instruments	5.12	208,818	254,699	47,591	32,928	-	544,036
Fixed interest rate Instruments	3.94	16,360	10,196	45,600	82,334	257,580	412,070
		<u>307,168</u>	<u>1,063,608</u>	<u>93,191</u>	<u>115,262</u>	<u>257,580</u>	<u>1,836,809</u>
Financial liabilities							
Non-interest bearing		160,577	33,758	-	-	-	194,335

	The Group						Total \$'000
	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	
2022							
Financial assets							
Non-interest bearing		42,398	310,559	-	-	-	352,957
Interest bearing							
Variable interest rate Instruments	8.16	4,012	-	-	-	-	4,012
Fixed interest rate Instruments	4.55	234,489	213,630	90,738	95,822	238,680	873,359
		<u>280,899</u>	<u>524,189</u>	<u>90,738</u>	<u>95,822</u>	<u>238,680</u>	<u>1,230,328</u>
Financial liabilities							
Non-interest bearing		175,810	14,837	-	-	-	190,647

**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	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023							
Financial assets							
Non-interest bearing		27,446	108,461	-	-	-	135,907
Interest bearing							
Variable interest rate	5.00	714	636	1,734	25,802	-	28,886
Fixed interest rate instruments	5.26	15,224	3,651	35,183	10,286	55,839	120,183
		43,384	112,748	36,917	36,088	55,839	284,976
Financial liabilities							
Non-interest bearing		102,955	-	-	-	-	102,955

The Company							
	Weighted Average effective Interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022							
Financial assets							
Non-interest bearing		15,301	88,535	-	-	-	103,836
Interest bearing							
Variable interest rate	5.00	2,226	657	1,789	26,618	-	31,290
Fixed interest rate instruments	5.26	14,796	3,461	34,607	10,286	60,982	124,133
		32,323	92,653	36,396	36,904	60,982	259,258
Financial liabilities							
Non-interest bearing		114,831	-	-	-	-	114,831

(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).

	The Group			
	2023			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Property and equipment (land and building)	-	-	1,155,930	1,155,930
Debt securities at fair value through profit or loss	-	14,977	-	14,977
Debt securities at fair value through other comprehensive income	-	214,688	-	214,688
	-	229,665	1,155,930	1,385,595

	The Group			
	2022			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Property and equipment (land and building)	-	-	941,000	941,000
Debt securities at fair value through profit or loss	-	4,067	-	4,067
Debt securities at fair value through other comprehensive income	-	209,718	-	209,718
	-	213,785	941,000	1,154,785

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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29. **Financial instruments (Continued)**

(g) Fair value measurement recognised in the separate statement of financial position (Continued)

	The Company			
	2023			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Property and equipment (land and building)	-	-	1,155,930	1,155,930
Debt securities at fair value through profit or loss	-	11,841	-	11,841
Debt securities at fair value through other comprehensive income	-	41,485	-	41,485
	-	53,326	1,155,930	1,209,256

	The Company			
	2022			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Property and equipment (land and building)	-	-	941,000	941,000
Debt securities at fair value through profit or loss	-	10,308	-	10,308
Debt securities at fair value through other comprehensive income	-	37,641	-	37,641
	-	47,949	941,000	988,949

Reconciliation of carrying amount for level 3 assets:

	The Group and Company	
	Level 3	
	2023	2022
	\$'000	\$'000
Property and equipment (land and building)	941,000	772,200
Additions	61,965	49,245
Current year depreciation	18,545	14,165
Revaluation adjustments	(18,545)	(14,165)
Revaluation	152,965	119,555
	1,155,930	941,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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30. Dividends

During the year ended December 31, 2023, one dividend payment was declared by the Board of Directors.

- On April 27, 2023, a dividend of \$0.128 per ordinary share was paid to shareholders. The total dividend paid was \$89.76 million. (2022: April 25, 2022, a dividend of \$0.275 per ordinary share was paid to shareholders. The total dividend paid was \$192.8 million. August 30, 2022, a dividend of \$0.16 per ordinary share was paid to shareholders. The total dividend paid was \$112.20 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 –

- (a) Kept separate from all other property; and
- (b) Held in trust for the purposes specified in this part.”

