



# The South African Institute of Stockbrokers

Annual General Meeting  
13 October 2022

# SAIS AGM -AGENDA

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1. Welcome
2. Notice, quorum, and appointment of chairperson of the Council
3. Apologies
4. President's Address
5. Announcement of Round-Robin Resolutions in respect of members acting other than at meeting via electronic voting.
6. Closure of Meeting



# The South African Institute of Stockbrokers

SAIS – AGM

PRESIDENT ADDRESS





# GLOBAL MARKET UPDATE

ord Street  
The new gas supply route for Europe





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## Global Economy – 2021/2022

- Global interest rate hikes, persistently high inflation, spiking oil prices, devastating climate change and the ongoing war in the Ukraine, have led to severely weakened economies and volatile global markets.
- With the impacts of the COVID-19 pandemic still lingering, the war is dragging down growth and putting additional upward pressure on prices, above all for food and energy.
- The face of **global trade and supply chains** have arguably changed forever with significant impact to the geopolitics of energy dynamics, commodities and emerging markets.

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## Global Economy – 2021/2022

- Compounding the damage from the COVID-19 pandemic, the Russian invasion of Ukraine has magnified the slowdown in the global economy, which is entering what could become a protracted period of feeble growth and elevated inflation, according to the World Bank's latest Global Economic Prospects report. This raises the risk of stagflation, with potentially harmful consequences for middle- and low-income economies alike.
- For many countries, **recession will be hard to avoid**
- It is urgent to encourage production and avoid trade restrictions. Changes in fiscal, monetary, climate and debt policy are needed to counter capital misallocation and inequality

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## SA Economy 2021/2022

- Growing concern around SA economy & state of country.
- The COVID 19 crisis and riots had weakened an already fragile economy.
- South Africa's growth underperformed during the past decade: GDP per capita was already lower in 2019 than in 2008.
- Three major macroeconomic problems – continued lackluster economic growth, growing inflation and very high unemployment – have been exacerbated by a series of major disruptions;
- Energy and water crisis, along with demise of logistic infrastructure, petrol price, corruption in both public and private sector, mismanagement in government, significant unemployment, violent crime, insufficient infrastructure, and poor government service delivery to impoverished communities;
- IMF says a third of the global economy will shrink in coming months as it cuts SA Forecasts
- Increasingly growing concern with regards SA economy and SA as an investment destination
- The SA market has seen an extensive rate of outflows in both the Equities and Bonds market.



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## SA 2021/2022

- Finalisation of Zondo Commission and the appointment of Shamila Batohi to head the National Prosecuting Authority – to ensure that there was a decisive break with the Zuma era and a move towards greater accountability, transparency, coherence, stability and continuity in state and society.
- Political campaigns have kicked off as we head closer to ANC 55th National Conference – Dec 2022
- Cyril Ramaphosa will be challenged for leadership ANC
- The birth, rise and populist disruptions of the Economic Freedom Fighters (EFF), and the birth, rise and populist disruptions of what we now refer to as the Radical Economic Transformation (RET) faction.
- What binds these fellas together is opposition to Ramaphosa and the “constitutionalists” (constitutionalists are said to be counter-revolutionary and
- Demand access to and control of two main institutions that were not “captured” during the Zuma presidency – the South African Reserve Bank and National Treasury
- The December conference will mark a turning point.

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## SA RAND

- The rand has also lost ground as Eskom continues to face unresolved difficulties, with poorly performing coal fleet and a 62% energy capacity in increasing the availability of electricity in the face of vandalism, theft and sabotage of its infrastructure and electricity generation capacity, on old poorly maintained, or poorly built power stations.
- The newly reconfigured Eskom board did not spark rand strength, as the deep-rooted problems in SA's energy production sector are not quick or easy to resolve, but will instead take many years to repair, resolve and bolster domestic production capacity.
- The rand reached R18.24/USD, the weakest point against the greenback this year, and only around a rand stronger than the historic weak point in April 2020, as the US dollar continues to climb to its high of the early 2000s
- US dollar strength continues to see the rand weaker against the euro, at R17.70/EUR
- Against the British pound, the rand is at R20.18/GBP, as the UK is in the process of repairing some communication misfires on fiscal policy recently
- SA has a tendency of scoring 'own goals' by self-sabotage. Union strikes experienced, the inefficiency of our ports and railways, and the deterioration of our roads has restricted trade and economic activity

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ZAR has broken passed and 'Nene Gate' levels.

Global Risk Off sentiment could potentially see the Rand test its record highs caused by the Covid-19 Pandemic.





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## TRANSNET

- Transnet, operates all of freight rail and port operations in Africa's most advanced economy
- The demise of Transnet has had profound impact on SA economic activity across all sectors, not to mention losing billions of rands in potential revenue due to delays in mineral shipments to mining industry
- Transnet continued dismal operating capacity due to the largescale corruption, shortage of locomotives, poor maintenance, vandalism and theft of its infrastructure,
- Rail and port workers' wage strike threatens to paralyse freight in SA
- The industrial action has set off jitters that bottlenecks will occur at the ports, costing businesses and the economy billions having a catastrophic economic fallout if operations at the state-owned logistics giant's ports are not fully operational and working.

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## SA Market

It is not all doom and gloom –

- SA Treasury early adopters of increasing interest rates whilst trying to curb inflation
- The SA equity market offers exceptional value, trading at attractive valuation multiples compared to global peers, with low expectations baked in.
- Seeing value in Rand Hedge shares amongst both resources and non-resource industrial companies.
- SA Inc management teams are accustomed to operating in an inflationary environment, with balance sheets generally in robust shape.

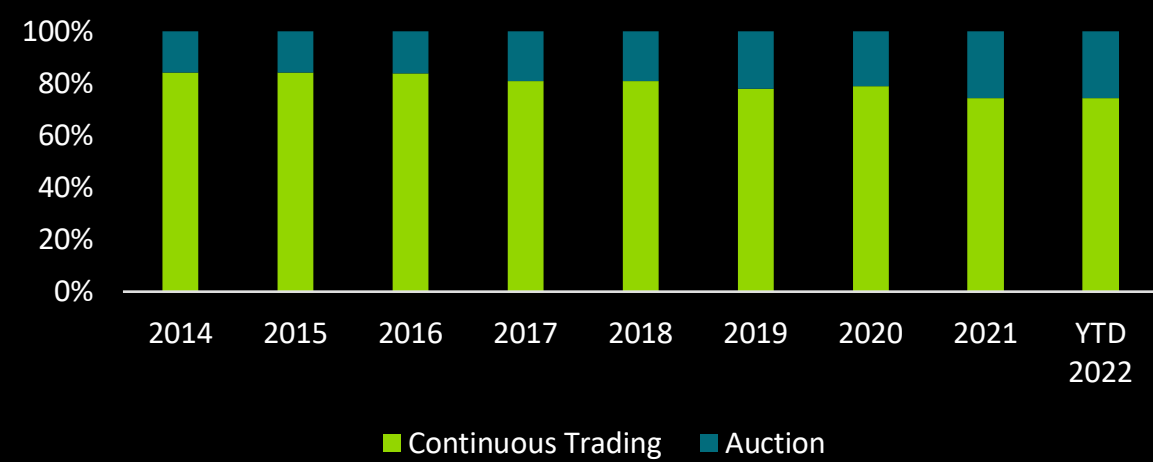
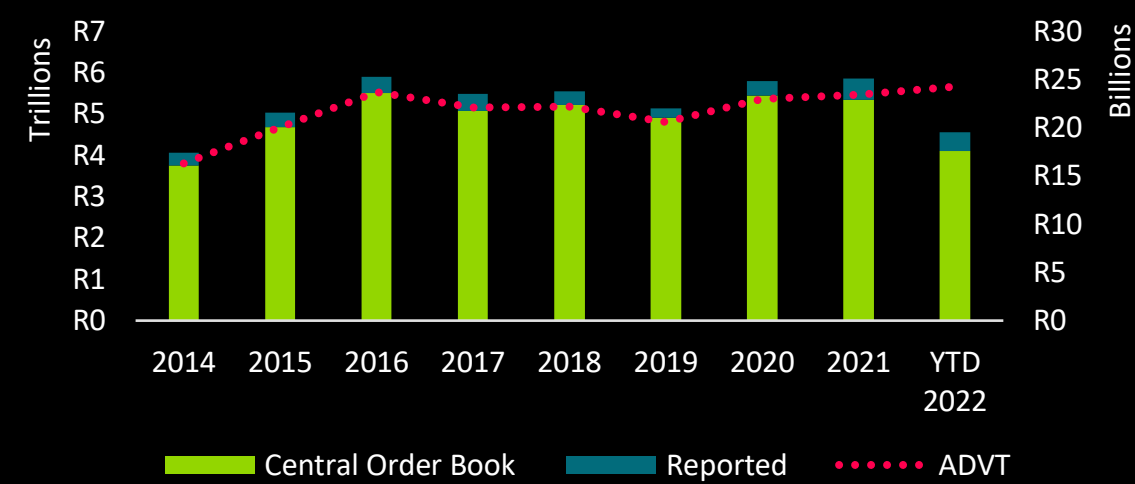


# JSE Highlights, YTD 2022

## Equity Market



# Equity Market Overview | Trends in Trading Activity

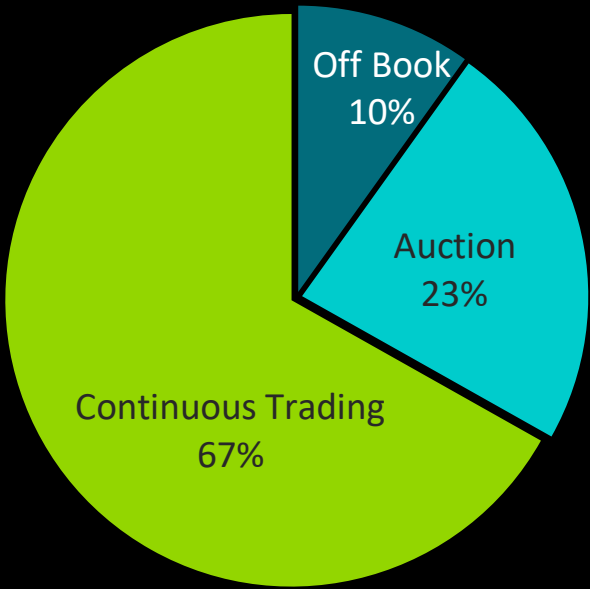
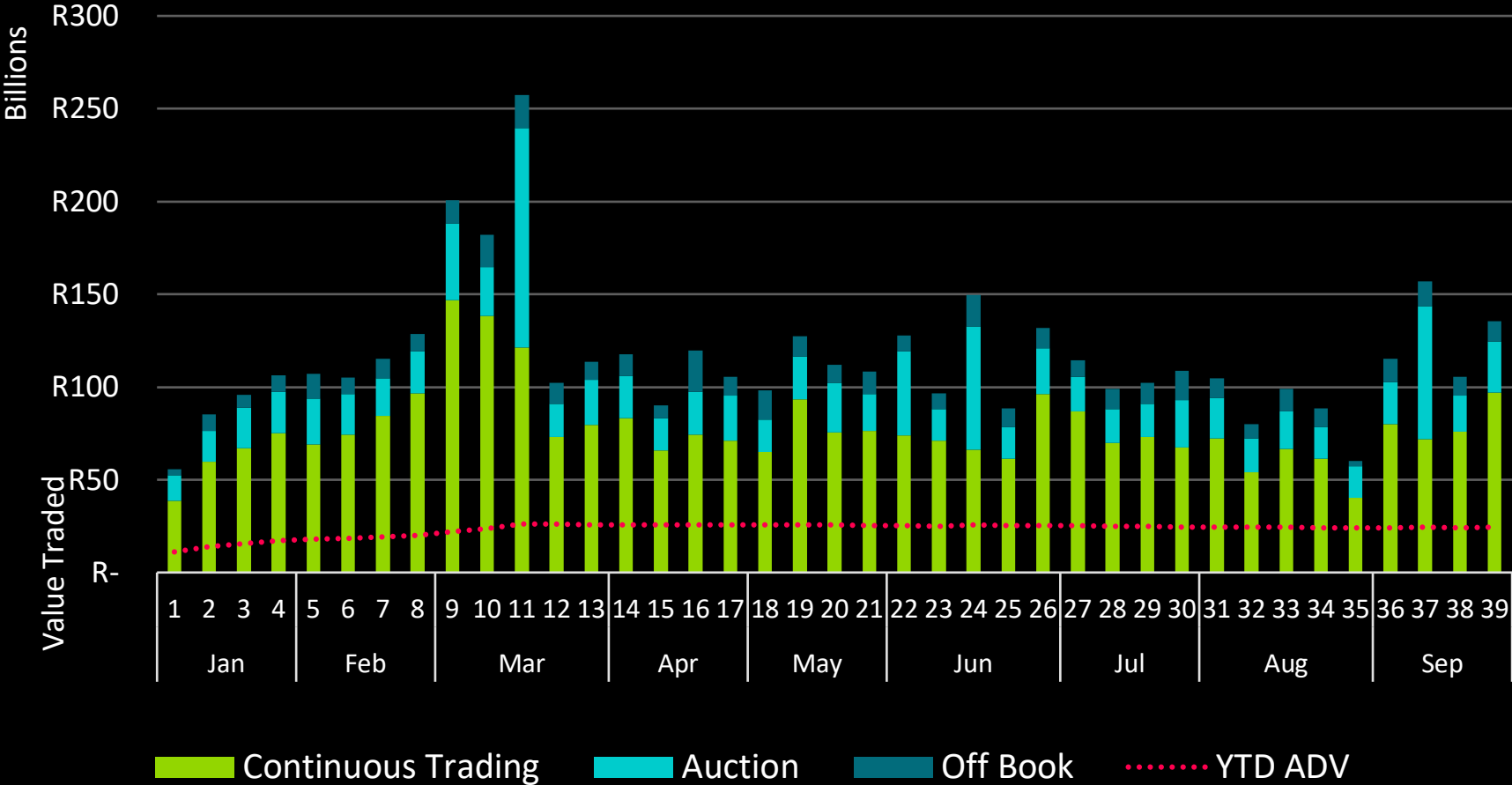


