

Q1 Update

May 2023

THE FAST, FAIR,
EFFICIENT EXCHANGE

The first quarter started out very positively for A2X as we welcomed a number of companies including Absa, Balwin, Oceana, Fortress and Shoprite to our market.

The rapid increase in listings along with more brokers connecting and trading on our market helped to increase trade activity on A2X. A record in monthly trade value for March was achieved.

This represents an increase of 52% in value traded on the previous A2X record in September 2022 and an increase of 355% on March 2022.

Another A2X milestone was achieved on Tuesday 18 April with a record for value traded in a day with trade totalling R780 million, almost double our previous daily record.

These new highlights come after years of hard work and collaboration between our team and our brokers and with the invaluable support from our Issuers and the financial services industry.

Its heartening to see real competition being realised in the exchange space in South Africa as highlighted in this [Financial Mail article](#) that came out this morning.

- > WELCOME
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- > TRADING TECHNOLOGY
- > NEW TRADE TYPES
- > UNLOCK THE STOCK
- > LEGAL AND REGULATORY UPDATE

Technology is core to our business and there is an interesting insert in this newsletter where our CTO, Neal Lawrence unpacks just how we are using technology to drive the market forward.

Kevin
CEO
A2X Markets

A2X Announcements



- Absa Group Limited listed its shares for trade on A2X from 2 February 2023.



- On 28 February, Balwin Properties' shares became available for trade on A2X



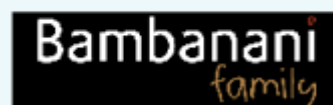
- Fortress Real Estate listed its A and B shares on A2X on 16 March.



- South Africa's largest retailer by market capitalisation, The Shoprite Group listed its shares for trade on 11 April



- On 3 April Oceana shares became available for trade on A2X



- Investment platform Altvest Capital secondary listed two new companies from the Cape Town Stock Exchange for trade on A2X. Bambanani and Umganu listed on 19 April 2023



Broken Records

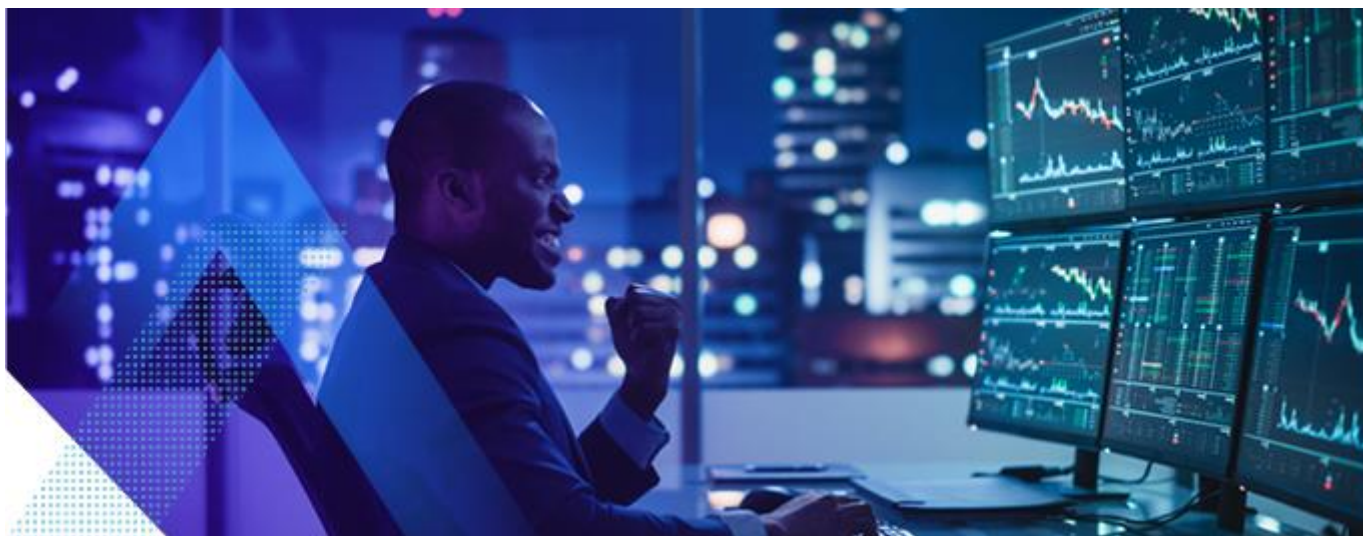
A2X achieved a record day with trade value totalling R780 million on Tuesday 18 April, almost double our previous daily record.



