

# Q4 Update

January 2019

THE FAST, FAIR,  
EFFICIENT EXCHANGE

As we enter 2019, I'm sure many market participants are happy to see the back of 2018, as it turned out to be a difficult period for the local market. The FTSE/JSE All Share Index lost 9% on the year despite a 4.3% rally in December. Overall activity levels in 2018 also remained largely stagnant on the prior year.

However, despite these conditions, I am excited to report that A2X continued to make steady progress in 2018 and is now in a strong position to face the year ahead.

A2X started 2018 with five listed companies with a combined market cap of around R50 billion. We head into 2019 with 16 listings totalling approximately R2 trillion in value.

Four of these new listings (Growthpoint, Naspers, Sanlam and Standard Bank) are constituents of the Top40 Index, account for 30% of the index weighting and around 33% of trade activity. New listings AVI and ARM form part of the Industrial 25 Index and Resource 10 Index respectively while well-known companies such as Sygnia, Huge and Anchor also signed up.

In terms of brokers, we also made good progress by increasing the number of approved members from four to nine. We are encouraged that five of SA's largest ten brokers as measured by market activity are now

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connected and active on A2X.

As we enter 2019, I would like to express our thanks to all that made 2018 a success for A2X. We value your support and appreciate your contribution in helping advance a fairer and more efficient market place in South Africa. We look forward to further expanding our offering and providing a low cost, high performance platform for companies to secondary list their shares for trade. Healthy competition is good for everyone!

On behalf of all at A2X, I would like to wish you all a very happy, healthy and prosperous year ahead.

Here's to a fast, fair, efficient 2019.

Warm regards

Kevin

## Developments at A2X



On 15 November we welcomed the secondary listings of both Standard Bank Group Limited Ordinary Shares and Preference Shares and AVI Limited.



- We ended the year with Naspers listing on 27 December.



SecuritEase implemented its multi-market, multi-currency settlement system at Investec Securities in November. The successful implementation of the settlement and accounting system is an important milestone for the South African financial market as it assists broking firms to achieve best execution across multiple markets, and settle the trades executed.



- African Rainbow Minerals became the first mining company to list on A2X on 29 November.



- In December, Avior Capital Markets traded on A2X for the first time. We look forward to a successful ongoing relationship with many more trades to come.



- We are delighted to announce that Santam shares will also be available for trade on A2X from 1 February.



### A2X has a new look and feel

The business has grown and matured and we have evolved our brand to reflect who we are: a business built on the latest and best technology run by an experienced team of ethical individuals who are looking to challenge the status-quo. Our brand has been inspired by the up and down price movements of shares as they trade and how this reflects the two sides of the market.

### ➤ A2X Market Quality Maps

During the period we also launched our 'Market Quality Maps'. These visually demonstrate the benefits of a secondary listing on A2X and show how reducing the cost of transacting has a positive impact on the quality of the market – as measured by spreads and liquidity.

[Follow us on Twitter and LinkedIn for regular updates](#)





[You can now trade on A2X through your Bloomberg terminal](#)

We are excited to welcome RemoraTech to A2X. RemoraTech (part of the MSBC Solutions group, based in the Silicon Valley and New York) certified their trading systems with A2X in December 2018.

The company provides innovative and game changing financial technologies to customers in the US, including various Bloomberg clients across the US. RemoraTech have done some extensive integration work for clients using Bloomberg Technology and have integrated their trading systems with the Bloomberg terminal. As a result, they are now able to offer sell-side traders the ability to trade on A2X via a Bloomberg terminal. In the South African market, many sell-side traders receive order flow from buy-side clients via their Bloomberg terminal and RemoraTech's integration software will now provide traders with an elegant solution to be able to route flow seamlessly to A2X.



## Availability of A2X data

A2X real time data is available via all 3 major data vendors: Bloomberg, Iress and Refinitiv, 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 >.