## Key Highlights

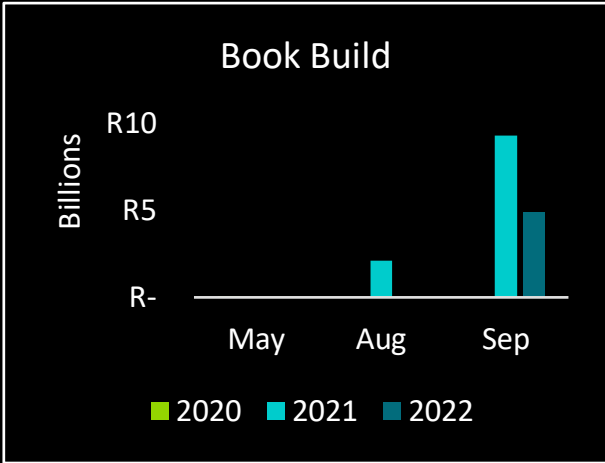
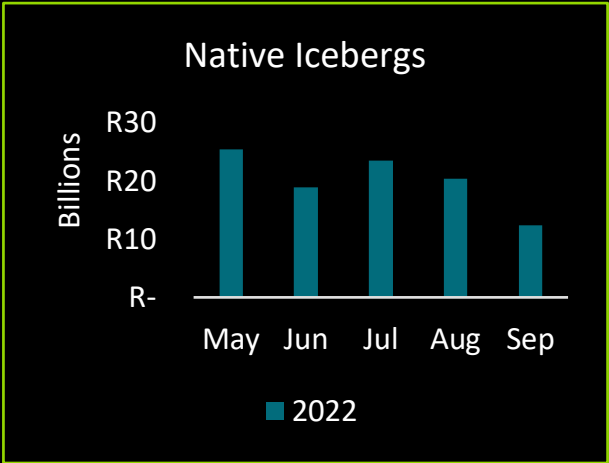
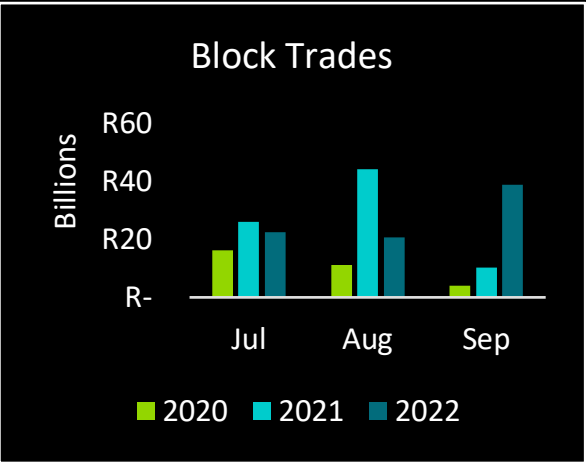
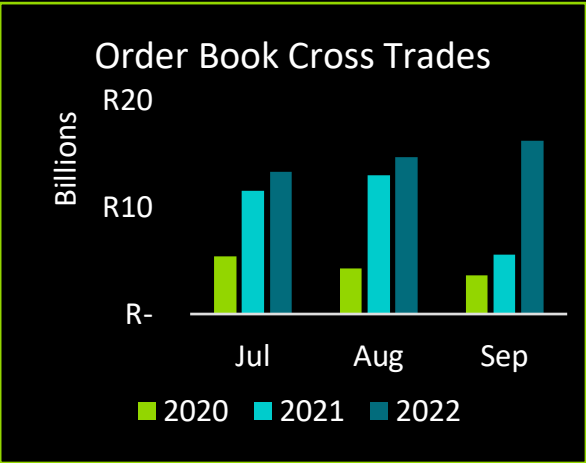
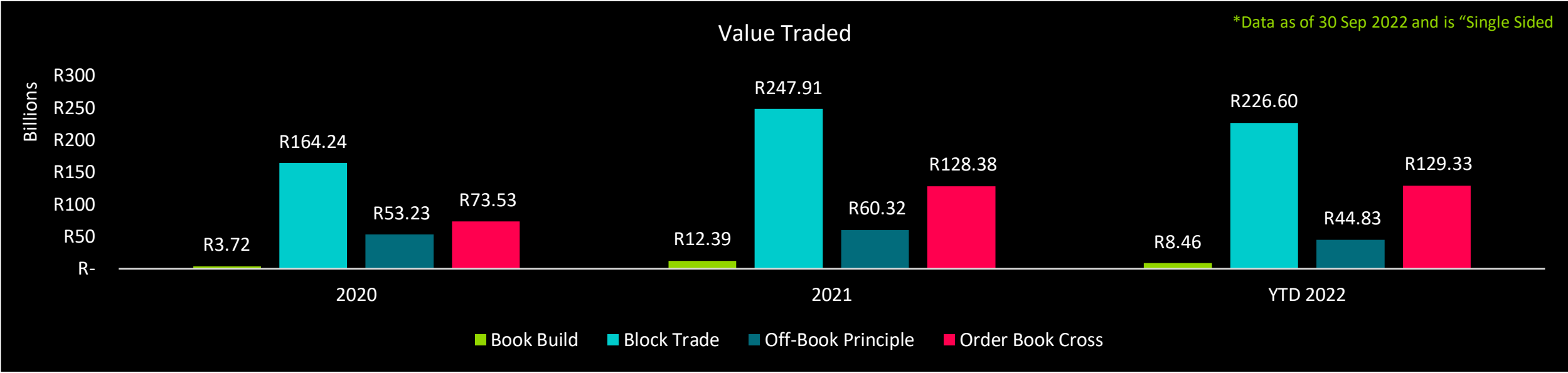
Following strong activity in H1 2022, Q3 2022 has been marked by muted activity in SA Equities Market. YTD Value Traded is **-0.4%** to **R4.56 trillion** and the Average Daily Value Traded (ADVT) pulled back by **-3%**. ADTV slowed from **R25bn** in Q2 2022 to **R24.2bn** in Q3 2022 at the back of tighter monetary policy rates and a general ‘risk-off’ sentiment. Overall, YTD, domestic institutional investors have switched out of higher equity investments in favour of cash and fixed-income investments that have better short-term performance whilst foreign investors were net sellers of SA Equites to **-R69 billion** as at end of Q3 2022

YoY JSE Equites Market   Trade Type Breakdown			
Trade Type	YTD 2021	YTD 2022	% Change
Central Order Book (COB)	R 4 073 736 252 463.50	R 3 980 405 451 186.59	-2.3%
Order Book Cross (XT)	R 96 870 260 417.09	R 129 329 118 035.48	33.5%
Reported Trades (BT & OP)	R 231 754 067 995.82	R 271 431 752 096.82	17.1%
Reported Trades - Other	R 178 393 348 058.82	R 179 794 427 354.86	0.8%
	R 4 580 753 928 935.23	R 4 560 960 748 673.75	-0.4%

# Equity Market Overview | Weekly Value Traded as at 30 September 2022

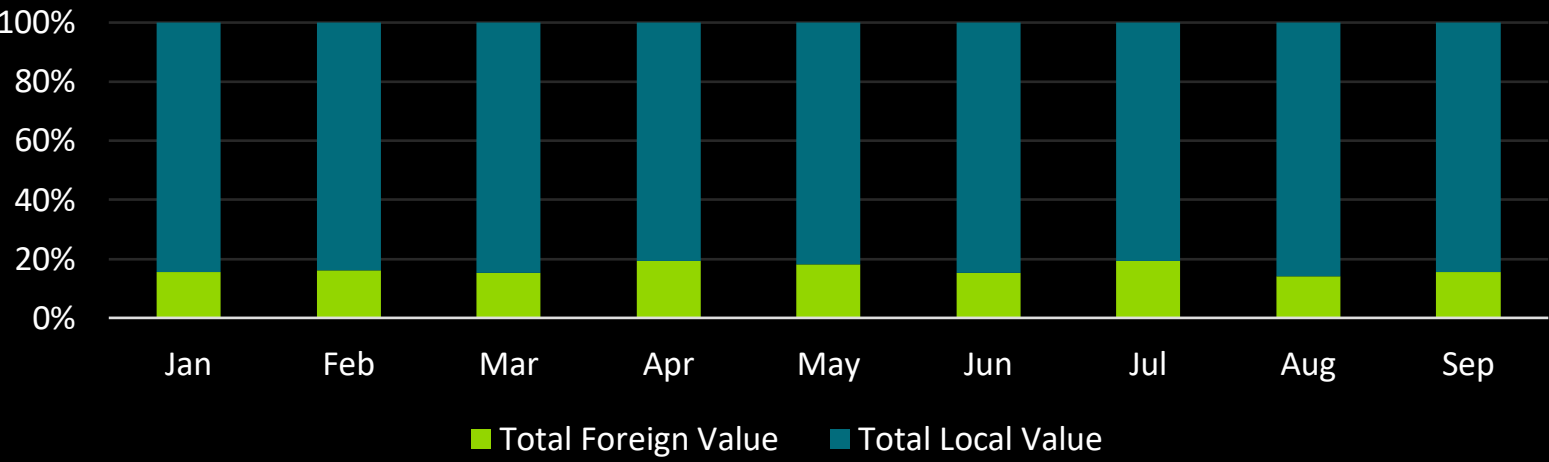
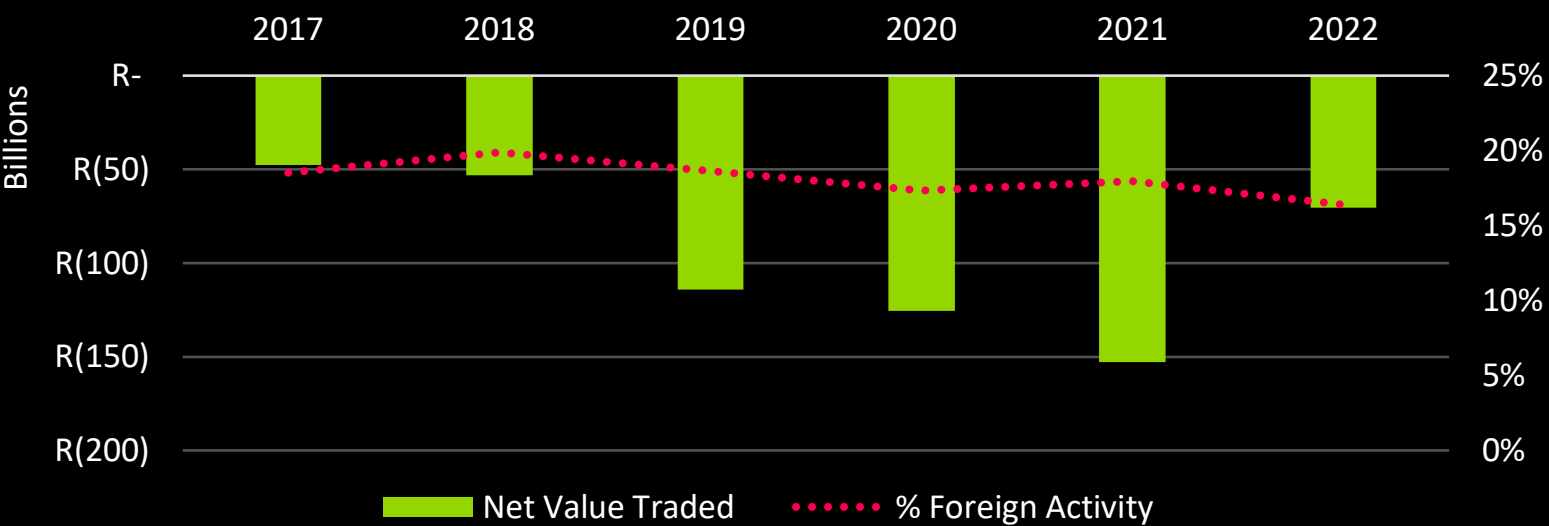


# Equity Market Overview | Block Trade; Order Book Cross; Iceberg & Bookbuild





# Equity Market Overview | Foreign Trading



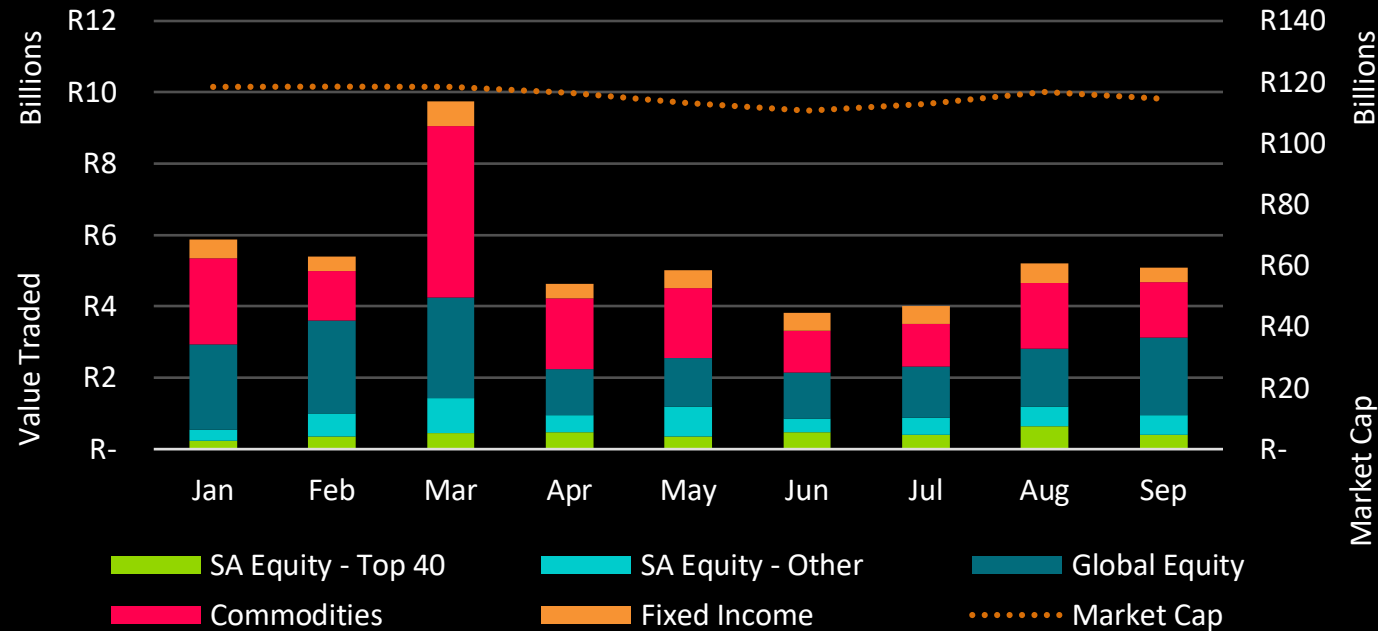
## Top 5 Foreign Holdings per segment

ZA01	% Foreign Holdings
Compagnie Fin Richemont	86
Clicks Group Ltd	71
Gold Fields Ltd	68
Anglogold Ashanti Ltd	61
Sibanye Stillwater Ltd	53

ZA02	
Steinhoff Int Hldgs N.V.	78
ArcelorMittal SA Limited	72
Tharisa plc	69
Harmony GM Co Ltd	66
Barloworld Ltd	60

ZA03	
Trustco Group Hldgs Ltd	94
Homechoice Int plc	92
Afine Investments Ltd	86
Choppies Enterprises Ltd	73
Mix Telematics Ltd	71

# Equity Market Overview | ETF Activity



## Key Highlights

- Month-on-month ETF value traded was lower compared to August's activity, reflecting roughly R5.1bn in total value traded during the month.
- ETF Market Capitalization showed a month-on-month decrease, to approximately R114bn. ETF unit creations were largely reflected in SA Top 40 and offshore exposure ETFs, whereas unit redemptions were seen in commodity ETFs and local & offshore equity ETFs

