

A2X turns four and creates over R400m in savings for the industry

Johannesburg - 13 October 2021: South Africa's leading alternative stock exchange [A2X Markets](#) announced today that it had created more than R400 million in available savings for the industry in the past year alone.

The exchange offers brokers a platform on which companies and exchange traded product issuers can secondary list their shares and units for trade. The company deploys the latest globally available exchange technology which enables them to offer better pricing and added liquidity. The company performs an ongoing internal study which shows that a narrowing of 1c per trade on both the bid and offer prices in its universe of 56 securities can lead to a significant annual saving to market participants and the end investor.

This month the company celebrates its fourth year in operation and says it has created available savings of R400 million in the past 12 months. These savings are made up of both direct savings, in the form of lower exchange fees and indirect savings in the form of narrower bid/offer spreads. The company says that if all listed companies in South Africa have a secondary listing on A2X, annual savings upward of R1.4 billion are possible.

A2X CEO Kevin Brady commented: "This time last year, the direct and indirect annual savings available to the market were about R200 million. As more and more companies and exchange traded products have listed on A2X in the past year, this number has doubled.

"By establishing an alternative stock exchange with best available technology, the capital markets ecosystem has benefitted and most importantly, the end investor, who is often an ordinary person who builds his or her wealth over a life time with monthly incremental savings, is also a beneficiary. This success demonstrates that efficient and cost-effective capital markets are key to sustained wealth creation."

A2X Markets is an exchange focused primarily on bringing healthy competition to the local wholesale market. A secondary listing on A2X complements a company's primary or inward listing and provides brokers and investors with the most efficient and costs effective access to South African listed securities.

The company currently has 56 securities listed on its exchange; 12 are top 40 constituents, and trade activity has grown rapidly as brokers increasingly connect to ensure they are able to achieve best execution for their clients.

Over the past year, A2X's combined market cap grew from R2.2 trillion to about R5 trillion with Famous Brands, Capital Appreciation, Prosus, Sun International, Sygnia's full range of 13 ETFs, EOH, Investec Limited and Investec plc all listing on A2X.

Last month, A2X's average market share of total cross market continuous trade activity in the 56 stocks that have a secondary listing on it was over 3%. Leading the way was heavy-weight counter, Prosus, with a market share of around 5%.

Brady said: "Market participants increasingly understand the importance of tapping into this additional liquidity. With a healthy pipeline of issuers looking to secondary list and a growing number of brokers becoming operationalised to trade across markets, we are expecting this trend of a sharp increase in trading volumes and market share to be sustained."

Regulation to support savings and healthy competition

The Financial Services Conduct Authority has advised that it will introduce Conduct Standards for Exchanges. These are expected to be released in the next 6 months.

Brady sees this as a positive development and says: "The bulk of the proposed regulations deal with setting common standards and establishing enhanced interoperability between exchanges to ensure a better and more coordinated market for users and investors."

He added: "We eagerly await the final regulation as it deals with the requirement for brokers to have policies and procedures in place to achieve best execution for their client which is positive news for the end investor."

When the Best Execution rule becomes law in South Africa it will be the duty of a broker to obtain the best possible price when trading a security which will assist in saving investors' money, which includes the average pensioner.

A2X also recently introduced two new trade types on its market, one of which is a South African first. These trade types will help save brokers and investors money and give them the opportunity to trade in a more advantageous way.

"I can't think of an example where healthy competition in an industry has not benefited the end user. It is the same in the exchange industry. A2X passes on efficiency gains in the form of lower fees and this enables the creation of a better-quality market," Brady concluded.

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