

Q3 Update

November 2022

**THE FAST, FAIR,
EFFICIENT EXCHANGE**

We are proud to have celebrated our 5th birthday on 6 October. We celebrated this milestone as a team, all of whom, have played important roles in our growth-story.

From our first year of going-live five years ago, to the past 12 months, A2X has successfully grown the value of trade executed on the exchange by some 40-fold to over R26 billion.

In addition, we estimate to have created available savings to the market of over R500m in the past year alone. This savings pool, which is driven by cost-effective trading fees and the ability to capture price improvement when transacting, is set to increase significantly to potentially R1.5 billion as more public companies opt to secondary list on A2X.

Pick n Pay is among the companies putting their shareholders first with a secondary listing on A2X. Their shares become available for trade on A2X today, 1 November.

They join MAS, Stor-Age and Altvest who all listed this last quarter along with 16 new 1Invest ETFs and Sygnia's new Sustainable Economy ETF. This brings the total number of securities available for trade on A2X to 88.

I am also pleased to share that September was a record month on A2X in terms of volume, value and trade count. This could not have been achieved without the dedicated A2X team and the steadfast support of our vendors, brokers and issuers and I would like to thank

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all of our supporters who have made bringing competition to the South African market possible.

Wishing you a prosperous last couple of months of the year.

Kevin,
CEO
A2X Markets

A2X Announcements

Sygnia 

> The Sygnia Itrix Sustainable Economy ETF became available for trade on A2X on 24 October

1invest

> On 3 October 1invest listed their 16 ETFs on A2X

Pick n Play

> Pick n Play Stores Limited's shares became available for trade on 1 November



> Real estate investment company, MAS's shares became available for trade on 14 September

altvest 

> On 6 September, Altvest became the second company with a primary listing on the CTSE to secondary list on A2X



stor-age
self storage



Stor-Age shares became available for trade on our market on 27 September



The Visionary CFO series

Together with CFO South Africa, the Visionary CFO Series highlights 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.

Visionary CFOs look to the future and consider all opportunities to advance both their companies' finances and shareholder interests.

This sponsorship reaffirms A2X's commitment to supporting CFOs and the companies they lead.

Read all about the visionary CFOs in the series [here](#).

“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.”



Christiaan Barnard
Spear REIT

During Covid-19, Christiaan learned how to keep calm and leverage relationships to overcome challenges.

[Click here to read more](#)



Bongiwe Ntuli
TFG

The Foshini Group CFO Bongiwe Ntuli's passion for M&A is taking TFG into new markets.

[Click here to read more](#)



Pramy Moodley
Sappi

Pramy started baking to manage stress, now she uses it to empower the women at Sappi Southern Africa.

[Click here to read more](#)



Willa van den Berg
Liberty

Willa hopes to bring a unique flavour to the role, and help his new team grow.

[Click here to read more](#)



A2X Turns Five

A2X turns 5 and opens up savings to the market of around R500 million a year

In A2X's 5th year, it calculated that the potential savings it makes available to the market to be in the region of R500 million per year. This savings pool, is set to increase significantly to potentially R1.5 billion as more public companies opt to secondary list on A2X.

The savings A2X brings to the industry is done in two ways, firstly, in the form of direct savings, where A2X's fees on the end-to-end cost of a trade are around 50% lower, and secondly, in the form of indirect savings, whereby an investor is able to capture price improvement via transacting against the narrower bid/offer spreads quoted on A2X. Lastly, A2X also attracts additional liquidity which is not available on other markets.

A2X has successfully grown its trade value 40-fold from a start-up in 2017 doing just R657 million of trade value in its first year to over R26 billion in its fifth of operation. It has overcome many of the initial industry regulatory and infrastructural challenges as the first real competitor to the JSE, and the benefits it has brought and its positive impact on the marketplace in South Africa are evident.

Market Quality Maps – a first for South Africa

In a first for South Africa, A2X produces and distributes "Market Quality Maps". Aligned with European best practice, these maps are designed to assess the quality of the price discovery process for securities with a cross listing across exchanges, with the results providing important insights as to where brokers and investors should be transacting to obtain best execution.

The results support the importance of how competition brings real benefits to investors by improving the price discovery process, with A2X dominating the statistics in both categories in liquidity groupings ZA01 (highly liquid stocks) and ZA02 (medium liquid stocks).

Listing momentum grows

A2X grew the number of securities listed by 55% this year and most recently announced that leading SA retailer Pick n Pay shares list on 1 November 2022 becoming the 88th security available to be traded on A2X. This brings the combined market cap of all securities listed on A2X to almost R4.5 trillion and ranks it as the second largest exchange in Africa by this measure.

The number of Top 40 constituents on A2X sits at 17 with Remgro, Nedbank, AngloGold, Implats and Discovery listing in 2022. A2X currently has six property companies listed representing over 50% of the property sector as measured by market cap.