## Top & Bottom Five ETFs - YTD 2022

### Top 5

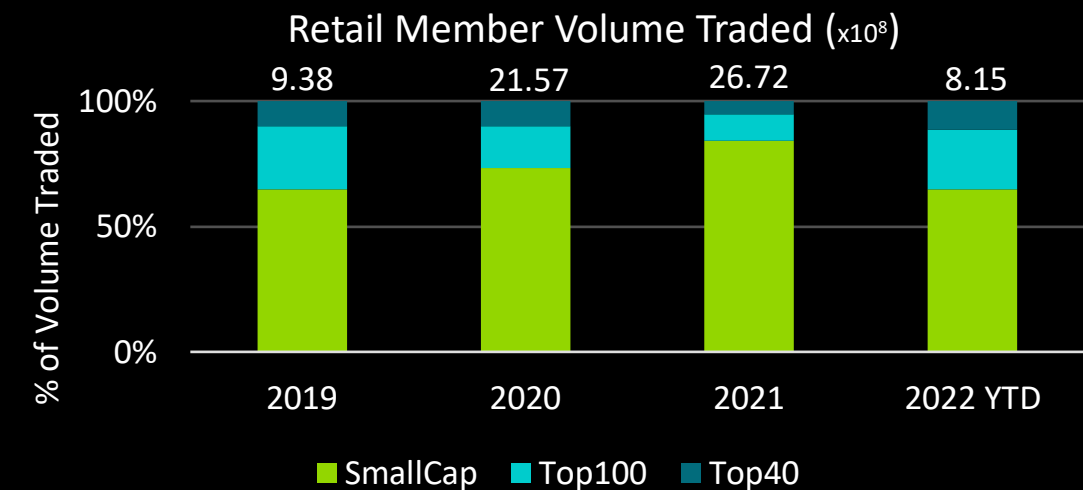
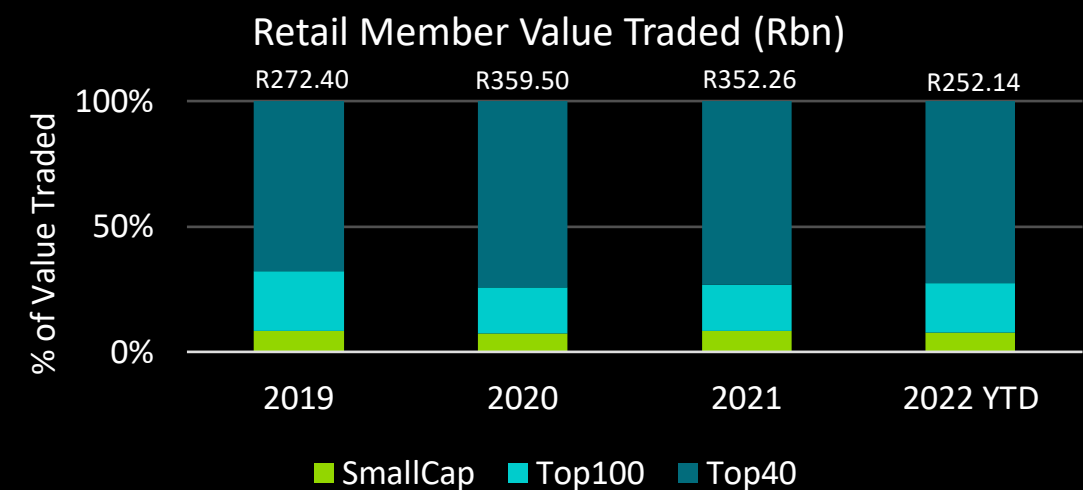
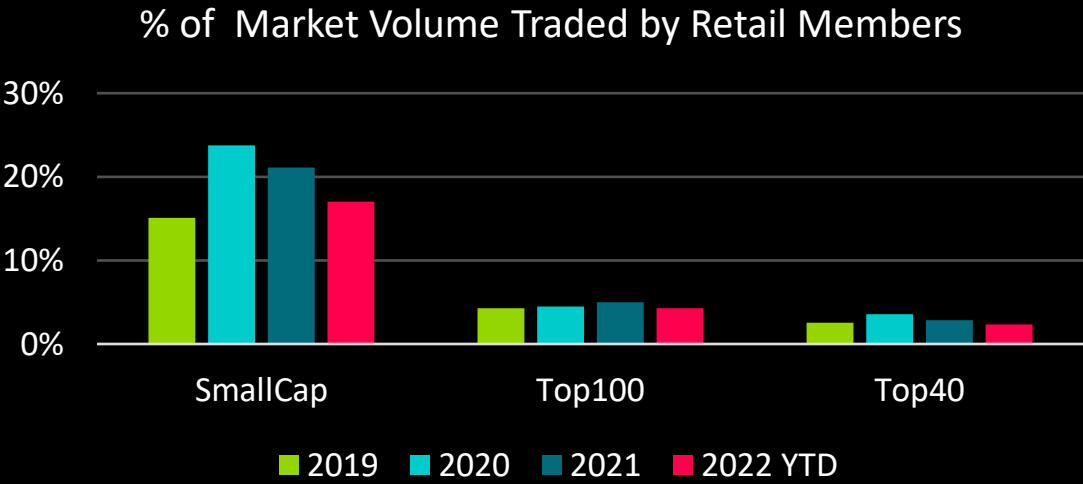
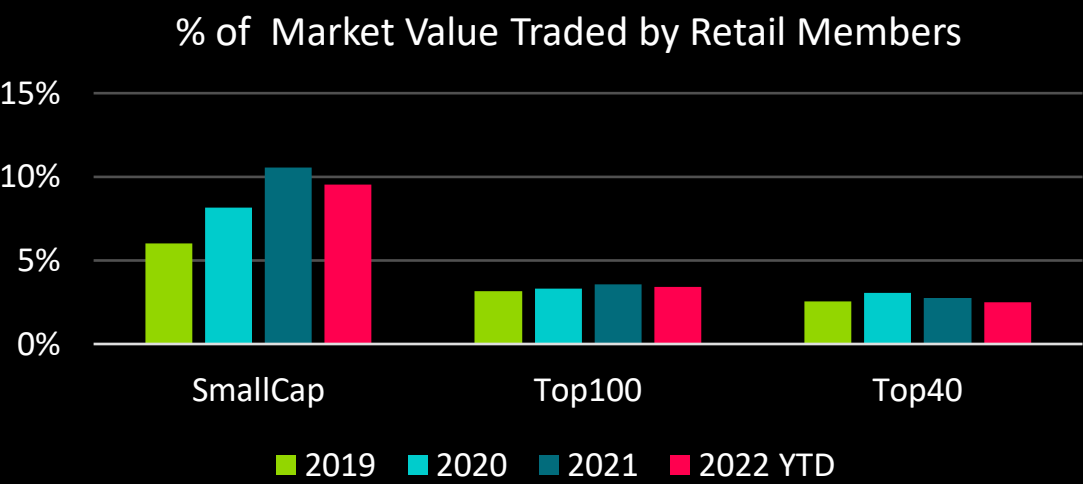
	Value	Volume	Deals
New Gold Issuer Ltd	R9 681 848 232.42	35 476 666	27 820
Satrix MSCI World Feeder	R3 578 844 504.33	56 732 137	15 042
New Gold Platinum ETF	R2 658 396 414.30	17 521 438	6 261
Satrix 40 Portfolio	R2 259 725 784.49	35 030 126	24 610
Sygnia Itrix MSCI World	R2 147 779 217.85	47 440 001	11 535

### Bottom 5

	Value	Volume	Deals
NewFunds S&P GIVI SA T50	R 6 985 977.91	167 297	428
Newfunds MAPPS Growth	R 3 877 082.05	145 502	381
NF VM Defensive EquityETF	R 2 198 031.37	205 913	132
AMI Big50 ex-SA ETF	R 1 239 729.32	177 806	901
Africa Sovereign Bond ETF	R 726 631.27	8 545	283

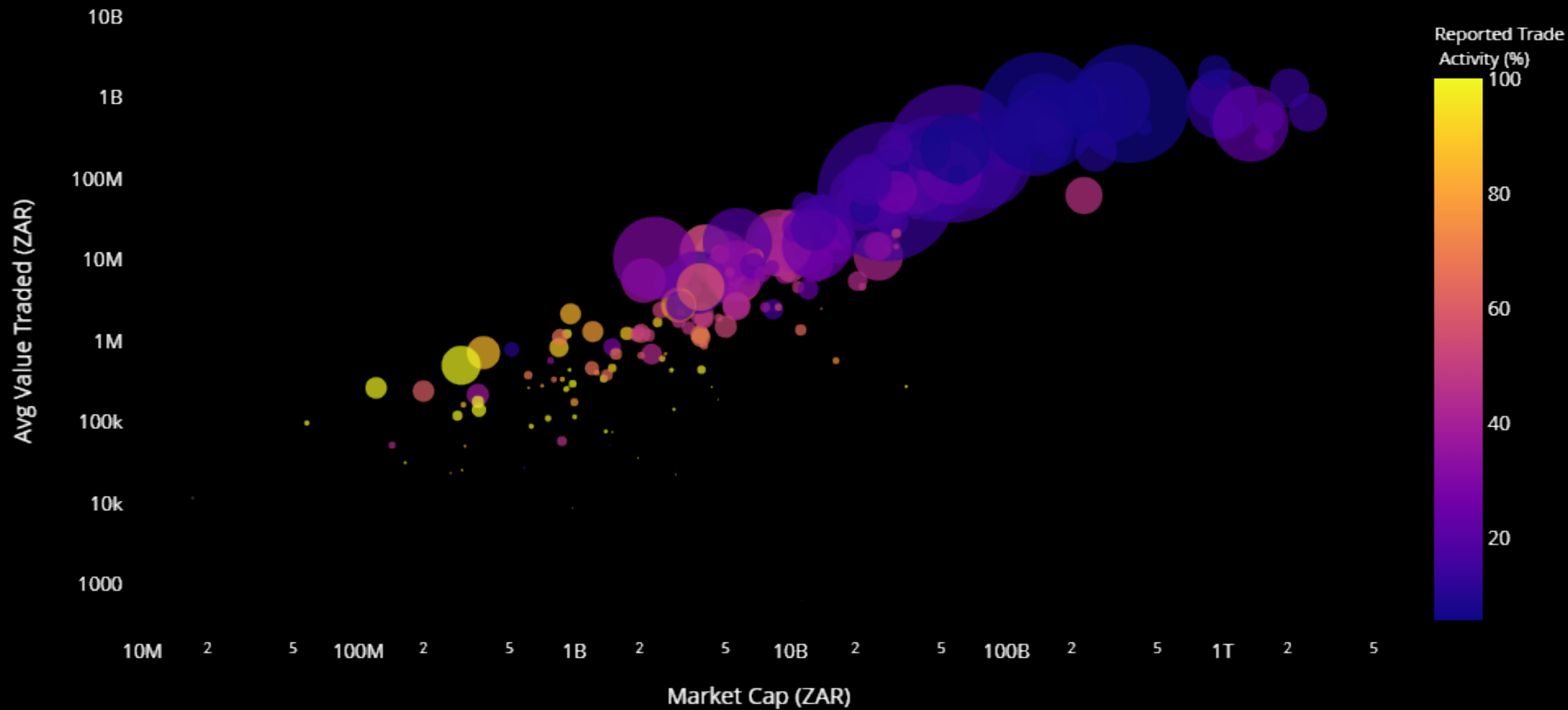
# Equity Market Overview | Retail Trading

Note: Top 100 group excludes all stocks already identified as part of the Top 40 group

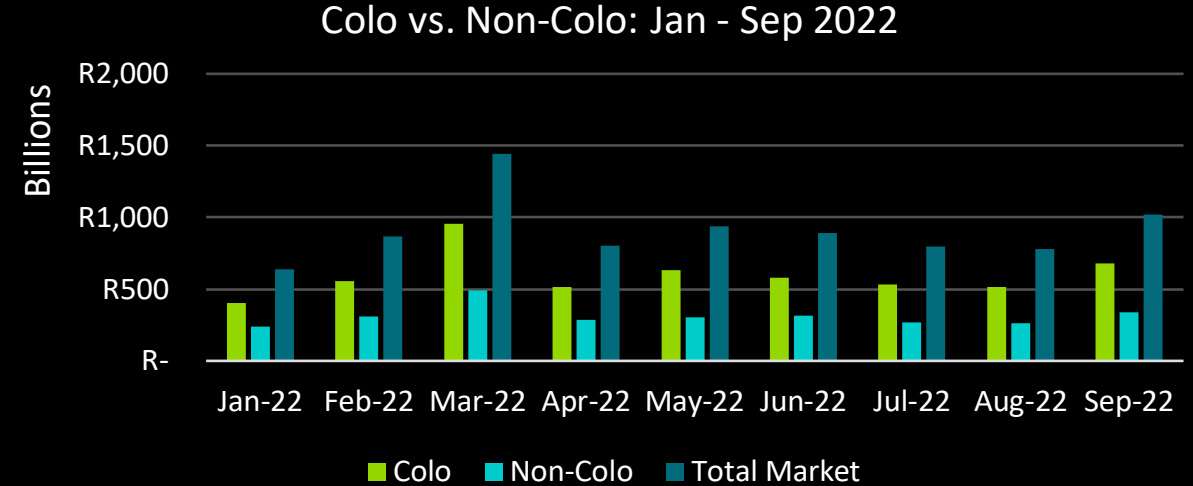
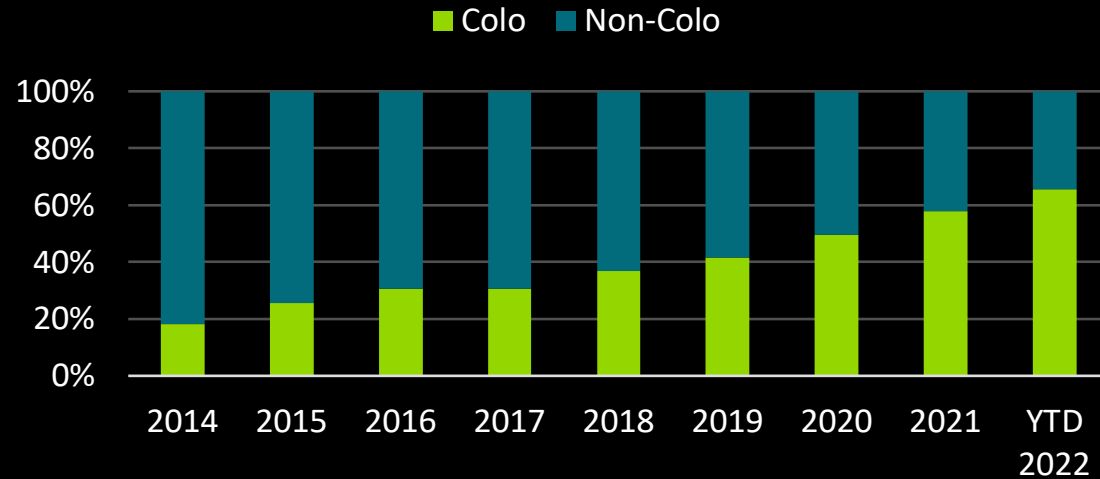