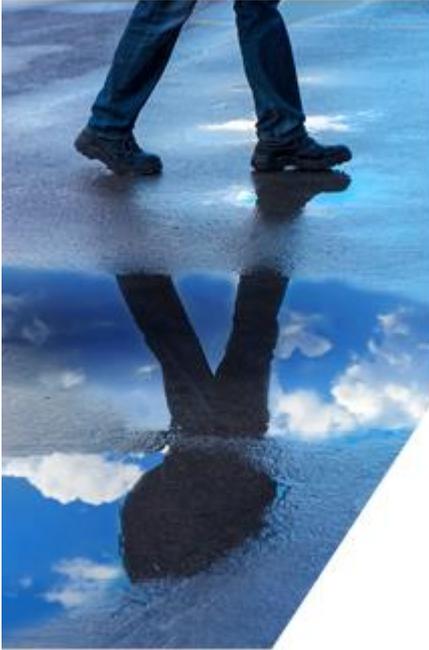
On **IRESS PRO**, you simply need to enter in the ticker followed by @A2X e.g.: AFT.JSE@A2X or use AFT.ZAX to view the consolidated price feed. This displays the bid and offer prices from across the two exchanges into one order book.

On **REFINITIV** (previously Reuters), the data can be located using the A2X exchange code 'A2X'. Users can access the data by typing in the security code and the exchange code 'A2X' in the search box, for example 'CML.A2X'.

## A2X listed companies

| Security Code | Security Name            | Market Cap R'billion |
|---------------|--------------------------|----------------------|
| ACG           | Anchor Group Limited     | 0,74                 |
| AFT           | Afrimat Limited          | 3,94                 |
| AIL           | African Rainbow Cap Inv  | 5,23                 |
| ARI           | African Rainbow Min Ltd  | 30,38                |
| ASC           | Ascendis Health Ltd      | 2,84                 |
| AVI           | AVI Ltd                  | 38,23                |
| CML           | Coronation Fund Managers | 14,44                |
| GRT           | Growthpoint Prop Ltd     | 73,83                |
| HUG           | Huge Group Ltd           | 1,41                 |
| NPN           | Naspers Ltd -N-          | 1 381,78             |
| PGR           | Peregrine Holdings       | 4,08                 |
| SBK           | Standard Bank Group Ltd  | 299,91               |
| SBPP          | Standard Bank Group Pref | 4,27                 |
| SLM           | Sanlam Limited           | 185,57               |
| SYG           | Sygnia Limited           | 1,43                 |
| ZCL           | Zarclear Holdings Ltd    | 0,84                 |
|               | <b>Total</b>             | 2 048,90             |

\*On 22 Jan 2019



## Regulatory update

There were two noteworthy regulatory developments in Q4 of 2018.

1. The publication of the Draft Market Conduct Standards for Exchanges for comment.

This document sets out a number of proposed standards dealing with the scenario where securities are listed on more than one exchange. Amongst other things, the draft standards deal with:

- » Cooperative arrangements between exchanges with common issuers and authorised users;
- » Continuing disclosure requirements;
- » Disclosure of price sensitive information;
- » Rules as to the prevailing reference price;
- » Corporate actions;
- » Suspension and removal of securities from the list of securities maintained by the exchanges;
- » Clearing and settlement procedures;
- » Capital adequacy;
- » Default rules and procedures;
- » Best execution; and
- » Market operations.

The proposed standards are aligned with international best practice and substantially consistent with A2X's model and approach. The standards should become effective in Q1 of 2019.

## 2. Proposed amendments to the Financial Markets Act.

National Treasury conducted a workshop in early December 2018. The workshop was attended by representatives of the various South African Stock Exchanges as well as Strate. The workshop was conducted by National Treasury to initiate the market consultation process on a number of fairly extensive amendments to the current Financial Markets Act that are being proposed by them. The intention behind the proposed changes is to bring South African financial markets legislation in line with international developments. It is anticipated that the consultation process will be an extended one and when the proposed changes will become effective is, at this stage unclear.

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## A2X authorised user status

### ➤ Approved - trading

- » ABSA Capital Securities
- » Avior Capital Markets
- » RMB Morgan Stanley
- » Legae Peresec

### ➤ Approved – in the process of completing technical conformance

- » Mazi Macquarie Securities
- » Sinayo Securities
- » Nedgroup Securities

- » Investec Securities
- » SBG Securities



Sign-up for our quarterly newsletter [here](#).

A2X Markets is an exchange licenced in terms of the Financial Markets Act, 2012.