Five of the top six brokers in South Africa, representing approximately 60% of total activity in South Africa are members and trading on A2X.

In addition to the many public companies that are secondary listed on A2X, there is also a growing number of exchange-traded funds (ETFs) that have listed on A2X. Local ETF issuers, including 1invest, Absa and Sygnia, have opted to secondary list some 34 of their ETFs on A2X.. This represents over 50% of the local ETF markets as measured by market cap.

There is no cost, risk or additional regulation to have a secondary listing on A2X yet, it provides its investors with the choice to transact on low-cost platform, and capture the benefits of narrower spreads and added liquidity.

This process involves taking a snapshot of the National Best Bid and Offer every second of the trading day and analysing the numbers using two key criteria; firstly, Liquidity available at the National Best Bid and Offer (NBBO) and secondly, Time spent at the NBBO.



A2X Super Brokers

The brokers trading on A2X are leaders in their field. These brokers are committed and take action in the pursuit of putting their clients first and making sure that they get the best deal across all markets when they transact.

Each newsletter – we are going to chat to one of our brokers and ask them about trading on A2X and more. Here is what Peresec team had to say:



1. Why do you trade on A2X?

At Peresec our product offering is driven by client demand. Liquidity and best execution are key to client order flow. Peresec also supports global best practice, hence our support for alternative exchanges and multiple trading venues.

2. What was your biggest challenge in getting fully operational on A2X?

3. How do you expect the exchange environment to play out in the next three years?

- With the delisting trend continuing we are expecting a smaller universe of listed equities.
- Getting Foreign Investors to trade/invest on the local exchanges will be very important

From a trading perspective we needed to invest in a Smart Order Router, to enable dynamic order routing to enable best execution. Other challenges included the BDA legacy dependency in the South African stockbroking market which meant running dual settlement systems with both MeCRAS and BDA. And finally the lack of uptake and active trading by other stockbroking members.

- Crypto, tokens etc are becoming regulated and traded as financial instruments
 - CCP developments will also change the landscape in a positive way although I am not sure about exact timelines
 - Brokerage compression will continue to make trading costs an even bigger challenge
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1Invest lists 16 ETFs on A2X

1Invest is an award-winning specialist asset manager, backed by the largest financial services group in Africa – the Standard Bank Group.

1Invest is a fund manager that specialises in index tracking products, offering a wide range of local and offshore ETFs and Unit Trusts across most major asset classes. 1Invest prides itself on having relevant, progressive and compelling index tracking products that its investors can use as cost-effective building blocks in their standard or tax-free investment portfolios.

In October 2022, 1Invest listed its full spectrum of local and global ETFs on A2X. By listing these ETFs on A2X Markets, investors will now have another avenue to access 1Invest ETFs, while also enjoying the many benefits of trading on A2X.

1INVEST ETFS AVAILABLE ON A2X:

Local Range

1. 1Invest Top 40 ETF (ETFT40)

2. 1invest SWIX 40 ETF (ETFSWX)
3. 1invest SA Bond ETF (ETFBND)
4. 1invest SA Property ETF (ETFSAP)

Global Range

1. 1invest MSCI World Index Feeder ETF (ETFWLD)
2. 1invest MSCI EM Asia Index Feeder ETF (ETFEMA)
3. 1invest MSCI World Socially Responsible Investment Index Feeder ETF (ETFSRI)
4. 1invest S&P 500 Index Feeder ETF (ETF500)
5. 1invest S&P 500 Info Tech Index Feeder ETF (ETF5IT)
6. 1invest Global Government Bond Index Feeder ETF (ETFGGB)
7. 1invest ICE US Treasury Short Bond Index Feeder ETF (ETFUSD)
8. 1invest Global REIT Index Feeder ETF (ETFGRE)

Commodity Range

1. 1invest Gold ETF (ETFGLD)
2. 1invest Palladium ETF (ETFPLD)
3. 1invest Platinum ETF (ETFPLT)
4. 1invest Rhodium ETF (ETFRHO)

For more information on 1invest and their product range, visit www.1invest.co.za



> Legal and Regulatory Update

On 19 October 2022, the long-awaited publication of the regulators approach to crypto assets was released. The approach is to declare a crypto asset a financial product under the Financial Advisory and Intermediary Services Act, with the emphasis on providing client protection. The initiative was also driven in part by a negative FATF finding that there is no regulation of virtual asset service providers (VAPS), specifically that there is no requirement for the VAPS to be licensed or registered.

A crypto asset is defined as:

A digital representation of value that –

- is not issued by a central bank, but is capable of being traded, transferred or stored electronically by natural and legal persons for the purpose of payment, investment and other forms of utility;
- applies cryptographic techniques; and
- uses distributed ledger technology

For anyone that would like to have access to the detail relating to the regulators publication, the Policy Document supporting the Declaration of Crypto Assets as a financial product under the Financial Advisory and Intermediary Services Act is available at www.fsca.co.za



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

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