# Trade Activity | Reported Trades YTD 2022

Note: This chart contains data only for equities that have recorded any one of the reported trade types. Value Traded and Market cap are averaged daily from 1 Jan 2022 to 30 Sep 2022. The bubble size reflects the stocks volume traded averaged over the same period



# Equity Market Overview | Colocation Activity



## Key highlights

### 1. Colocation trade flows and occupancy rate

- On average, ~65% of trade now comes through colocation, colo activity jumped +75% in March 2022 from Feb 2022
- Colocation racks are ~65% occupied (49 out of 71) with a strong pipeline supportive of future expansion plan

### 2. Colo growth opportunities

- There is interest from some Low-Latency clients to trade across asset-classes, i.e. EQDs; Currencies & Commodities
- Some Low-Latency clients have expressed interest to act as market-makers in Commodity ETFs



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## **JSE/RESULTS Highlights**

# H1 2022 key highlights



**R1.4bn**  
*Operating  
revenue*  
+10% YoY

**R880m**  
*Operating  
expenses*  
+3% YoY

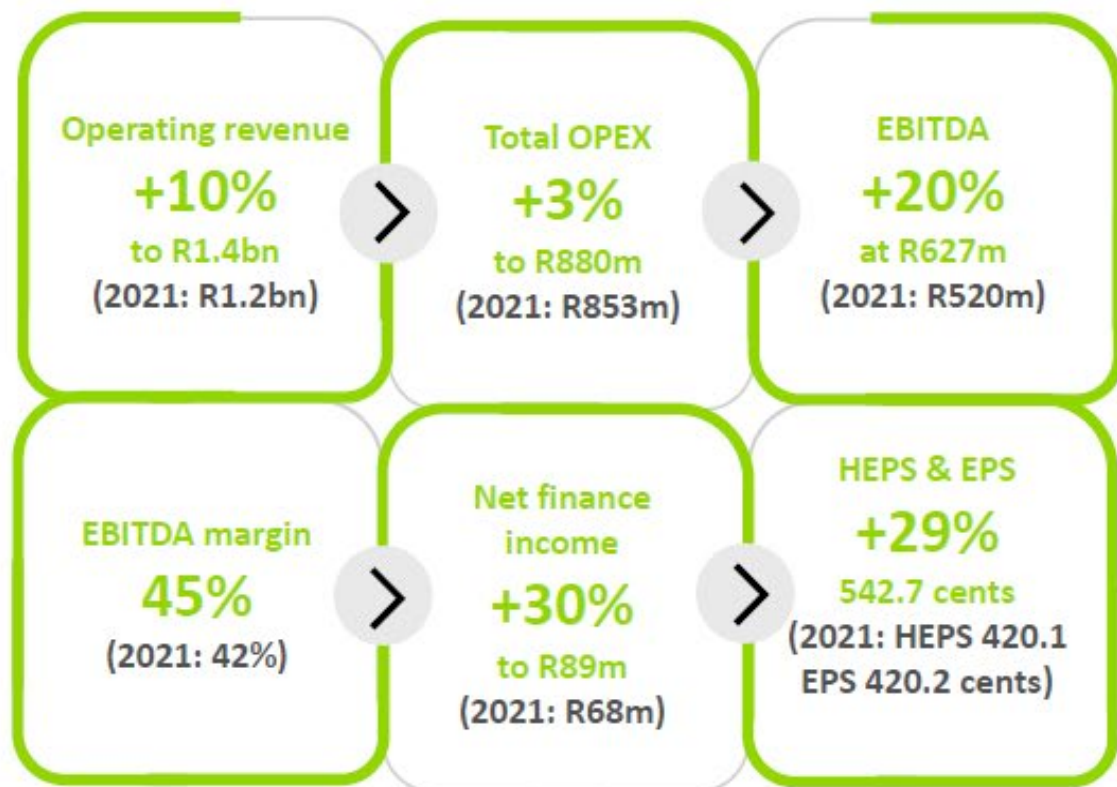
**100%**  
*Earnings cash  
conversion\**

**542.7**  
*HEPS (cps)*  
+29% YoY

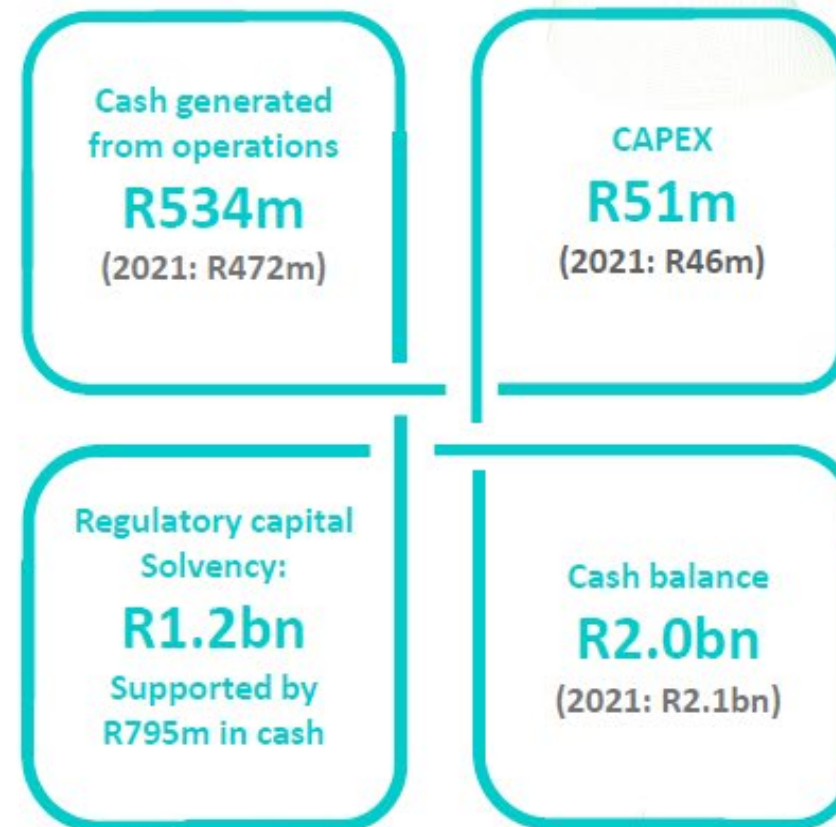
**JSE**

# H1 2022 key financial highlights

## PROFITABILITY



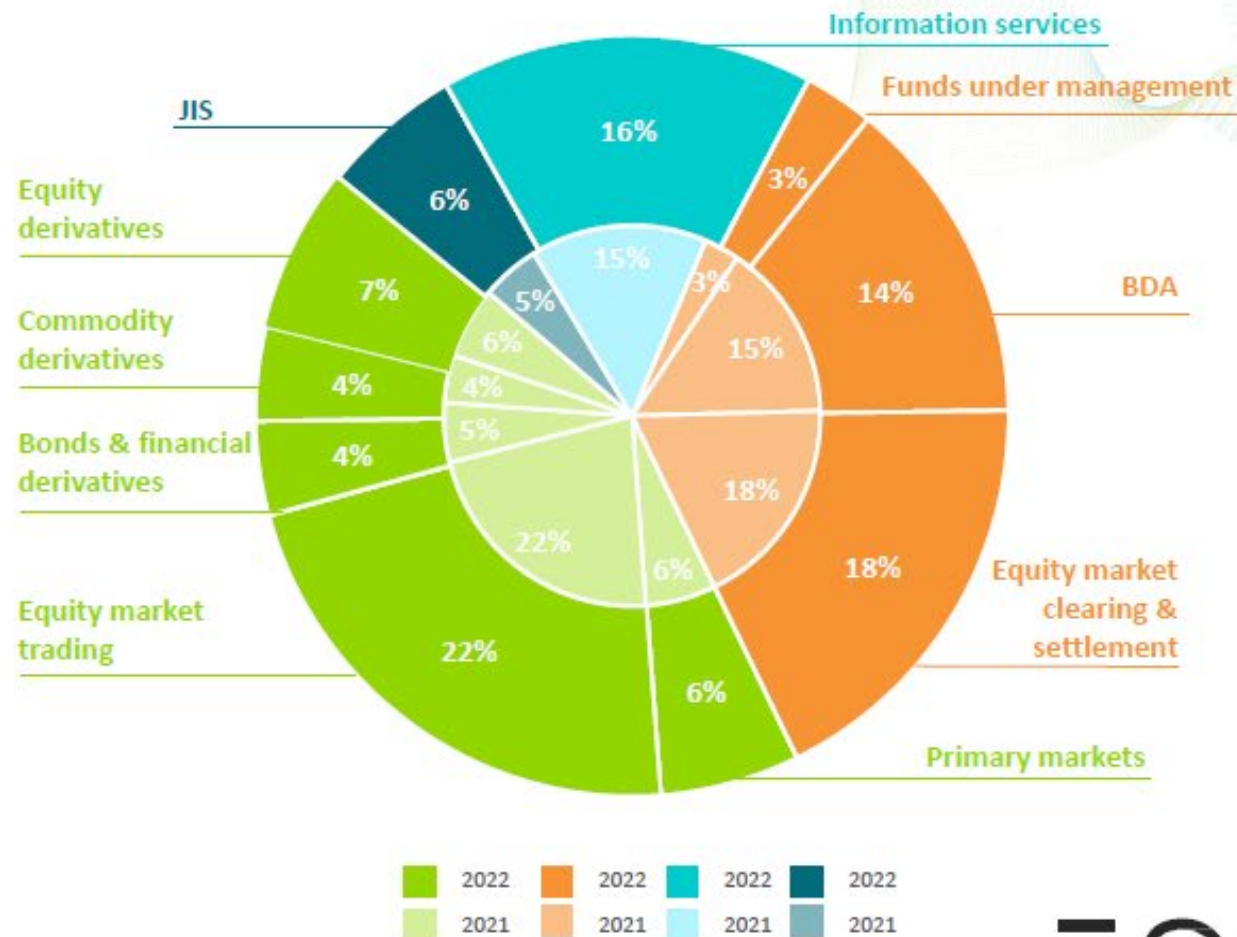
## CASH & CAPITAL





# Growth across all segments

	H122 Revenue (Rm)	H121 Revenue (Rm)	% Growth YoY
<b>Capital markets</b>	549*	504*	9%
Equity market: trading	275	253	9%
Equity derivatives	83	74	13%
Primary market	81	74	9%
Bonds & financial derivatives	57	53	8%
Commodity derivatives	49	46	5%
<b>Post-trade services</b>	453	420	8%
Equity market: clearing & settlement	229	207	10%
BDA	180	173	4%
Funds under management	45	40	13%
<b>Information services</b>	200	174	15%
<b>JIS</b>	76	52	46%



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## JSE GENERAL MARKET UPDATE

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## PRUDENTIAL LIMIT CHANGES

- The Changing of the prudential limits to 45% has created some angst within the market.
- Certain market participants believe that this could have exceptionally unintended consequences with, large outflow of SA Investments, SA markets becoming less relevant, substantial asset under management moving offshore managers, liquidity in SA Market diminishing, decrease in investment in SA Markets, employment, etc.
- A full utilisation of the 45% limit is unlikely in the short-term as most funds, on average, were still below the previous 30% (ignoring the 10% for Africa) as SA Markets still show great value
- At present, funds prefer to sit out the current storm, i.e. weak Rand; global inflation and the impact of the Energy Crisis in EU; geopolitics around China/Taiwan

## JSE VIEW:

- This is structurally negative for SA markets in the long run and they are engaging the regulators, specifically NT, on the unintended consequences of the relaxation of Offshore Limits in the current form
- Believe that SA is better served by other forms of enabling offshore exposure in a manner that strengthens flows to SA and grows domestic AUM, e.g. non-ZAR listings and non-ZAR collateral
- There are on-going discussions between the JSE executives and NT, JSE has shared a paper with NT around these and other broader proposals to stimulate listings and revive the Small Caps (still subject to closed discussions at the moment)

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## POTENTIAL FATF / GREY LISTING OF SA

**Concerns raised by market participants, and which also worry JSE :**

- The Grey Listing of SA will significantly increase the level and complexity of due-diligence applied to SA-based firms and/or their clients, this will prolong foreign capital/funds allocation to SA and will impact liquidity more generally
- There is a remote but likely risk of SA falling into what FATF calls “high-risk jurisdictions subject to a call for action”, these are countries not actively engaging with FATF to address Identified deficiencies - current regulatory work at national policy and industry level suggests that we could avoid this risk



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## POTENTIAL FATF / GREY LISTING OF SA

- Grey listing look inevitable, so minimising the impact is key
- The economic impact of grey listing could be limited or severe depending on how South Africa reacts to it.
- Estimate impact may be under 1% of GDP if we act quickly and enthusiastically or as much as 3% of GDP if South Africa is perceived to be slow and unwilling to meet the standards set by FATF.
- The economic impact is primarily from the increase in cross-border payment transaction costs and the general reputational impact.
- Financial firms worldwide, including banks, will be required to apply enhanced due diligence to any South African client.
- It would mean a more invasive and extensive process of assessing the source of funds and the integrity of clients

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## POTENTIAL FATF / GREY LISTING OF SA

- While the specific requirements vary between jurisdictions, the United Kingdom and European Union require banks to apply enhanced due diligence to any grey-listed country. (Some of our biggest trading partners)
- As a result of this increased compliance burden, some firms may elect not to do business with any South African company or individual to reduce costs and compliance risks.
- Longer term reputational effects will lead to a reduced appetite for investment exposure to South Africa. Grey listing will also complicate access to bilateral and multilateral development funding.
- The economic impact will depend substantially on how seriously South Africa is perceived to be working toward FATF compliance
- It's a cost that South Africa's troubled economy would struggle to carry

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## **JSE View - SA market construct and fragmentation (alternative venues and the impact of new matched principal trade type)**

- Broadly speaking, overall market share activity suggests that there is more to market competition than actual deep fragmentation – the JSE still has +99% in overall market activity
- There is some level of fragmentation on select counters with the main competitor to JSE gaining as much as 3% or 4% of activity but this is still more even driven than structural
- There has been relatively few JSE members on-boarding by the competition outside of the current common members – which has not substantially changed due to many factors Although it must be said that the top 10 brokers are connected
- The new MP (matched principal) trade type(which essentially post-trade) activity has stabilised around R150m – R200m weekly in Daily of Value Traded and its largely used by a very limited set of common members
- In the next few months and certainly over the next 2 to 3 years, Closing Auctions and Block Liquidity Discovery are going to become key areas of competition as competitors look for ways to get a foothold on liquidity
- JSE have, in their view, defended the Blocks very well following competitor order types that came in last year. Pure blocks (ex-Bookbuilds) continue to grow in VT terms
- JSE are doing work to understand future impact that could fragment closing auction volumes – even if it's not price forming activity - and we will engage JSE members; Buy-Side and TAC on our analysis in due course

