



A2X Markets
Media release

A2X: 37 listings and over R200m of available savings in just three years

Tuesday, 27 October 2020: Three years after launching with just three listings and four brokers, South African stock exchange [A2X Markets](#) now has 37 securities listed, five of the country's top six brokers trading on the exchange and a combined market cap of over R2.1 trillion.

A2X offers an additional platform for companies or issuers of exchange traded products to secondary list their shares or units for trade.

“In the three years since our launch on 6 October 2017, we have recorded about 80 000 trades with a combined value of some R 5.7 billion, as at 6 October 2020. We are thrilled at the development of the business which has grown from the challenger to a 130-year monopoly, to being named the fastest growing SA stock exchange by the 2020 Global Banking & Finance Awards,” says Kevin Brady, CEO of A2X.

Significant cost savings

“After three years, the savings achieved through the narrower spreads and lower fees on A2X are clear. Our vision for A2X as a fast, fair, efficient exchange has now become reality just as it did when competition was introduced in other markets,” adds Brady

Before competition was introduced in South Africa, brokers only had one venue on which to trade, which meant they could not ‘shop around’ for a better price when transacting in shares. Now brokers can look across markets to secure the best available deal and save money.

In August, A2X undertook an in-depth study on savings available to the market, which involved capturing 564,000 data points for each A2X-listed security. The analysis found that a massive **R125m in savings** was made available through narrower bid / offer spreads on A2X when August data was extrapolated over 12-months and this is just for the nine Top40 stocks that have a secondary listing on A2X. Had all JSE-listed stocks been secondary-listed, the available savings pool would jump to over R1 billion per year. In addition, a further R72 million in savings was available on account of lower exchange fees for A2X-listed companies.

Says Brady, “The numbers are hard to ignore. If you are listed and want to save your shareholders money, you should be listed on A2X. If you are an asset manager or broker looking to increase returns, A2X provides an opportunity to cut costs.”

Latest developments

In the past year, A2X was granted approval for the secondary listing of exchange traded products (ETPs) which was followed by a further licence extension to include inward listings in early 2020. As a result, foreign companies with a primary listing in an approved jurisdiction can now inward list on A2X. Absa also became the first major South African bank to invest in



A2X.

Assisting brokers to trade across markets

Some of the challenges brought about by legacy broker infrastructure, which was designed for a single exchange, have now been addressed. “In a joint venture with local tech firm MCI, we launched an A2X-hosted post trade solution that allows brokers to allocate and settle trades across markets with minimum impact to existing systems and processes. We’ve also partnered with Iress to create a starter package deal for mid-tier brokers that currently use Iress products. The package combines all the components required, including a smart order router, to enable a broker to cost-effectively and easily transact across markets and achieve best execution for their clients,” says Brady.

Best Execution

The Best Execution rule is set to become law in South Africa. Best execution, or the duty of a broker to obtain the best possible price when trading a security, is included in the draft of the market conduct standards published by FSCA for comment earlier this year. The draft introduces regulations prescribing what brokers need to do to achieve best execution. These new rules support competition and will assist in saving investors’ money, which include the average pensioner.

“Trading on A2X has benefits for issuers as well as brokers. A secondary listing on A2X complements an issuer’s primary listing as it provides its investors with a choice of venue on which to transact and at a lower cost. Many companies are going the extra mile for their shareholders and also support the development of a more progressive and competitive marketplace in South Africa,” says Brady.

“In this very tough economic climate, everyone should be looking to contain costs wherever it makes sense to do so. Trading across markets and achieving best execution is an obvious route,” concludes Brady.

A2X is regulated by the Financial Sector Conduct Authority and the SARB Prudential Authority in terms of the Financial Markets Act.

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