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, 2023, the Fund had total assets of \$890.48 million (2022: \$879.52 million) and net equity of \$867.90 million (2022: \$855.64 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cess fee	321,682	477,497	302,381	448,847
Fee income	1,704,227	1,544,155	378,204	306,833
E-campus	41,003	35,006	41,003	35,006
Other operating income	118,004	104,807	208,840	343,968
	2,184,916	2,161,465	930,428	1,134,654

Reconciliation of contract liabilities

Set out below us the reconciliation of contract liabilities with customers:

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Opening balance	29,880	32,804	11,563	13,616
Additions during the year	646,504	560,390	379,655	306,834
Amount recognized as revenue	(642,933)	(563,314)	(377,424)	(308,887)
Ending balance	33,451	29,880	13,794	11,563

	The Group		The Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Revenue recognized that was included in the contract liability balance				
Fee income	639,661	558,471	374,581	304,044
E-campus	2,843	4,843	2,843	4,843
Other operating income	-	-	-	-
	642,504	563,314	377,424	308,887

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32. IFRS 15 Revenue from contracts with customers (Continued)

Reconciliation of contract liabilities (continued)

Balance – Contract liabilities

The Group		The Company	
2023	2022	2023	2022
\$'000	\$'000	\$'000	\$'000
33,451	29,880	13,794	11,563

Timing of revenue recognition

The Group		The Company		
2023	2022	2023	2022	
\$'000	\$'000	\$'000	\$'000	
At a point in time	1,542,412	1,598,151	553,004	825,767
Over time	642,504	563,314	377,424	308,887
	2,184,916	2,161,465	930,428	1,134,654

Unsatisfied performance obligation

The following table shows unsatisfied performance obligations resulting from 105 contracts for the Group, 34 for the Company (2022: 100 contracts for the Group, 38 for the Company).

The Group		The Company		
2023	2022	2023	2022	
\$'000	\$'000	\$'000	\$'000	
Aggregate amount of the transaction price allocated to 105 (2022:100) contracts that are partially or fully unsatisfied as at Dec 31	44,493	52,949	13,899	23,870

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of December 31, 2023, will be recognised as revenue during the next reporting period \$44.49 million for the Group and \$ 13.90 million for the Company (2022: \$52.95 million for the Group and \$23.87 million for the Company). The Group/Company amount disclosed above does not include variable consideration which is constrained.

FINANCIAL & STATISTICAL HIGHLIGHTS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue (\$)	2,184,916,000	2,161,465,000	1,927,674,000	1,711,389,000	1,874,372,000	1,390,848,000.00	991,150,000.00	865,781,000.00	750,715,000.00
Expenses(\$)	1,566,276,000	1,429,632,000	1,235,481,000	1,136,889,000	1,093,347,000	817,439,000.00	688,222,000.00	582,853,000.00	495,930,000.00
Income Before Taxes (\$)	682,998,000	762,552,000	740,977,000	618,467,000	592,502,000	592,502,000.00	338,052,000.00	334,736,000.00	254,785,000.00
Net Income After Tax (\$)	416,001,000	503,228,000	497,313,000	406,936,000	519,878,000	413,063,000.00	220,668,000.00	223,589,000.00	174,953,000.00
Compensation Fund (\$)	867,898,000	855,640,000	891,840,000	861,290,000	853,770,000	822,230,000.00	764,264,000.00	75,229,400.00	706,398,000.00
Members' Equity (\$)	2,618,949,000	2,223,144,000	1,891,760,000	1,534,365,000	1,470,253,000	1,125,367,000.00	948,780,000.00	808,081,000.00	621,927,000.00
Reported Share Volume (Millions)* (Units)	8,494.68	10,325.42	6,700.13	8,907.21	12,360.94	6,865.91	3,938.12	4,068.58	5,412.40
Daily Average Share Volume (Millions)* (Units)	28.23	39.44	26.57	33.30	49.44	27.35	15.75	16.07	21.40
Reported Dollar Value (Millions)* (\$)	48,540.43	72,734.33	71,040.28	61,013.60	112,498.75	81,318.35	43,553.54	53,516.89	72,077.50
Daily Average Dollars Value (Millions)* (\$)	171.97	284.96	280.38	214.96	449.99	323.98	174.21	213.21	284.89
JSE Combined Index as at December 31	339,158.12	368,591.98	401,130.23	392,435.92	505,253.98	384,556.50	294,986.58	204,960.10	158,269.14
JSE Market Index as at December 31	325,699.79	355,896.64	396,155.61	395,614.91	509,916.44	379,790.83	288,382.00	192,276.64	150,692.13
JSE Junior Market Index as at December 31	3,848.33	3,986.44	3,428.30	2,643.38	3,348.96	3,246.81	2,732.13	2,593.71	1,791.05
Member Organizations	14	15	14	13	13	13	13	12	12
New Listed Companies/Securities*	5/14	7/12	5/20	6/8	11/18	6/17	12/16	7/12	1/1
Total Listed Companies/Securities*	103/151	101/151	95/141	92/127	87/122	76/106	71/94	63/86	60/73
Total Shares Listed (Billions) (Main and Jnr)	154.35	146.56	130.37	123.92	102.48	74.22	77.54	71.41	61.29
Market Capitalization as at December 31:(Billion) (\$) (Main and Jnr)	1,868.50	1,956.01	1,871.42	1,666.82	2,081.30	1,523.61	1,163.53	800.00	683.51
JSE USD Equities Market Index as at December 31	231.05	233.97	195.51	186.30	226.23	159.61	166.16	164.50	161.06
Market Capitalization as at December 31:(Million) (\$) (USD Equities)	699.97	745.82	614.99	459.31	374.61	252.02	222.58	142.13	132.58