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## JSE INITIATIVES – HIGH LEVEL

### ➤ **JSE Clear obtains Independent Clearing House License**

- JSE Clear has been granted a licence to operate as an Independent Clearing House and Central Counterparty (CCP) by the FSCA
- This makes the JSE Clear the only licensed CCP and Independent Clearing House operating in South Africa as of 1st September 2022 but will effectively commence once the consequential changes to our JSE rulebooks have been approved by our regulators
- Under the new Independent Clearing House licence, JSE Clear will fulfil its licensed functions and regulatory responsibilities in terms of its own rules.
- It will also manage its own fully capitalised balance sheet and will be governed by an independent Board of Directors

### ➤ **Securities Collateral:**

- This covers the introduction of up to 30% of securities (Bonds as a start) as collateral in the derivatives' market.
- From a systems (plumbing work) perspective, the project is now ready but there is reg work around the Settlement Rule Book and of course thorough testing with market participants that is still to be closed off

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## JSE INITIATIVES – HIGH LEVEL

- **Bonds and Equity CCP (with Bonds CCP being the priority)**
  - Detailed analysis work is under way, the JSE will produce a Blueprint setting out high-level decision areas covering impact on Settlement Models; Recommended Default Waterfall; Cross Margin impact, etc.
  - The Equity CCP will not be presented anytime soon though some preliminary analysis work has been done to Scope Strategic Questions for the JSE and the Market
  
- **Data Analytics and Data on the Cloud**
  - JSE recently launched 'JSE Trade Explorer', a cloud-based data product that enables members to access and analyse their activity (private data) at trade and order-level analytics such as Price Impact; Spread Capture' etc.
  - Work is underway to implement bespoke Historic Market Data on the Cloud to support clients with specific back-testing requirements or who require only a specific subset of Market Data

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## JSE Initiatives – High Level

### ➤ **Geographic Expansion**

- JSE is ramping up the Geographic Expansion Strategy with Asia-Pacific at the centre of focus
- Practically, this has translated into the following outcomes:
  - SGX is now part of the 'fast-tracked' listings exchanges recognised by the JSE, joining the like of LSE and ASX to mention a few.
  - JSE market-data(Indices' data at this point) is being distributed to China through the subsidiary of the Shanghai Stock Exchange, CIIS.
  - JSE is currently on a Client Roadshow in Singapore and Sydney to firm up on already established relationships with various market participants: Buy-Side; Brokers; Low Latency Firms and Exchanges

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## PRIMARY MARKETS INITIATIVES :

- **Sustainability** - in 2020 JSE launched the Sustainability Segment which encompasses Green and Social Bonds. Earlier this year JSE extended the segment to include sustainability-linked bonds and transition bonds whereby the funding rate changes based on the issuer's sustainability outcomes. The JSE first sustainability-linked bond was a gender-linked instrument issued in late August by Barloworld (i.e. funding rate reduces as proportion of female leadership increases)
- **Private Markets** - We launched JSE Private Markets earlier this year to allow for private companies and infrastructure projects to raise capital through our online platform. We have a growing investor base of large institutions (Old Mutual, Sanlam, etc.), private equity funds, VCs and high net worth individuals. In aggregate our investors hold well over R10 billion in their war chests. We currently have 15 live deals raising R3 billion across sectors such as healthcare, renewable energy, venture capital and waste recycling.



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## PRIMARY MARKETS INITIATIVES :

### ➤ **Actively Managed Instruments**

- On 13 September 2022: JSE announce that the Financial Sector Conduct Authority (FSCA) has approved amendments to the JSE Listings Requirements that will pave the way for issuers to list and trade Actively Managed ETFs (AMETFs) for the first time which comes into effect 14 October 2022.
- These are most significant recent regulatory changes to the local Exchange Traded Funds (ETF) industry since the South African Reserve Bank (SARB) issued an Exchange Control Circular in February 2017.
- The changes allows locally registered Collective Investment Scheme (CIS) management companies to list ETFs which related to offshore assets on South African securities exchanges.
- It allows these funds unlimited investment in offshore assets, subject to the restrictions on their offshore portfolio allowances.
- AMETFs are funds that are traded on the market whereby the investment manager uses an actively managed investment strategy to produce a return for the investor rather than utilising a passive investment strategy.
- The new listing amendments are part of JSE's ongoing efforts to align its operations with international benchmarks and to make the bourse more efficient, fair and transparent for both issuers and investors.

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## PRIMARY MARKETS INITIATIVES BELOW:

### ➤ **Actively Managed Instruments cont.**

- “The addition of AMETFs will enable the JSE to attract more issuers to list new instruments. In addition, AMETFs will provide South African investors with an opportunity to further diversify their portfolios in a cost-effective manner,” explains Reddy.
- Actively managed ETFs have seen strong growth globally, growing assets under management by 7.1% year-to-date to \$474 billion in 2022 from \$442 billion at the end of 2021.
- The impending introduction of AMETFs in South Africa comes after extensive consultation between the JSE, FSCA, and market participants given the global ETF market’s evolution and the local industry’s desire to align with global best practices.
- The JSE has attracted several ETF listings this year, confirming its status as the leading exchange for capital raising on the continent. The JSE currently has 93 ETF listings with a total market capitalisation exceeding R114 billion.



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SAIS General Feedback

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- Industry Market Project –
  - Orderly Closure & Re-opening of Markets in event of disaster
  - Project falls under auspice of Financial Sector Contingence Forum
- African Exchange Linkage Project- AELP
- JSE Surveillance
  - Education Qualifications
  - Set up meeting to discuss update/changes to rules
  - Single Contract Note
  - Branches and required staff
- JSE/STRATE Collateral Management
- Insurance – Professional Indemnity Insurance
  - Financial Institutions Crime And Civil Liability
  - Directors Officers' Liability
- FSTC – Financial Sector Transformation Council

# SAIS INDUSTRY/RETAIL FORUM

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- CCP – Central Counterparty Clearing House ( New Risk Model) – BASA
  - JSE Independent Clearing License granted
- SAIS / BASA
  - Vat Ruling - Declaration – Non-Residents – Zero Rating
- JSE - POPI
  - Disclaimer – Contracts
  - Retention BDA records
- SWIFT Attestation
- JSE Capital Adequacy Discussion
- JSE – BCP – Automatic Order Routing
- JSE FIX Network
- Offshore ETF
  - Situs & Estate Late

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- Information Regulator – POPI
  - Shareholder data
- Levies Bill
- FICA
  - Industry Guidance – PCC 52

# SAIS – STRATEGIC DISCUSSION

## WAY FORWARD



# SAIS –AGM - PRESIDENT ADDRESS

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- Leadership Concerns JSE C SUITE – change last 3-5 years
  - CEO, COO, CFO, CIO, CRO Director Capital Markets, Chairperson
  - Member institution history
- JSE Regulatory Environment vs. FSP License Environment
- Service provider vs. competitor (Conflicts of interest) - JIS TRADING PLATFORM
- Market Structure
  - Delisting's
  - Liquidity
- ESG – Sustainable Report Requirements
- Legislation & Regulations
- Systems & technology costs
  - BDA – 5 Years – replace tide into CCP – Cap Ad
  - ITAC – Possible replacement – old technology
- Independent Clearing House
  - CCP - part of BDA 3-5 years
  - Trade Repository
- Competition –Lack of
- Interoperability

# SAIS –AGM - PRESIDENT ADDRESS

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## **General Exchange Competition: -**

- JSE still enjoys 99% of Market share
- Difficult to grow competition due to :
  - **TOTAL LACK INTEROPERABILITY**
  - Legislation
    - Exchange has choice of where trades can settle
  - JSE Rules & Regulation
  - Capital Requirements
  - Clearing & Settlement
  - Mandatory Use BDA
  - Risk

**NB \*\*\* INDUSTRY CANNOT ABDICATE THE DEVELOPMENT OF CAPITAL MARKETS TO THE JSE\*\*\***



# Policy and Regulatory Updates

## Regulatory Instruments and Timelines

	2022	2023	2024	2025	Indicator C Consultation P Parliament I Implementation
<b>Twin Peaks</b>	<ul style="list-style-type: none"> <li>CoFI Bill (C)</li> <li>Review of FMA (C)</li> <li>Levies Bill (P)</li> <li>Omnibus Bill (C)</li> </ul>	<ul style="list-style-type: none"> <li>CoFI Bill (P)</li> <li>Review of FMA (P)</li> <li>Levies Bill (I)</li> <li>Omnibus Bill (P)</li> </ul>	<ul style="list-style-type: none"> <li>Omnibus Bill (I)</li> </ul>	<ul style="list-style-type: none"> <li>CoFI Bill (I)</li> <li>Review of FMA (I)</li> <li>Omnibus Bill (I)</li> </ul>	
<b>Market Structure</b>	<ul style="list-style-type: none"> <li>Cen Clearing P2 (C)</li> <li>Benchmarks (C)</li> </ul>	<ul style="list-style-type: none"> <li>Cen Clearing P2 (P)</li> <li>Cen Clearing P3 (C)</li> <li>Short Sales (C)</li> </ul>	<ul style="list-style-type: none"> <li>Cen Clearing P2 (I)</li> <li>Cen Clearing P3 (P)</li> <li>Short Sales (P)</li> <li>Alt Inv Funds (C)</li> </ul>	<ul style="list-style-type: none"> <li>Cen Clearing P3 (I)</li> <li>Short Sales (I)</li> <li>Benchmarks (I)</li> </ul>	
<b>Market Conduct</b>	<ul style="list-style-type: none"> <li>Derivatives for P F (P)</li> <li>Exchange Frag (C)</li> </ul>	<ul style="list-style-type: none"> <li>Derivatives for P F (I)</li> <li>Exchange Frag (P)</li> </ul>	<ul style="list-style-type: none"> <li>Exchange Frag (I)</li> </ul>		

# Regulatory Instruments and Timelines

	2022	2023	2024
AML/CTF	<ul style="list-style-type: none"><li>• FICA Schedules (P)</li><li>• AML Omnibus Bill (C)</li></ul>	<ul style="list-style-type: none"><li>• FICA Schedules (I)</li><li>• AML Omnibus Bill (P)</li></ul>	<ul style="list-style-type: none"><li>• AML Omnibus Bill (I)</li></ul>
IT Risk Man & Cybersecurity	<ul style="list-style-type: none"><li>• IT Gov &amp; Risk Man (P)</li><li>• Cyber Sec &amp; Res (C)</li></ul>	<ul style="list-style-type: none"><li>• IT Gov &amp; Risk Man (I)</li><li>• Cyber Sec &amp; Res (P)</li></ul>	<ul style="list-style-type: none"><li>• Cyber Sec &amp; Res (I)</li></ul>
Recovery & Resolution	<ul style="list-style-type: none"><li>• FSLAB (I)</li><li>• FMI Recovery (C)</li></ul>	<ul style="list-style-type: none"><li>• FSLAB (I)</li><li>• FMI Recovery (P)</li></ul>	<ul style="list-style-type: none"><li>• FMI Recovery (I)</li></ul>

**Indicator**  
C Consultation  
P Parliament  
I Implementation





A2X

Update

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October 2022

# Market Developments: Matched Principal Trade

- >> The Matched Principal Trade (MPT) type was introduced to the market on both the JSE and A2X on 2 June 2022
- >> It is designed to resolve the two market / single brokers note issue
- >> The solution entails a broker interposing itself between the two markets
- >> The MPT effectively moves the trade on exchange A to exchange B, or vice versa, to enable the booking of a single note
- >> The MPT attracts NO additional fees
- >> Big step in the right direction but requires further work and refinement
  - 100% / 0% example
  - Off-book / On-Book
- >> FSCA is considering setting-up of an industry committee to advise on these issues
- >> Best Execution Regulation – Final DRAFT expected by end of year



# A2X Listings - Companies



No.	Security Code	Name	Market Cap
1	4AAVC*	Altvest Capital Limited	62 000 000
2	4ATWK*	TWK Investments	1 963 180 094
3	AFT	Afrimat Limited	7 853 379 739
4	AIL	African Rainbow Cap Inv	7 511 317 426
5	ANG	Anglogold Ashanti	96 602 824 248
6	APN	Aspen Pharmacare Hldgs	59 797 812 488
7	ARI	African Rainbow Min Ltd	59 507 754 359
8	ASC	Ascendis Health Ltd	474 352 469
9	AVI	AVI Ltd	25 371 510 265
10	CLH	City Lodge Hotels Ltd	2 329 663 298
11	CML	Coronation Fund Managers	10 574 426 853
12	CTA	Capital Appreciation Ltd	1 965 000 000
13	DSY	Discovery Ltd	70 287 991 898
14	EOH	EOH Holdings Ltd	796 217 774
15	EQU	Equites Prop Fund Ltd	12 832 729 261
16	EXX	Exxaro Resources Ltd	75 970 364 459
17	FBR	Famous Brands Ltd	5 525 153 940
18	FTA	Fairvest Limited A	790 882 277
19	FTB	Fairvest Ltd B	4 631 842 779
20	GRT	Growthpoint Prop Ltd	41 169 444 792
21	HDC	Hudaco Industries Ltd	4 370 393 149
22	HUG	Huge Group Ltd	552 066 890
23	IMP	Impala Platinum Hlgs Ltd	136 140 136 304
24	INL	Investec Ltd	22 167 228 751
25	INP	Investec plc	50 695 697 069
26	IVT	Invicta Holdings Ltd	2 618 176 750
27	IVTP	Invicta Hldgs Ltd pref	735 000 000
28	MRP	Mr Price Group Ltd	47 122 738 259

No.	Security Code	Name	Market Cap
29	MSP	MAS P.L.C	12 899 355 408
30	MTH	Motus Holdings Ltd	21 490 012 170
31	MTM	Momentum Met Hldgs Ltd	25 457 081 052
32	NED	Nedbank Group	104 090 410 765
33	NPN	Naspers Ltd -N-	999 127 693 711
34	NRP	NEPI Rockcastle Plc	52 617 159 965
35	NTC	Netcare limited	19 154 288 020
36	PAN	Pan African Resources	7 157 615 788
37	PBG	PBT Group Limited	974 985 500
38	PRX	Prosus N.V.	1 978 504 836 403
39	REM	Remgro Ltd	73 360 061 510
40	REN	Renergen Limited	3 945 554 604
41	SAC	SA Corp Real Estate Ltd	4 979 169 548
42	SBK	Standard Bank Group Ltd	245 113 478 213
43	SBPP	Standard Bank Group Pref	5 123 383 382
44	SLM	Sanlam Limited	117 294 742 069
45	SNT	Santam Limited	28 212 953 736
46	SOL	Sasol Limited	185 692 282 675
47	SSS	Stor-Age Prop REIT	6 155 697 277
48	SUI	Sun International Ltd	8 012 175 838
49	SYG	Sygnia Limited	2 477 736 144
50	TBS	Tiger Brands Ltd	31 510 511 225
51	TCP	Transaction Capital Ltd	29 749 388 840
52	THA	Tharisa plc	6 354 531 603
53	VUN	Vunani Ltd	478 633 068
Total			4 720 353 024 104

