

# Q3 Update

November 2021

THE FAST, FAIR,  
EFFICIENT EXCHANGE

Dear Di

**2021 has been an exciting year at A2X. We have seen a number of new companies and ETFs list, a step-change in trading activity as brokers become operationalised and the launch of two new trade types.**

We opened our doors for trade in October four years ago and we are pleased to report, that the very benefits witnessed when competition was introduced to international markets, have also materialised here in South Africa.

Our data shows that over R400 million in savings has been made available to the market from the current universe of stocks that have a secondary listing on the A2X platform. As more and more companies adopt a secondary listing, we expect to see this number grow in the coming months and years.

An extension to our listings requirements has broadened the A2X inward listing universe to include any exchange that has regulation of an appropriate standard. This provides a number of exciting opportunities for issuers in Africa and other developed markets to inward list on A2X. It also opened the door for an exciting partnership with the Sydney Stock Exchange (SSX). Issuers on the SSX now have access to the South African marketplace via A2X.

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In a first for South Africa, TWK Investments (TWK) lists on A2X next week. The listing on A2X is an important milestone for the exchange industry. Not only does it provide TWK with a platform on which to access the institutional asset management market but it will be the first cross listing in SA between two alternative exchanges, being A2X and the CTSE.

The progress made this year could not have been achieved without the incredible team at A2X and the support of our issuers, brokers, vendors and key stakeholders without whom bringing competition to the South African marketplace would not be possible.

I wish those of you heading off on holiday over the festive season safe travels and a very prosperous New Year.

***Take care of yourselves***

Kevin,  
CEO  
A2X Markets

## A2X Announcements



- ▶ Investec Limited and Investec plc shares became available for trade on 16 September.

- ▶ In a first for South Africa TWK investments lists on A2X on 30 November. This will be the first cross listing between two alternative exchanges which will provide TWK with a platform to access both the retail and the institutional asset management market.



- ▶ On 26 October Tiger Brands Limited's shares become available for trade on A2X.





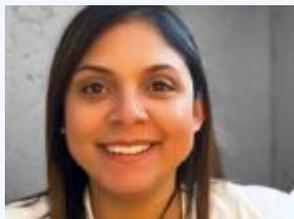
## The Visionary CFO series

Earlier this year, A2X sponsored a series of interviews with CFO South Africa highlighting South Africa’s best and brightest CFOs, their insights and challenges. Find out how they help lead some of South Africa’s most successful companies and more.

“Like the visionary CFOs featured, the team at A2X understands the importance of making the numbers work for you,” says A2X CEO Kevin Brady. “We help CFOs put their shareholders first by providing them with the choice of an additional venue on which to transact their shares and save money.”

In this edition, we feature the last group of Visionary CFOs in the series.

All other interviews are available [here](#).



**Rochelle Gabriels**  
Imperial Logistics Africa CFO  
– Rochelle Gabriels leads with humility, authenticity and agility.

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**Sean Doherty**  
Transaction Capital CFO –  
Sean Doherty says regulation, governance and compliance can be a competitive advantage.

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**Otsile Matheba**  
A2X CFO Otsile Matheba shares how Africa’s second biggest stock exchange is changing the game.

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### **Deon Smith**

Deon Smith unpacks the establishment of Thungela Resources in a Covid-19 recovery world.

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### **André du Plessis**

André du Plessis shares how Capitec took care of its clients during Covid-19.

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## > A2X, four years on

**A2X 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 cost effective access to South African listed securities.

A2X offers brokers a platform on which companies and exchange traded product issuers can secondary list their shares and units for trade.

**By deploying the latest globally available exchange technology, we are able to offer better pricing and added liquidity. We perform an ongoing internal study which shows that a narrowing of 1c per trade on both the bid and offer prices in our universe of 56 securities, can lead to a significant annual saving for**

## market participants and the end investor.

A2X has created available savings of over 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. 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. This success demonstrates that efficient and cost-effective capital markets are key to sustained financial inclusion and wealth creation.”*

There are currently 56 securities listed on our exchange; 12 are top 40 constituents, and trade activity has grown rapidly as brokers increasingly connect to A2X to ensure they are able to achieve best execution for their clients.

Over the past year, A2X's combined market capitalisation 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, Investec plc and Tiger Brands all listing on A2X.

In September, 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%. This compares favourably to the 0.5% market share achieved last year.

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 to 12 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.

We also recently introduced two new trade types on our 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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### ➤ Companies listed on the Sydney Stock Exchange can now inward list on A2X

**We are pleased to announce that we recently received regulatory approval on our inward listings requirements that has enabled us to broaden the A2X inward listing universe to include any exchange and jurisdiction that has regulation of an appropriate standard. One such jurisdiction is Australia.**



As a result, the Sydney Stock Exchange (SSX) falls within this category from November 2021. This will provide SSX listed companies with the option to access the South African market through an inward listing on A2X. It also

provides a number of exciting opportunities for issuers in Africa and other developed markets to consider an inward listing on A2X.



## > Legal and Regulatory Update

### **Inward listings**

A2X offers issuers listed on an approved exchange located in other jurisdictions to inward list on A2X. Previously A2X has been restricted to only accepting issuers from exchanges that were members of the World Federation of Exchanges. This requirement was exclusionary and a decision was made to remove this requirement. The focus now is on ensuring that any exchange that has regulation of an appropriate standard can apply to be approved. This provides a number of exciting opportunities, one of which is to give powerhouse African companies the opportunity to have an inward listing on A2X.

### **New financial market legislation**

Feedback from the Prudential Authority is that the long-awaited Financial Markets Bill is still in the process of being drafted. This Bill contains far-reaching changes for South Africa, one of which is the introduction of the multilateral trading venue and hopefully the first draft of this Bill will be available for public comment shortly.



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

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