*Includes Junior Market

YEARLY TRADING SUMMARY MAIN MARKET (1998-2023)

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)
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		883.67			21,066	6	
2001	222,006,166	42	2,845,199	5,948,358	33,835.59		1,015.26			20,979	10	
2002	292,297,900	40	1,604,591	7,636,877	45,396.21		1,450.34			26,999	10	
2003	512,884,380	41	4,290,433	24,237,330	67,586.72		1,697.87			35,954	10	
2004	879,297,296	40	5,194,558	35,994,853	112,655.51		3,176.62			86,875	11	
2005	839,852,762	41	2,498,028	40,746,681	104,510.38		2,859.62			75,001	11	
2006	822,862,351	44	5,639,412	37,040,992	100,678.00		2,942.88			41,921	11	
2007	876,690,610	44	2,433,488	29,047,425	107,968.00		2,928.98			38,621	11	
2008	597,277,036	45	2,953,011	67,026,871	80,152.03		1,984.74			30,323	11	
2009	544,882,559	44	1,764,894	12,189,895	83,321.96		1,896.05	962.92		16,099	11	
2010	564,720,705	43	3,571,199	20,828,652	85,220.82		2,192.19	863.01		18,359	11	
2011	619,444,770	40	1,819,302	20,993,976	95,297.20		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		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
2020	1,547,121,993	49	6,890,821	55,824,323	395,614.91	433,521.09	9,742.82	99.95	392,435.92	172,076	13	1,666,818,791
2021	1,713,866,553	51	2,213,305	63,926,952	396,155.61	438,328.37	9,882.92	74.03	401,130.23	180,829	14	1,871,424,476
2022	1,761,724,258	52	5,612,113	56,356,511	355,896.64	403,080.36	8,896.48	60.78	368,591.98	233,024	15	1,956,014,080
2023	1,682,820,483	52	4,964,963	38,419,653	325,699.79	367,017.85	8,120.02	54.08	339,158.12	183,447	14	1,868,499,263

+ 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 (2010-2023)

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
2020	119,696.80	41	2,016,393,402	5,189,280,033	68,138	13	2,643.38
2021	157,557.92	41	2,486,824,783	7,113,327,089	98,727	14	3,428.30
2022	194,289.82	47	4,395,124,032	16,341,771,486	234,321	15	3,986.44
2023	185,678.78	48	3,529,716,580	10,120,773,181	129,008	14	3,848.33

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
2020	87,153,430	6,890,821	6,688,727	202,094	26,333,572	196,526,048
2021	90,355,909	4,213,305	4,209,694	3,610	16,705,137	252,163,542
2022	91,984,937	5,612,113	5,584,023	28,091	22,071,236	220,374,749
2023	95,789,562	4,964,963	3,723,914	1,240,050	14,895,654	133,581,462

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NOTES