88 Securities  
✓ 52 Companies  
✓ 35 ETPs

17 top40 Index  
constituents  
representing 42% of  
the SWIX

SA's top 2 most  
active stocks: NPN &  
PRX

Blue highlight = a  
top 40 constituent

\* Primary listing on the  
CTSE



# A2X Listings – Exchange Traded Products



No.	Security Code	Name	Market Cap
1	ETF500	1INVEST S&P500 INDEX ETF	115 686 026
2	ETF5IT	1invest S&P500 IT ETF	316 977 467
3	ETFBND	1invest SA Bond ETF	104 280 309
4	ETFEMA	1INVEST MSCI EM ASIA ETF	198 227
5	ETFGGB	1invest G7 Govt Bond ETF	35 774 298
6	ETFGLD	1investGold ETF	176 595 318
7	ETFGRE	1invest Global REIT ETF	119 831 210
8	ETFPLD	1investPalladium ETF	334 393 071
9	ETFPLT	1investPlatinum ETF	245 329 285
10	ETFRHO	1investRhodium ETF	213 635 443
11	ETFSAP	1invest SA Property ETF	1 481 973 628
12	ETFSRI	1INVEST MSCI WORLD SRI ET	1 330 120
13	ETFSWX	1invest SWIX 40 ETF	264 035 100
14	ETFT40	1invest TOP 40 ETF	205 196 870
15	ETFUSD	1invest ICE US Treasury Short	100 000 000
16	ETFWLD	1invest MSCI World ETF	126 487 173
17	GLD	NewGold ETF	15 407 774 139
18	NGPLD	NewGold Palladium ETF	414 641 674
19	NGPLT	NewGold Platinum ETF	5 657 088 000
20	SWXTR2	IBSWX40TR2ETNOCT2022	1 058 600 000

No.	Security Code	Name	Market Cap
21	SYG4IR	Sygnia Itrix 4Ind Rev Gb	2 171 372 016
22	SYG500	Sygnia Itrix S&P 500 ETF	2 987 513 675
23	SYGCN	Sygnia Itrix new China Sector	277 359 970
24	SYGEMF	Sygnia Itrix MSCI EM 50	2 056 239 877
25	SYGESG	Sygnia Itrix SP Glob ESG	781 078 022
26	SYGEU	SYGNIA ITRIX EUROSXXX50	2 445 006 911
27	SYGH	SYGNIA ITRIX SOL H150	552 294 537
28	SYGJP	SYGNIA ITRIX MSCI JAPAN	856 685 699
29	SYGP	Sygnia Itrix Gbl Pro ETF	498 064 039
30	SYGSW4	Sygnia Itrix SWIX40 ETF	159 896 874
31	SYGT40	Sygnia Itrix Top 40 ETF	413 548 740
32	SYGUK	SYGNIA ITRIX FTSE100	1 573 913 682
33	SYGUS	SYGNIA ITRIX MSCI US	5 953 075 871
34	SYGWD	SYGNIA ITRIX MSCI WORLD	10 700 692 314
35	TOPTR2	IBTOP40TR2ETNOCT22	1 231 905 000
Total			59 038 474 583



# A2X Markets: Approved Brokers



PERESEC



Prescient

RMB|Morgan Stanley  
EQUITY SALES, TRADING & RESEARCH

SINAYO

Investec  
Markets (Pty) Ltd



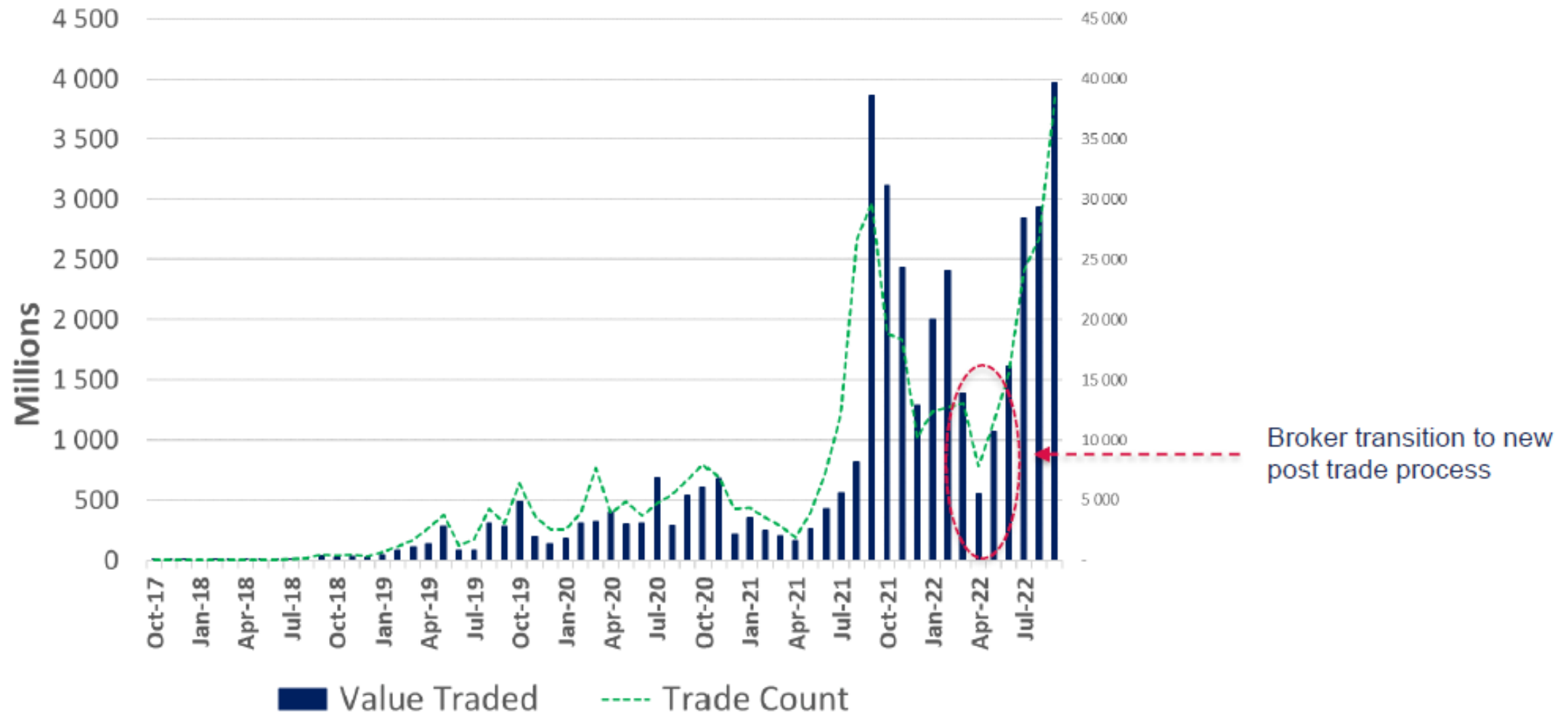
% of JSE Central Order Book: Jan – Aug 2022

Rank	Broker	% of Total Activity	Member of A2X	Trading on A2X
1	Peresec Prime Brokers	15,7%	Yes	Yes
2	SBG Securities	14,5%	Yes	Yes
3	JP Morgan	13,7%	No	No
4	Investec Markets	11,3%	Yes	Yes
5	RMB Morgan Stanley	10,8%	Yes	Yes
6	ABSA Capital Securities	5,9%	Yes	Yes
7	UBS South Africa	5,7%	No	No
8	Merrill Lynch South Africa	5,3%	No	No
9	Nedgroup Securities	3,5%	Yes	No
10	Citigroup Global Markets	3,0%	No	No
>10	Prescient Securities		Yes	Yes
>10	Sinayo Securities		Yes	Yes
>10	Noah Capital		Yes	Testing
Top 10		89,4%		58,2%

5 of SA's 6 largest brokers are connected and trading on A2X

These 5 brokers account for 58% of all SA trade activity

# Trade Activity: Month-on-Month



# A2X Market Share - % of Universe





# Market Share Heat Map – Last 10 trading days



Trade Date	Security Code	Value Mkt Share %
2022-09-15	SYGUS	25,5
2022-09-15	SYGEU	24,5
2022-09-15	SYGWD	7,1
2022-09-15	TCP	5,1
2022-09-15	TBS	5,0
2022-09-15	INL	5,0
2022-09-15	IMP	4,9
2022-09-15	NED	4,8
2022-09-15	MTM	4,7
2022-09-15	ARI	4,3
2022-09-16	SYGEU	12,0
2022-09-16	HDC	8,9
2022-09-16	NED	7,3
2022-09-16	IVT	7,3
2022-09-16	CML	6,9
2022-09-16	CLH	6,6
2022-09-16	AVI	6,2
2022-09-16	APN	6,2
2022-09-16	DSY	5,9
2022-09-16	REM	5,9
2022-09-16	NTC	5,5
2022-09-16	NRP	4,9
2022-09-16	SOL	4,4
2022-09-16	SLM	4,4
2022-09-19	IVT	11,9
2022-09-19	FTB	10,8
2022-09-19	FBR	10,7
2022-09-19	TCP	7,7
2022-09-19	SYGEU	6,9
2022-09-19	EQU	6,5
2022-09-19	CML	5,3

Trade Date	Security Code	Value Mkt Share %
2022-09-19	EXX	5,0
2022-09-19	NTC	5,0
2022-09-19	SOL	5,0
2022-09-19	IMP	4,7
2022-09-19	INL	4,5
2022-09-19	DSY	4,3
2022-09-19	NRP	4,2
2022-09-20	IVT	30,7
2022-09-20	THA	17,1
2022-09-20	FTB	12,1
2022-09-20	CML	7,0
2022-09-20	NPN	5,0
2022-09-20	REM	4,7
2022-09-20	ARI	4,5
2022-09-20	EXX	4,2
2022-09-21	SYGUS	15,4
2022-09-21	SAC	13,4
2022-09-21	APN	11,9
2022-09-21	NTC	10,9
2022-09-21	SYGEU	10,1
2022-09-21	EQU	7,6
2022-09-21	FBR	5,7
2022-09-21	AFT	5,6
2022-09-21	AVI	4,8
2022-09-21	SYGWD	4,7
2022-09-21	ARI	4,5
2022-09-21	EXX	4,5
2022-09-21	NED	4,3
2022-09-22	IVT	25,9
2022-09-22	SYGEU	13,4
2022-09-22	AFT	13,1

Trade Date	Security Code	Value Mkt Share %
2022-09-22	DSY	8,0
2022-09-22	CML	6,9
2022-09-22	HDC	6,3
2022-09-22	APN	6,1
2022-09-22	FBR	5,5
2022-09-22	NED	4,8
2022-09-22	SYGWD	4,5
2022-09-22	AVI	4,2
2022-09-23	SYGP	85,7
2022-09-23	AVI	33,9
2022-09-23	SYGUK	16,6
2022-09-23	SYGEU	13,6
2022-09-23	PAN	10,0
2022-09-23	HDC	8,8
2022-09-23	AFT	7,5
2022-09-23	NED	7,3
2022-09-23	TCP	6,9
2022-09-23	FTB	6,3
2022-09-23	NPN	5,9
2022-09-23	APN	5,2
2022-09-23	SOL	4,9
2022-09-23	MTM	4,8
2022-09-23	SYGUS	4,0
2022-09-26	SYGWD	13,5
2022-09-26	PAN	11,1
2022-09-26	SYGUS	6,9
2022-09-26	TCP	6,6
2022-09-26	SYGEU	6,4
2022-09-26	SOL	4,1
2022-09-27	SYGEU	19,2
2022-09-27	PAN	13,0

Trade Date	Security Code	Value Mkt Share %
2022-09-27	SSS	10,3
2022-09-27	HDC	7,8
2022-09-27	PRX	7,3
2022-09-27	NPN	6,1
2022-09-27	MTH	5,9
2022-09-27	SYGWD	5,5
2022-09-27	REM	5,1
2022-09-27	IVT	5,0
2022-09-27	CML	4,8
2022-09-27	MRP	4,1
2022-09-28	IVT	21,9
2022-09-28	AFT	11,4
2022-09-28	PAN	11,0
2022-09-28	HDC	6,5
2022-09-28	SLM	6,4
2022-09-28	NED	6,2
2022-09-28	SYG4IR	6,2
2022-09-28	DSY	6,0
2022-09-28	EQU	6,0
2022-09-28	NTC	5,9
2022-09-28	MSP	5,8
2022-09-28	CML	5,8
2022-09-28	INP	5,7
2022-09-28	SOL	5,4
2022-09-28	EXX	5,1
2022-09-28	INL	4,8
2022-09-28	SUI	4,4
2022-09-28	NRP	4,2
2022-09-28	MRP	4,1

