



Welcome

2020 brought with it challenges for all companies and the financial market as a whole. The global Corona Virus pandemic accelerated unprecedented digital transformation, with technology stocks climbing to new highs. Unfortunately, some negatively affected industries have come under tremendous pressure, with many small businesses closing their doors.

The world heads into 2021 amidst a second wave of the Corona Virus. Bringing with it further uncertainty but also a heightened awareness of the importance of adaptability and agility. Companies are re-assessing the traditional way of operating with many of their staff working remotely which, in many cases, has resulted in lower costs and more efficient outcomes.

A2X entered 2021 with 40 listed securities and a combined market capitalisation of over R5 trillion, having listed both Capital Appreciation and Prosus during the month of December 2020. This makes A2X the second largest exchange in Africa by market capitalisation.

With most infrastructural hurdles now out of the way for many of our brokers, we look forward to increased trade on our platform as they look to contain costs, in what is a very challenging environment, while at the same time comply with pending regulations on Best Execution.

The A2X focus in 2021 will be on expanding the range of securities available for trade on its platform. We remain absolutely committed to offering choice to all market participants. In addition to growing the number of secondary listings, A2X will also look to attract new listings to the platform that have previously not been available to mainstream investors.

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Wishing you all the best for 2021.

Kevin,
CEO
A2X Markets

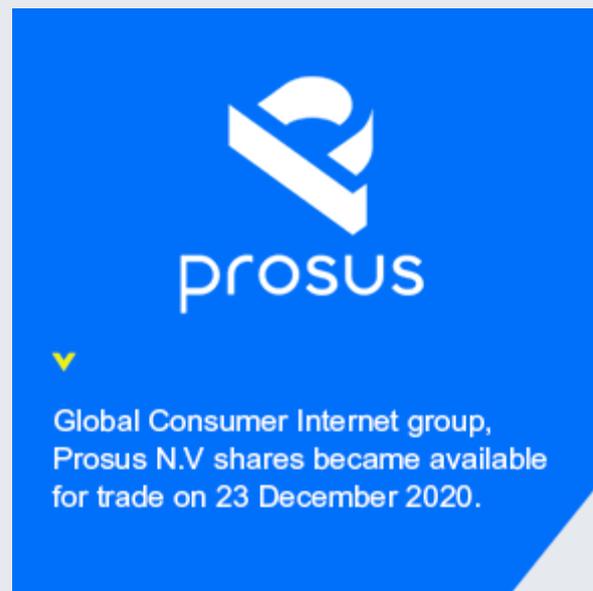
A2X Announcements



- > Famous Brands Ltd listed on A2X Markets on 30 November 2020.



- > On 18 December 2020, South African FinTech group Capital Appreciation Limited listed on A2X Markets.



A2X Post Trade Implementation

With our post trade system being implemented at our brokers, we caught up with Gavin Van Wyk at RMB Stockbroking Operations to see how it is going.

- > **Implementing a new system during a global pandemic must have brought with it a few challenges. What were the major ones and how did you overcome these?**

A big challenge was that, due to lockdown, we couldn't have any face to face, in person

- > **Speaking of challenges, what were the major hurdles changing from a settling on just one market to setting across two?**

At the end of the day, everything needs to reconcile and balance. Working across two markets means that we need to ensure that this happens despite different deal allocation and settlement procedures as well as different deal adjustment and correction procedures. We also need to ensure that all the requisite reconciliations are in place. This ensures that

training.

It wouldn't be easy implementing and adjusting new controls and procedures for a new system anyway. Compound that by having to do it with limited access and not being able to physically test with all staff members (but rather just a few key staff) made it more of a challenge.

With this in mind, we involved our central BT and got as many people as possible onto the training provided by A2X, so that most of our team members had some knowledge of the system.

there are no balances left in allocation accounts and all amounts are where they should be.

> **The MeCRAS system has been built and adapted in a consultative environment with yourselves, what were the key things that you changed so it would work best for your teams?**

The upload of existing client accounts from BDA was a very important feature. The ability to upload new accounts on a daily basis (Delta) into MeCRAS was a key feature we included, as well a few others including reporting and 2FA.

If you would like to arrange a demo or require more information, please contact Brett Kotze on brett.kotze@a2x.co.za



Read the full article here:
<https://www.totrust.co.za/article/stock-exchanges-editorials-edition-december-2020-february-2021/>

> **Allan Greenblo, Interviewed A2X Chairman, Ashley Mendelowitz for Today's Trustee magazine**

“If fiduciary duty means anything in the context of stock-exchange trades, it's that trustees of pension funds be alive to the relative advantages of the A2X upstart against the JSE establishment. At the least, when there are cost savings and price improvements to be had, trustees could expect their asset managers to explore and explain why respective stockbrokers have preferred one to the other.”



2021 Outlook

The second wave of the Covid-19 pandemic has ushered in significant uncertainty early in the new year, and while key participants in the financial system are likely to continue taking a cautious approach to business, the prospect of a vaccine roll-out during the course of the year and the many lessons learnt from the first wave, should help create the foundation for a better year.

“The focus in 2021 is likely to shift from last year’s big survival challenges, which consumed a huge amount of time and resources for companies, to refining their digital strategy and platforms, staff wellbeing and productivity and of course, a relentless focus on cost savings. Many companies will have experienced the benefit of technology driven savings and will now look to extract even greater efficiencies going forward.” Says A2X CEO Kevin Brady.

Brady believes that companies who are able to leverage their technology platform to create an efficient and agile business, that can deliver cost effective solutions and products to their clients, while creating a fun and trusted work environment, will be the winners of tomorrow.

“A2X is well positioned to face the challenges of the new year. It is also the reason why we are enjoying continuous growth in onboarding new companies on our platform.

In December 2020 A2X onboarded both Prosus, which is regarded as Europe’s largest tech company, as well Capital Appreciation, a leading provider of financial technology in South Africa.” Added Brady.

These listings have brought the number of securities on A2X to 40 with a combined market value of over R5 trillion. A2X is now the second largest exchange in Africa by market capitalisation, after commencing its operations a mere three years ago.

Brady says the company’s leading position is likely to be sustained by pending new regulation which includes the Best Execution rule which will see brokers needing to obtain the best possible result for their clients when executing orders on their behalf. The potential savings this regulation could unlock for end investors is estimated to be upwards of R1 billion per year.

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> Legal and Regulatory Update

2021 is promising to be an interesting year from a regulatory perspective. The regulators have been busy with a number of initiatives which hopefully will be implemented in 2021 and have a positive impact on the South African financial markets.

Most notably for A2X, the draft Conduct Standard and Directive for Exchanges. This was published in 2020 and FSCA are finalising the requirements which will see the introduction of the best execution rule. This rule will require brokers to achieve the best result across trading venues for their clients.

The Financial Markets Review is also underway. This promises to align South Africa with international regulatory best practice and introduce the concept of the multilateral trading facility (MTF). A2X models itself on the MTF, which is common in Europe, introduced to facilitate competition and assist new trading venues to compete against long standing exchanges, which are monopolies.



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

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