



# Q3

## Update

October 2023

THE FAST, FAIR,  
EFFICIENT EXCHANGE

**Most of South Africa is still floating on air after the Rugby World Cup win and we are pleased to report that despite a tough macro-economic environment, A2X continues to grow.**

Consistent with international trends, new independent research is available that shows the irrefutable benefits that competition, in the form of A2X, has brought to the South African financial markets.

Set out below are, amongst other interesting insights, the details of the of the research carried out by BMLL, a leading independent global data and analytics provider, A2X can now show conclusively the benefits that arise through having a choice of trading venue.

Another A2X milestone is that it has been open for trading for six years this month and we look back on our year-on-year performance - I think the graphs speak for themselves.

Wishing you the best! - and well done Bokke!

Kevin,  
CEO  
A2X Markets

- > WELCOME
- > ANNOUNCEMENTS
- > BMLL MARKET RESEARCH
- > A2X - SIX YEARS ON
- > UNLOCK THE STOCK
- > LEGAL AND REGULATORY UPDATE

[A2X Announcements](#)



- Reunert Limited listed its shares for trade on 15 August.



- Shaftesbury Capital PLC listed on A2X on 3 October



- On 12 July Lighthouse Properties' shares became available for trade.



- On 5 September, DRDGOLD listed their shares for trade on A2X



- We welcomed Vodacom Group Limited to our market on 26 October.



The Foschini Group Limited (TFG) listed their shares for trade on A2X on 11 October.



## Independent global data and analytics provider with positive news for the SA financial markets.

**Internationally, competition in the exchange space has been a driving force for innovation, price improvement, and the enhancement of services offered to customers.**

The presence of multiple trading venues lead to a more robust, efficient and diverse financial

In addition, the analytics show that the size of the order being posted exclusively at the NBBO on A2X, is on average around three times the size of that found on the incumbent exchange.

These two metrics clearly demonstrate some of the key benefits that a competitor like A2X can bring to the market. Not only has A2X managed

market and benefits for investors.

A2X Markets is a stock exchange which operates an alternative trading platform. It has 183 securities listed, including 31 of the Top40 constituents and was established to import the successful international first competitor model of providing a secondary trading platform for listed securities.

Independent research carried out by BMLL, leading independent global data and analytics provider, now conclusively shows that the benefits of competition experienced in jurisdictions like Europe, Australia and the USA are similarly now manifesting in South Africa with the successful establishment and operation of A2X Markets as an alternative trading platform.

BMLL's research involves key market quality analytics in South Africa by studying 30 Top40 constituents that have a listing on both A2X and the incumbent exchange, to measure the positive impact A2X has had on financial markets in South Africa.

**Two of the criteria used were:**

1. Exclusive time at National Best Bid and Offer\* (NBBO) by market
2. Posted notional liquidity by market at level 1 Bid and Ask

What is NBBO? NBBO is short for National Best Bid and Offer and is a quote that reports the highest bid price and the lowest offer price in a security available to customers from available exchanges or trading venues in the jurisdiction.

A widely used metric internationally, is Exclusive Time @ NBBO by exchange. This measures the percentage of time where there is exactly one venue with an order/s equal to the highest bid price and simultaneously, one venue with an order/s equal to the lowest offer price. Encouragingly, the BMLL analytics shows that over the past 3 months (Jul, Aug, Sep), A2X

to attract additional liquidity against which investors can transact, it has done this at the top of the order book.

This enables investors and brokers to benefit from both direct savings, in the form of lower end to end exchange fees – on average around 50%, but importantly, also indirect savings. These are the savings captured when an investor is able to buy or sell a greater number of shares at an improved (or same) price. A simple example is when an investor is able to purchase a quantity of 1,000 shares at 1,000c in one trade versus buying 300 at 1,001c, 400 at 1,002c and 300 at 1,003c. In short, the investor has an indirect saving of 2c per share, or some 20 basis points.

The market continues to respond positively as they realise the benefits of competition with A2X seeing remarkable growth in its number of listings, value and trade count.

A2X CEO Kevin Brady commented:

**“Independent research has confirmed what we have known all along, that competition in any industry is good for everyone. We are proud to be playing our part in growing the marketplace in South Africa and growing the savings pool for all investors. We calculate that the potential savings that we are able to make available to the market to be in the region of R900 million per year. If all companies are listed on A2X, we estimate this to grow to R1.32 billion a year.”**

A2X has successfully grown its trade value from a start-up in 2017 doing just R657 million in trade value in its first year to over R75 billion in its sixth year of operation. It has overcome many of the initial industry, regulatory and infrastructural challenges as the first real competitor to the incumbent, and as the research finds, the benefits that it has brought to the marketplace in South Africa are evident.

has dominated this space with the exclusive NBBO being found on its venue for over 75% of the time.



## A2X – Six years on.

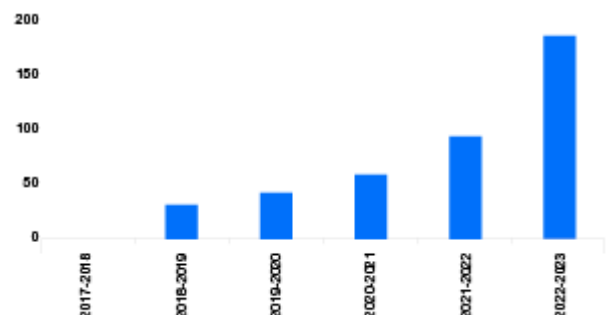
**A2X has successfully grown its trade value from a start-up in 2017 from just R657 million in trade value in its first year to over R75 billion in its sixth year of operation.**

It has overcome many of the initial industry regulatory and infrastructural challenges as the first real competitor to the JSE. This significant growth has occurred as more market participants realise the resultant benefits of transacting on or having a secondary listing on A2X.