>10%

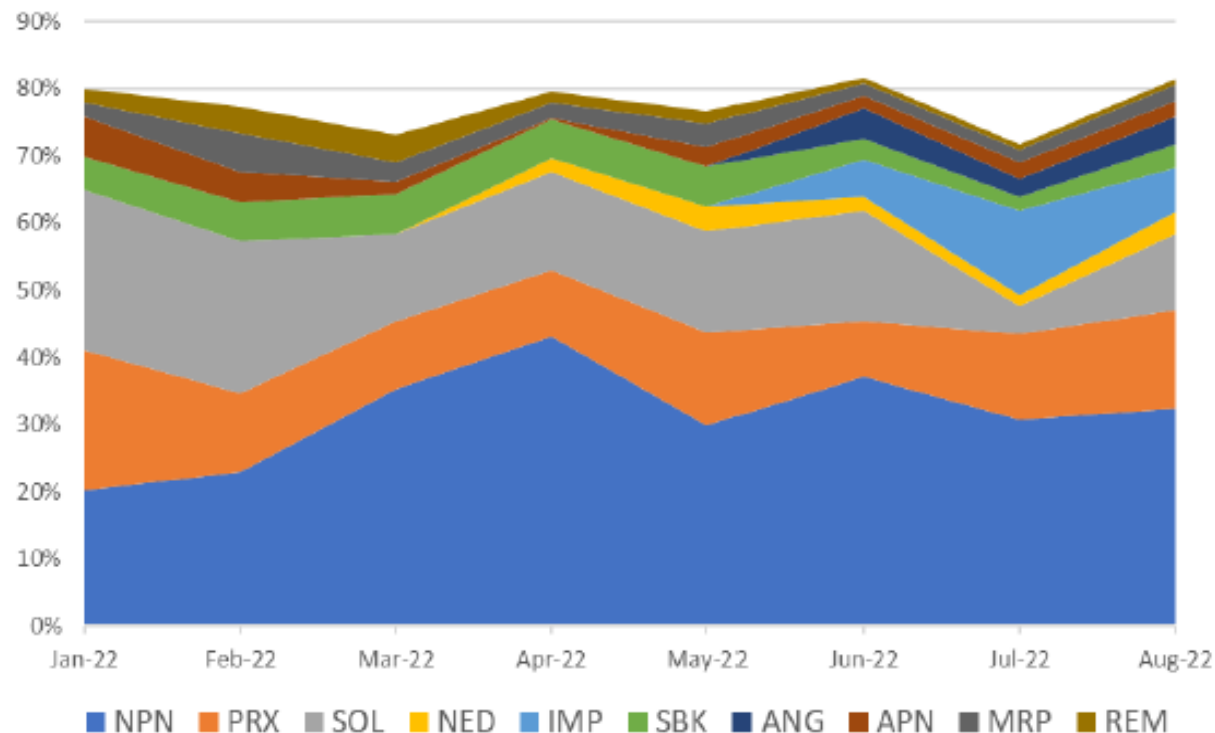
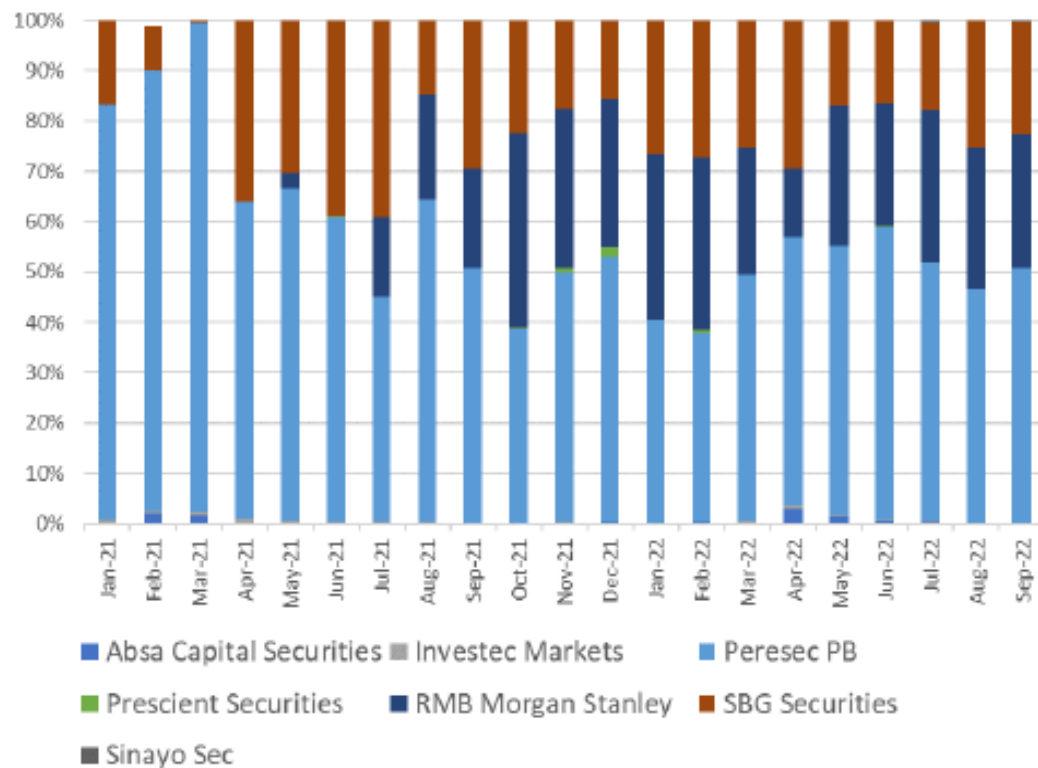
5% to 10%

4% to 5%

# Activity Breakdown



## Trade Activity by Broker



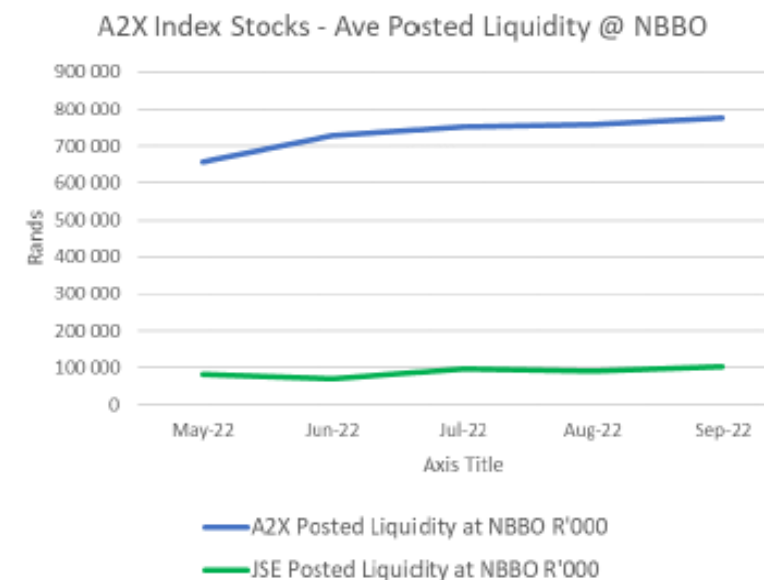
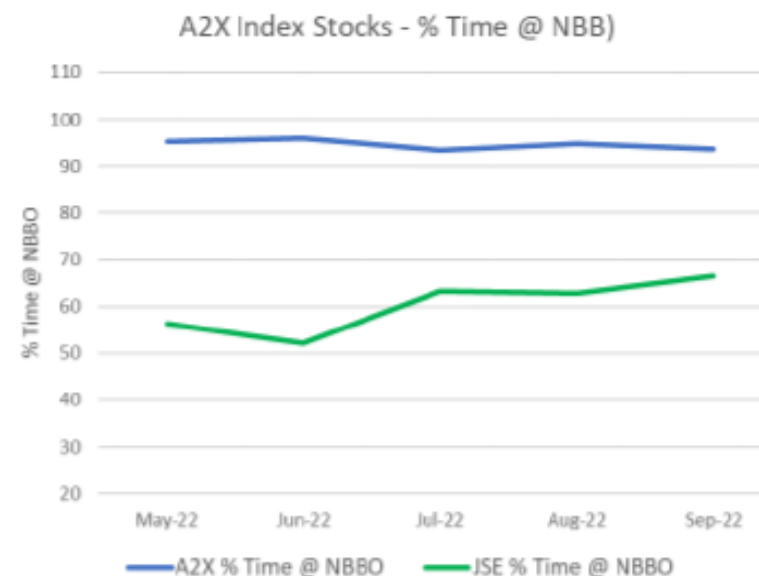
# A2X Market Quality



## Comparative Statistics for ZA01: September 2022

### Comparative Statistics for ZA01: September 2022

ZA01 Security	% Time @ NBBO		Average Posted Liquidity	
	A2X	JSE	A2X	JSE
ANG	93.51	66.94	710,312.06	68,147.54
APN	95.13	67.72	1,144,783.62	70,942.41
DSY	94.68	64.60	1,415,357.47	59,902.85
EXX	94.93	65.14	860,761.48	58,905.05
GRT	99.65	69.46	206,133.26	273,415.02
IMP	93.65	74.22	1,289,008.69	106,326.85
INL	95.31	63.92	252,700.44	57,895.57
INP	92.08	75.31	230,959.00	85,114.99
MRP	99.18	46.94	168,667.97	34,426.78
NED	99.38	53.97	224,479.95	50,129.92
NPN	84.62	84.71	1,467,354.81	219,257.53
NRP	92.95	22.00	141,585.19	19,319.96
PRX	91.75	72.85	1,818,393.43	173,364.15
REM	93.91	68.84	702,806.79	65,573.65
SBK	87.44	80.60	592,349.12	143,857.50
SLM	92.28	77.10	442,375.45	105,927.81
SOL	90.61	76.86	1,516,749.94	165,441.10
<b>Average</b>	<b>93.59</b>	<b>66.54</b>	<b>775,575.22</b>	<b>103,408.75</b>



# A2X Market Quality



## Comparative Statistics for ZA02: September 2022

Comparative Statistics for ZA02: September 2022

ZA02 Security	% Time @ NBBO		Average Posted Liquidity	
	A2X	JSE	A2X	JSE
AFT	99.58	6.76	101,951.45	3,132.24
AIL	97.66	11.02	73,190.62	10,415.55
ARI	99.57	25.96	230,127.54	26,742.96
AVI	99.64	28.80	148,389.77	24,209.61
CLH	99.02	53.76	118,404.42	83,447.35
CML	99.75	29.68	165,813.99	34,285.71
EQU	99.72	31.03	183,435.94	64,868.83
FBR	99.40	4.36	89,155.13	4,326.39
FTB	99.70	44.71	144,759.06	38,956.42
HDC	99.21	11.43	108,220.89	9,241.38
MSP	99.86	25.45	121,900.73	25,797.11
MTH	99.82	16.94	138,763.93	19,012.23
MTM	99.86	46.52	215,444.50	116,857.85
NTC	99.88	61.63	202,079.21	156,239.70
PAN	98.26	68.03	120,188.82	118,292.34
SAC	99.90	58.64	140,521.60	108,153.31
SNT	99.35	9.19	125,285.82	13,136.10
SSS	80.00	66.07	83,803.96	49,092.83
SUI	99.76	1.52	141,319.81	1,197.18
TBS	86.73	85.21	888,692.36	107,043.78
TCP	99.77	32.88	153,793.27	35,695.85
<b>Average</b>	<b>97.93</b>	<b>34.27</b>	<b>175,963.94</b>	<b>50,006.89</b>



# Consolidated order Book



■ AVI - AVILtd								
VWAP: 7 068,34 ΣV: 111k L: 7 043 +/-: -57 -0,80%								
Venue	Orders	ΣB Size	Bid	Ask	ΣA Size	Orders	Venue	
A2XX	1	1 608	7 044	7 051	1 608	1	A2XX	
XJSE	3	976	7 043	7 052	1 535	5	XJSE	
XJSE	1	550	7 037	7 057	550	1	XJSE	
XJSE	1	997	7 032	7 058	522	1	XJSE	
XJSE	1	2 000	7 031	7 064	2 623	2	XJSE	
XJSE A2X	2	6 891	7 030	7 065	6 891	2	A2XX XJS	
XJSE		891		7 069	800	1	A2XX	
A2XX		6 000		7 070	10	1	XJSE	
XJSE	2	705	7 026	7 075	10	1	XJSE	
XJSE	1	705	7 025	7 076	8 000	2	A2XX XJS	
XJSE A2X	3	2 610	7 021	7 080	891	1	XJSE	
XJSE A2X	2	8 000	7 019	7 085	10	1	XJSE	
XJSE	1	4 999	7 016	7 088	4 679	1	XJSE	

ZAR ↓ 113998 -646 J113945/113998J 233x45

At 9:41 Vol 48,159 0 114660J H 115353J L 113671J Val 5.506B

Equity Settings Market Depth

Exchanges: SJ AJ

Price Book Order Book Dual Book

E	CC	Time	Total	Mmkr	Size	Bid	Ask	Size	Mmkr	Total	Time	CC	E
AJ		09:41	1168		1168	113946	113998	45	45	09:41	SJ		
SJ		09:41	1355		187	113945	114003	268	313	09:41	SJ		
SJ		09:41	1401		46	113945	114004	102	415	09:41	SJ		
SJ		09:41	1442		41	113939	114105	50	465	09:41	SJ		
SJ		09:41	1542		100	113889	114105	50	515	09:41	SJ		
SJ		09:41	1842		300	113888	114105	50	565	09:41	SJ		
SJ		09:41	2730		888	113877	114105	129	694	09:41	SJ		
SJ		09:41	2755		25	113835	114108	342	1036	09:41	SJ		
SJ		09:41	2780		25	113834	114113	6	1042	09:41	SJ		
SJ		09:41	2799		19	113800	114113	50	1092	09:41	SJ		
SJ		09:41	2999		200	113800	114113	50	1142	09:41	SJ		
AJ		09:41	5999		3000	113800	114156	6	1148	09:41	SJ		
SJ		09:40	6024		25	113787	114162	200	1348	09:41	SJ		
SJ		09:41	6298		274	113778	114162	200	1548	09:41	SJ		
SJ		09:40	6319		21	113740	114163	3000	4548	09:41	AJ		
SJ		09:40	6340		21	113736	114210	19	4567	09:32	SJ		
			19963		13623	Under	Over	14342	18909				

Prosus NV Sector NMS 30,000,000

Theo Auct Price 114660 Period TRAD

Theo Auct Vol 494 Segment

AT Trade Vol 47,799

Average Buy/Sell Price

Buy Amount 0

Sell Remaining 0

Avg Price 113998.0000

Trade Recap | QR

Time	Size	Price	E
09:41:15	36	113998	SJ
09:41:12	44	114113	SJ
09:41:12	103	114025	SJ
09:41:12	228	114024	SJ
09:41:12	62	114004	SJ
09:41:12	55	113998	SJ
09:40:58	1	113987	SJ
09:40:57	44	113871	SJ
09:40:57	50	113871	SJ
09:40:53	213	113890	SJ
09:40:53	65	113890	SJ
09:40:53	57	113885	SJ

Volume Distribution | QM

100.00%

SJ 100.00%

# Order Types : Current & Planned



## >> Off-Book

- Large in Scale (LS) - AVAILABLE
  - ✓ A2X's LS trade has been aligned with the JSE's Block Trade (BT)
- Negotiated Benchmark Cross (NC) - AVAILABLE
  - ✓ New to the market and enables a broker to report a pre-agreed VWAP trade
  - ✓ The transaction must be comprised of a minimum of 10 consecutive trade instances to determine a VWAP price

## >> On-Book

- Auction on Demand (AD) – new to the SA market and PLANNED for release in H1 2023
  - ✓ It allows brokers to submit orders which rest on the DARK book until they can be matched with another valid order
  - ✓ Once the two orders are matched, the lit AOD is triggered.
  - ✓ Price must be within A2X BBO
- Market at Close (MC) – new to SA market and PLANNED for release in H1 2023
  - ✓ The MaC Auction executes orders at the Closing Price of the Market of Listing (JSE)

CAPE TOWN  
STOCK  
EXCHANGE

The logo for the Cape Town Stock Exchange is displayed. It consists of the words "CAPE TOWN", "STOCK", and "EXCHANGE" stacked vertically. A green arrow starts from the bottom left, passing through the "X" in "EXCHANGE", and points upwards and to the right, ending near the "N" in "TOWN". The word "STOCK" is positioned to the right of the arrow's shaft.

- Cape Town Stock Exchange – CTSE
- CTSE was founded in 2015
- CTSE was granted an exchange license (to list both equity and debt) in August 2016 and formally commenced operations on 1 March 2017.
- CTSE facilitated its first equity listings, being NWK Holdings Limited and NWK Limited, in September 2017.
- Alternate exchange model which includes Listing Requirements and Exchange Rules that are tailored to meet the needs of Small to Medium Enterprises (“SMEs”) and Mid Cap counters (having a market cap of up to R1 billion).

## OUR VALUES

CTSE want to change market perception of capital raising and trading platforms. For us, this means creating more awareness around and contributing to the advancement of conscious capital.

