

July 2018

Quarterly Update



It is hard to believe that A2X has only been open for business for a short 9 months. It feels like a life time ago since we launched in October last year.

The A2X team, which is comprised of 12 incredible individuals, have all settled down well into their respective roles and I am happy to report that our various systems - matching engine, surveillance and clearing – have all run seamlessly since day one. A2X has experienced no downtime, outages or any settlement issues.

I would also like to use this opportunity to express our huge gratitude to the brokers that have signed-up as members and to the 10 issuers that have secondary listed on us. Without your belief, support and action, our dream of bringing choice to the South African financial markets would be impossible.

In our unrelenting focus to develop and grow A2X, we believe that ongoing communication with our stakeholders is key. With this in mind, we have decided to launch a quarterly update of which this is the very first one. I hope you find this both useful and informative and please feel free to provide us with any feedback on the newsletter as well as anything else relating to A2X.

Warm regards

Kevin

DEVELOPMENTS AT A2X

It has been a busy year so far at A2X and we are thrilled to have listed Sanlam, Huge Group and Ascendis Health in the second quarter of 2018. In addition, we are pleased to announce the following new listings during the month of July:

1. **Anchor Group** – their shares became available for trade on 10 July and their listing represents the 6th corporate from the Financial Services industry to join A2X.
2. **Growthpoint Properties** – on Wednesday 18 July, Growthpoint became the first property listing on A2X. As the largest listed property company in South Africa and a constituent of the Top40 index, it is an important milestone for us. We hope this sets a precedent for many others in the sector to take up a secondary listing.

These additional companies bring the total number of listings on A2X to ten, with a combined market capitalisation of almost R300 billion.

One of the challenges that A2X has faced since launching is the perception that a secondary listing on A2X requires a company to make a choice between a primary and secondary listing. **A secondary listing on A2X actually complements a company's primary listing** as it provides its investors with a choice of venue on which to transact, and in A2X's case - a much cheaper venue.

A secondary listing has no impact on a company's primary listing, nor is there any cost, risk, or additional regulatory compliance to be secondary listed on A2X.

BLOOMBERG PRICING DATA GO-LIVE

Another highlight in April was our real-time price data going live on Bloomberg which was a huge step in allowing brokers and asset managers to view real time market data on A2X. Full visibility of price and volume activity empowers brokers to achieve best execution for their clients when transacting in securities listed on A2X and the JSE. A step by step guide on how to access A2X price data on Bloomberg can be found [here](#). A2X Market Data is also now available on Bloomberg's website and mobile app.

AVAILABILITY OF A2X DATA

A2X real time data is now available via all 3 major data vendors: Bloomberg, Iress and Reuters, as well as on our website.

On **Bloomberg**, the data can be located using the A2X exchange code 'AJ'. Users can access the data by typing in the security code followed by the exchange identifier and asset class. For instance, the price of Afrimat shares can be accessed using AFT AJ Equity <GO>.

On **Iress Pro** you simply need to enter in the ticker followed by @A2X eg: [AFT.JSE@A2X](#) or use AFT.ZAX to view the consolidated price feed. This displays the Bids and Ask prices from across the two exchanges into one order book.

DINNER WITH ALASDAIR HAYNES

In June, we welcomed Alasdair Haynes to South Africa. Alasdair was the former CEO of CHI-X Europe (the first competitor to the London Stock Exchange) and more recently, the founder and CEO of UK-based Aquis Exchange. Aquis is an independent stock exchange that is challenging the likes of both the London Stock Exchange (LSE) and CBOE in the pan-European equities market.



On Tuesday 26 June we held a dinner at the Berman Contemporary Art Gallery in Sandton where Alasdair spoke to our guests about how innovation is driving progress and cost savings in the European market place. He also shared his thoughts on how these developments are likely to impact on South Africa. What became evident is that South Africa is ripe for competition and there was an overwhelming sentiment that this is a key lever that South African companies and brokers need to pull in order for our capital markets to flourish. [Take a minute to watch this short video where Alasdair shares some valuable insights with us.](#)

A2X LISTED COMPANIES

Company	Market Capitalisation
African Rainbow Capital	R6.4b
Afrimat	R3.4b
Anchor Group	R0.7b
Ascendis Health	R5.4b
Coronation Fund Managers	R20.0b
Growthpoint Properties	R77.2b
Huge Group	R1.6b
Peregrine Holdings	R4.6b
Sandown Capital	R0.8b
Sanlam	R154.4b
Total	R276b

*as of 20 July 2018

A2X AUTHORISED USER STATUS

APPROVED AND TRADING

- RMB Morgan Stanley
- Peregrine Securities
- Investec Securities
- SBG Securities



APPROVED – IN THE PROCESS OF COMPLETING TECHNICAL CONFORMANCE

- ABSA Capital Securities
- Macquarie Equities
- Avior Capital
- Sinayo Securities
- Nedgroup Securities



IN DISCUSSION

- UBS South Africa
- Citigroup Global Markets
- JP Morgan Equities

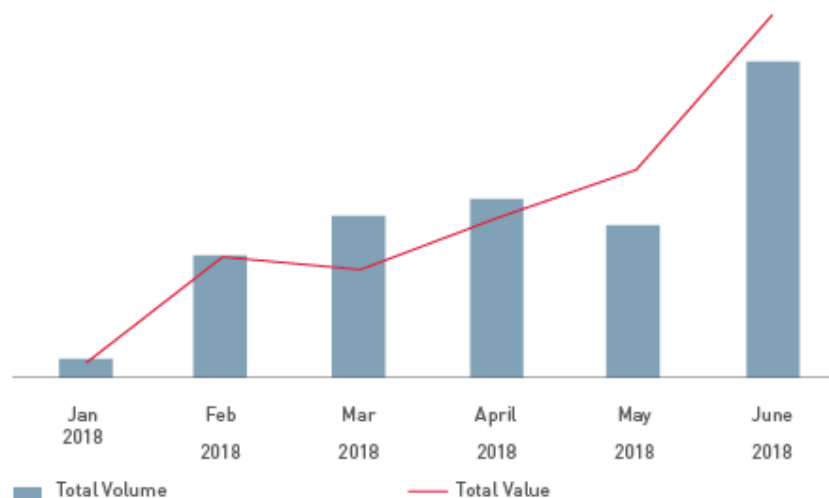


MARKET STATISTICS

A2X has only been trading for 9 months but we are encouraged by the overwhelming support that we have received from across the industry and by the exponential growth month on month.

We are working closely with the brokers to assist them in overcoming the inherent infrastructural issues they face in being able to operate efficiently across multiple venues. As you can imagine, their front-end trading systems as well as many broker's post trade systems (which are heavily integrated into BDA or BDA is their sole system) will take time to re-engineer or replace.

We are hugely encouraged by the willingness of our key brokers to embark on this process of change and anticipate, as their system issues are resolved, activity levels on A2X will pick-up sharply.



REGULATORY DEVELOPMENTS

The new regulatory structure of Twin Peaks became effective on 3 April 2018. This restructure makes provision for the splitting of the market conduct authority from the prudential authority. The Financial Services Board (FSB) previously performed both these roles.

In terms of the Twin Peaks model, the Financial Sector Conduct Authority's mandate is to ensure improved market conduct outcomes in the South African financial sector while the mandate of the South African Reserve Bank has been extended to regulate financial soundness, not only for banks but also for market infrastructures, which includes a stock exchange.

There will not be a big bang approach to this implementation but rather a gradual change over the course of the next 12 months as the two new authorities find their feet.