### A2X: Trade Value Rs

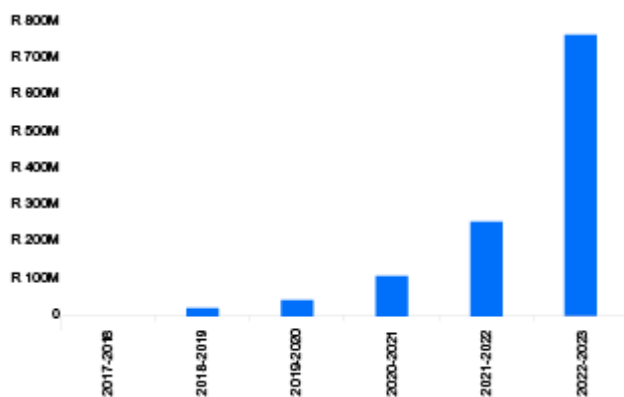
A2X added 88 securities to its list of issuers between October 2022 and October 2023, these include a wide range of securities including REITs, well-known South African companies and ETFs, 13 of which were Top-40 constituents.

### A2X: Total Listings



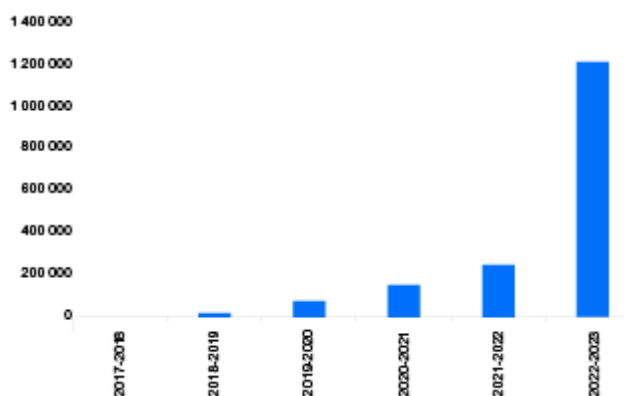
A2X CEO Kevin Brady said "A2X's growth could not have been achieved without the support of our brokers and issuers who have backed healthy competition. We are proud to be playing our part in growing the marketplace in South





Trade count increased significantly as more and more brokers are connecting to A2X with over 1,2 million trades taking place in the last year, up from 213 000 in 2021/2022.

### A2X: Trade Count



Africa and growing the savings pool for all investors. We calculate that the potential savings that we are able to make available to the market to be in the region of R900 million per year. If all companies are listed on A2X, we estimate this to grow to R1.32 billion a year.”

This savings pool is driven by cost-effective trading fees and the ability to capture price improvement, as a result of the buying and selling of shares at a better price, when brokers transact. The current savings amount that A2X makes available to investors of R900 million is set to increase significantly to potentially R1.5 billion as more public companies decide to secondary list on A2X.

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 its low- cost platform, and capture the benefits of narrower spreads and added liquidity.

### > Unlock the stock



### Unlock the Stock Sessions

A2X are proud sponsors of Unlock the Stock. Unlock the Stock is a knowledge-sharing platform for

the South African investment market that provides a unique platform for companies to connect directly with investors.

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.

If you missed any of the latest sessions – you can watch them right here:



> **Unlock the Stock with**  
Capital Appreciation Limited  
and Spear REIT Limited  
**20.07.2023**  
**#unlockthestock**



> **Unlock the Stock**  
with Barloworld Limited  
**24.08.2023**  
**#unlockthestock**



> **Unlock the Stock**  
with Curro Holdings Limited  
**31.08.2023**  
**#unlockthestock**



> **Unlock the Stock**  
Harmony Gold Mining  
Company Limited  
**07.09.2023**  
**#unlockthestock**



> **Unlock the Stock**  
with CA Sales  
Holdings Limited  
**14.09.2023**  
**#unlockthestock**

Should you wish, as a listed company to participate in Unlock the Stock, or simply would like more information, please contact:

Deborah Chapman | [076 650 4155](tel:0766504155) | [deborah@kris.co.za](mailto:deborah@kris.co.za)

Vanessa Rech | [083 307 5600](tel:0833075600) | [vrech@kris.co.za](mailto:vrech@kris.co.za)



---

## > Legal and Regulatory Update

2023 has to date unfortunately not yielded some of the expected regulatory changes that we were hoping for, specifically the release of the market conduct standards for market infrastructures and the rules governing the achievement of best execution for clients. We are however hopeful that this document will be published before the end of 2023 as these standards are key in a market where common members are trading the same product across more than one venue.

On a positive note, A2X has applied to extend its licence to include the secondary listing and trading of additional structured products and specialised securities. These products include actively managed certificates, depositary receipts, asset backed securities and warrants. This application is consistent with the A2X strategy to secondary list and trade all products that trade and clear like shares. The application has been published by the FSCA for comment and we await their feedback. We look forward to introducing these products shortly.



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

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