There has been growth in listings over recent months and A2X now has a total of 124 listed securities. 24 are top40 SWIX constituents, 62 mid and small caps, 4 cross-listings with the CTSE and a total of 34 listed ETFs.

The increase in listings has helped underpin growth in trading activity on our platform, and the record month achieved in March.

The record represents an increase of 52% in value traded on the previous record of A2X in September 2022 and an increase of 355% on March 2022.



Trading technology

About seven years ago when we were designing what A2X would look like and what kind of exchange we would like to build, one of the founding principles was that we would bring the most high performance and robust technology available to the South African market.

As a start-up with no legacy systems and processes to consider we were able to design an efficient and cost-effective model that would bring much-needed competition, added liquidity and cost savings to South African companies and investors.

As part of our key focus on implementing superior trading technology for the South African market, early decisions were made to outsource the hosting of our Production Data Centre to Teraco. The ongoing Eskom challenges have demonstrated this to have been a smart choice. With Teraco being a fully network-agnostic provider, the facility has also enabled A2X to connect brokers and vendors quickly and in a cost-effective manner. By partnering with the right tech firms we have also been able to offer our Brokers ultra-fast low-latency networks.

This principal is still core to our business as we continue to innovate and drive the market forward. One such way that we are doing this is to bring new trade types to the market that will assist brokers and help unlock dormant liquidity. We launched two new trade types late last year and are pleased to share that our latest new trade type is in the pipeline – the A2X AoD (Auction on demand). You can read more about these exciting trade types below.

-Neal Lawrence, A2X CTO



New Trade Types available on A2X

Fintech is at the very core of our business as we continue to innovate and drive the market forward.

One such innovation is bringing new trade types to the South African marketplace. We launched two new trade types late last year and are pleased to share that our latest trade type – the A2X AoD (Auction on demand) will also be available soon.



Large in Scale (LS)

The LS trade type is available to brokers to enable them to execute large transactions which comply with A2X minimum size criteria. This trade type can only be used where both legs are a pre-agreed buy and sell agency or principal order by a single broker. The order is not displayed on, nor interacts with the central order book but is reported to A2X.

Negotiated Benchmark Cross (NC)

Although widely used in Europe, this is a new order type which A2X is introducing to the South African market.

It enables a single broker to report a pre-agreed buy and sell agency or principal orders based on a Volume Weighted Average Price (VWAP) over a set period of time. The transaction must be comprised of a minimum of 10 consecutive trade instances to determine a VWAP price and it must reflect the VWAP for the respective time period of the order. The NC enables brokers to reduce the costs and time associated with working this high hit rate order type in the market when they have matching client VWAP orders.

AoD (Auction on demand)

The A2X AoD are pre-trade transparent intraday auctions, where brokers can enter-limit orders or midpoint pegged orders referencing the combined best bid and offer of A2X + Primary(APBBO). The AoD takes place on a separate order book. An AoD is triggered when a valid order is entered into the AoD book. Each auction lasts up to 500ms.



> Unlock the stock

**Unlock
the Stock**



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Hosted by The Finance Ghost and Mark Tobin via Zoom every month, Unlock the Stock actively encourages companies to share not only financial information, but to also introduce management teams to a new group of potential shareholders, as well as to communicate the real stories – the new investments, innovations.

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> Legal and Regulatory Update

The much spoken about FATF grey listing became effective during the last quarter as expected. The full implications of this development have not yet manifested themselves however we do hope that this status will be positively adjusted as soon as possible as the negative “environmental” factors in South Africa need to be addressed urgently to create a more appealing investment destination.

On a darker note, the power black-outs continue with a bleak outlook for the winter months. The regulators, A2X, Strate and other market participants have constituted a working group to continue to assess the ongoing implications of the Eskom difficulties on the market and to work together to ensure market continuity in respect of what appears to be a long-term problem.



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