### ➤ **Digitise**

Our offerings are innovative, safe and simple

### ➤ **Demonetise**

We bring transparent liquidity offers to the market at attractive rates.

### ➤ **Democratise**

We increase access to a variety of capital raising and investment instruments

# DEBT AND EQUITY LISTINGS

## Listed Equity market

- CTSE therefore identified the opportunity to establish a fully-fledged alternative exchange which caters for the needs of these mid-market issuers without jeopardising effective and transparent regulation.
- The CTSE Equity Listing Requirements have been uniquely drafted to introduce new types of listings and to meet the needs of the mid-market sector.
- The typical exchange fee structures are prohibitive for small retail trades as most exchanges have a minimum trading fee (excluding brokerage, transfer tax and value added tax) which is punitive for small trades.
- CTSE, through its Central Register of Ownership (“CRO”) model, provides a solution by being the only variable cost exchange with no minimum trading fee, which provides the lowest cost for the retail investor and has the added advantage of the push of relevant information in a timely manner and the electronic proxy voting of shares through the integrated registry system.

## LISTED DEBT MARKET

- The CTSE listed debt market offers an alternative listing venue for quality corporate debt.
- CTSE is the only other exchange in South Africa besides the JSE with a license which includes debt products.
- It is envisioned that CTSE's technology used in a regulated environment will provide investors with additional comfort and in turn provide corporates and especially SMEs with access to funding which was previously unattainable to them.
- CTSE's trading platform will be made directly available to asset managers and other institutional investors and enable Direct Market Access and the ability to post prices in corporate debt.
- The development and growth of South African SMEs is imperative for the ultimate growth of South Africa as a whole and CTSE plays a vitally important role in acting as a facilitator to provide these SMEs with both equity and debt funding from the capital markets.



The CTSE exchange license covers the following securities:

- + entire class or classes of an Issuer's ordinary shares;
- + all classes of preferential shares;
- + debentures;
- + bonds;
- + notes;
- + commercial paper; and
- + fixed or floating rate interest instruments.



# UNIQUE CTSE FEATURES

## Clear and transparent listing requirements

CTSE has clear and transparent LRs which have been uniquely designed to introduce new types of listings and facilitate much needed growth in the mid-market sector through, amongst others, the following features

- + the LRs were written with the specific needs of SMEs in mind;
- + the Equity LRs facilitate acquisitions and growth by reducing associated red tape and costs and increasing Speed to market and ability to execute;
- + “shareholder democracy” is promoted by allowing restrictions suitable for that Issuer, which is regulated by CTSE;
- + allows for new Issuers with less than a three-year trading history to be listed  
*(i.e. the listing of a bankable company or new project e.g. renewable energy projects);*
- + allows for the listing of qualifying “N-Shares” or companies with a “voting” share model to promote the listing of e.g. private equity funds and/or established entrepreneurs whom investors would like to follow;
- + promotes the listing of BEE schemes and investment holding companies;
- + allows for reduced spread requirements if the listing serves a proper business purpose; and
- + subscribes to global standards.



# UNIQUE EXCHANGE INFRASTRUCTURE

CTSE has a unique exchange infrastructure in South Africa (based on international best practice) with its electronic central independent register of beneficial ownership (housed within CTSE Registry) which allows for, amongst others:

- + the removal of minimum fees when trading;
- + real-time dissemination of relevant market information to retail shareholders;
- + real-time market surveillance;
- + facilitates improved restricted share trading liquidity, market trust and integrity for restricted share trading e.g. BEE schemes or bona fide farmer shares).

## This is achieved through:

- the CTSE Registry acting as a single and/or central verification platform to perform verification and/ or validation of restrictions for restricted share trading within a regulated environment;
- the promotion of independent and transparent verification at a consistent standard; and
- a single place of verification i.e. once verified as previously disadvantaged, a participant can trade in all BEE restricted shares as well as the entire market (this is significantly different to other South African exchanges where trading in each restricted share requires a separate verification Broker and FICA process)



# Removal of key barriers to investing



CTSE was designed to meet the needs of retail investors whilst still remaining attractive to institutional investors.

This was achieved by removing some of the key barriers to investing faced by retail investors which include:

- + being the only exchange in South Africa which offers share trading without any minimum fees;
- + introducing a simplified fee structure with the lowest cost in the market for retail shareholders and potential mid-market issuers;
- + empowering retail shareholders through the provision of relevant and timely information for free (i.e. relevant market information and announcements can be pushed to retail shareholders);
- + introducing innovative measures to provide and disseminate information to retail shareholders;
- + allowing improved shareholder participation and shareholder democracy e.g. through electronic voting by proxy, which encourages active shareholder participation.

## MODERN TECHNOLOGY

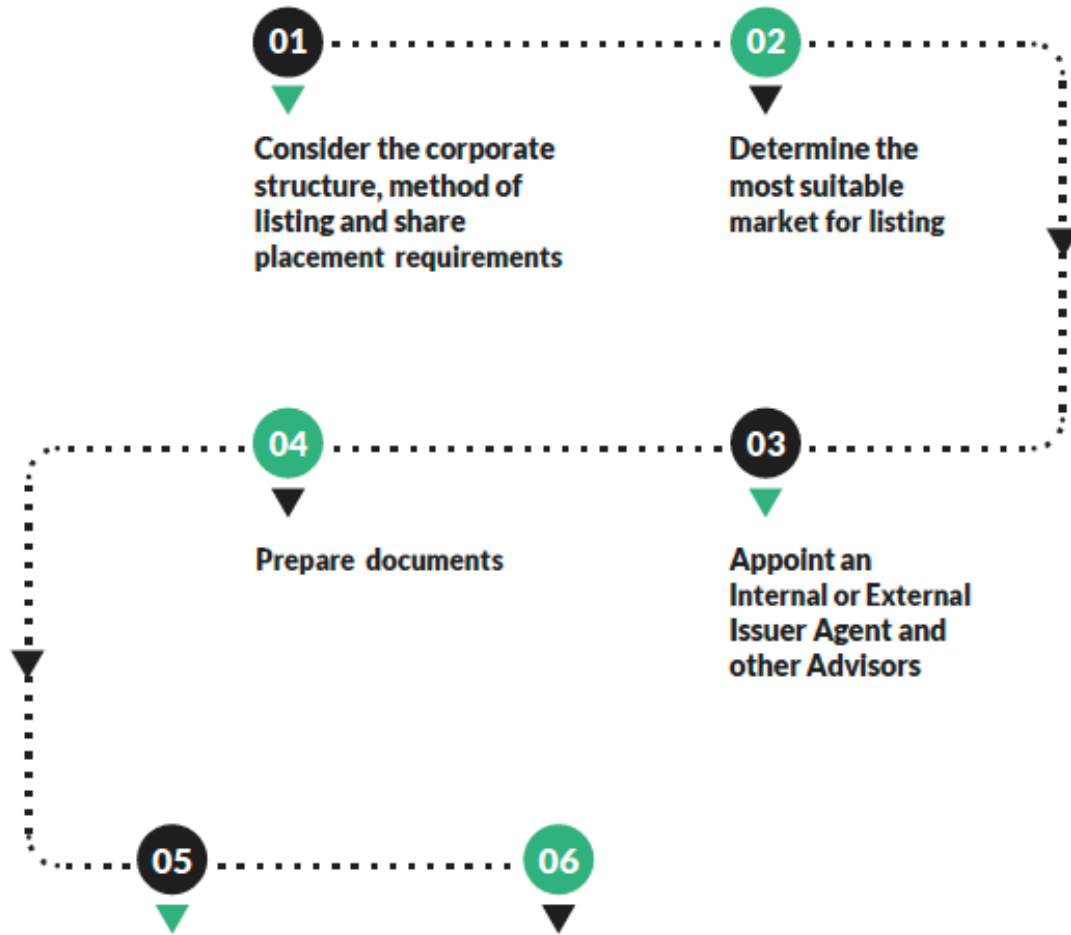
CTSE has modern, scalable technology and infrastructure to reduce cost and increase efficiency through the following:

- + The CTSE Exchange and Registry Technology was designed to significantly reduce regulatory “red-tape” but maintain and even enhance the regulatory outcome;  
having cloud-hosted exchange technology;
- + offering pre-funded, pre-validated trading with (T+0) end of day settlement capability; and
- + having various new portals to improve the dissemination of information, real-time shareholder updates to issuers and marketing of issuer shares. register



# LISTING PROCESS

Should an issuer formally resolve to pursue a listing on CTSE, a high-level overview of the listing process is as follows:



## Equity listing fees

- + Equity listing document fee - R75 000
- + Approval of Business Plan fee (if applicable) - R20 000
- + Initial listing fee - 0.01% of market capitalisation on listing (R30 000 minimum and R3 million maximum) invoiced the day after listing
- + Annual listing fee - 0.01% of the average market capitalisation for the 12 months ended 31 January of each year (R30 000 minimum and R3 million maximum).

# SALIENT LISTING REQUIREMENTS



The table below highlights the salient requirements of the Equity LRs.

Issuer Type	General listing	New ventures	Discretionary investment companies	Non-discretionary investment companies	International Issuers
Business type	Established businesses	New and/or young businesses or projects	Investment company seeking or having a spread of investments	Investment company with a single investment	Issuers incorporated outside of South Africa
Examples	General issuer	New infrastructure, project finance, green energy or technology projects and/or companies	Investment holding companies, private equity funds and/or SPACS	BEE schemes or employee share schemes	Inward listings
Size	Market capitalisation > R25 million	Market capitalisation > R25 million	Net asset value > R25 million	Net asset value > R25 million	Market capitalisation > R25 million
Accounts	> 3 years historical	< 3 years historical	> 3 years historical or its directors and/or the investment manager has sufficient and satisfactory experience	> 3 years historical or its directors and/or the investment manager has sufficient and satisfactory experience	> 3 years historical if general listing or < 3 years if new venture
Other specific requirements				Single asset must: be listed on CTSE or a recognized exchange; or be unlisted if it represents shares in a major subsidiary of an Issuer listed on CTSE or arecognized exchange; and represent more than 7.5% but less	Must also make announcements in English and must ensure equal treatment of all shareholders (i.e. in both jurisdictions)

# SALIENT LISTING REQUIREMENTS



The table below highlights the salient requirements of the Equity LRs.

Securities in public hands	10% of class to be held by not less than 100 members of the public, unless waived by CTSE due to listing for a proper business purpose and intention to comply within 3 years of listing
Transferability	Shares listed must be freely transferable unless CTSE and Registry approves the restriction which restriction must: <ul style="list-style-type: none"><li>• apply to all securities of that class;</li><li>• be objectively determinable;</li><li>• be legally permissible;</li><li>• be unconditional;</li><li>• not limit the level of security holding in way which makes it inappropriate; and</li><li>• cannot be amended waived or removed without the approval of CTSE and CTSE Registry</li></ul>
Voting structures / "N" share structures	If a share is listed, all shares of that class must be listed. Companies with separate classes of shares with different voting rights can thus be listed if all the shares of the class to be listed are listed on CTSE and adequate disclosure is made
Listing of dual structures	The separate listing of a holding company and its subsidiary (where minority shareholders hold listed shares) is permitted but CTSE may require a sufficient number of independent directors and/or appropriate controls and procedures to ensure that the Issuer is at all times capable of making decisions independent from the controlling shareholder and that transactions between that Issuer and the controlling shareholder is at arm's length and on a normal commercial basis to ensure the fair treatment of minorities
Issuer Agent	Must appoint an external or internal issuer agent
Reporting accountant	Must appoint an independent reporting accountant registered with IRBA or equivalent regulatory body
Annual report	Must be presented within 90 days of the financial year end, be in English, be prepared in accordance with IFRS (or similar standard if an International Issuer) and be audited
Governance	Must disclose if it complies or does not comply with King Code, reasons for non-compliance and plans (if any) to comply



# ABOUT THE CTSE REGISTRY



Having taken advantage of its Fintech capability, CTSE is the only exchange in South Africa that offers an integrated registry system with a CRO model. CTSE owns the intellectual property to the only cloud-based real-time trade registry technology in South Africa. CTSE's wholly-owned subsidiary CTSE Registry, facilitates and manages the Integrated Registry System for all CTSE listed Issuers.

Once an Issuer is listed on CTSE, the Issuer's share register is managed on the CTSE Registry system. This allows for the following:

- + trading on a pre-funded pre-validated model with T+0 end of day settlement eliminating settlement risk and providing same day post-settlement shareholder data to both Issuers and investors;
- + trading restrictions once eligibility criteria have been established for both debt and equity trading (e.g. bona fide farmers qualifying for share ownership in listed Co-Ops like NWK Holdings);

- + the facilitation of encumbrances e.g. Co-Ops such as NWK Holdings use shares as surety against loans granted to farmers. The CTSE Registry system allows for blocking and lifting the encumbrance block for trading on such shares;
- + director's trades are blocked during restricted periods which facilitates compliance with the LRs;
- + online real time surveillance;
- + easy and effective implementation of Corporate Actions (e.g. dividend payments, schemes of arrangement);
- + electronic voting through the completion of online proxy forms; and
- + real time direct dissemination of relevant Issuer information to shareholders.

# Transfer and Company Secretarial Services

Other services offered by CTSE Registry include:

- + maintenance of share registers and shareholder/in-vestor data;
- + share register analyses;
- + facilitating voting and elections on behalf of shareholders in respect of corporate actions and annual general meetings;
- + company secretarial services; and
- + traditional transfer secretarial services for both CTSE listed, JSE listed and unlisted clients.





# The South African Institute of Stockbrokers

SAIS –AGM

# SAIS –AGM - PRESIDENT ADDRESS

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- Positive Financial Year
- Recognition of Prior Learning Policy –
- Closed Pilot Project
- SAIS Qualifications – JSE EXAMS

# SAIS –AGM - PRESIDENT ADDRESS



Council Members
Adam Bunkell
Alphonso Raats
Anthea Margaret Koral
Bobby Johnston
Erica Bruce
Erol Zeki
Fawzia Suliman
Gqama Lusu
Grant Meintjes
Hugo Gous*
Jaco Aucamp
John Slettevold
Kenneth Bogatsu
Matthew Rattray
Michael (Mike) Makate
Ockert (Ockie) Raubenheimer
Oupa Madonsela
Patricia Trojnar
Quintus Kilbourn
Robert van Eyden
Rudi Britz
Semadi Motau
Tavis Cairns
Warren Chapman

- No New Council members as we believe that Current Composition necessary skills & experience
- Last Year Extensive work on the composition of the Board via the Nominations Committee.
- Went through exercise to determine all the skills required for the success of the SAIS
- Matched the skills shortages against the CVs of the candidates nominated by members of the SAIS
- This excluded skills like education where we have an extremely sound and skilled Education Committee currently running the education and examination process
- Believe that Council Members provide for a highly skilled and broad-based Board to serve the SAIS and its members

# SAIS –AGM - PRESIDENT ADDRESS

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## **SPECIAL THANKS**

Natercia Faustino – General Manager

Romaana McKinnon - Learning Manage

Jennifer Titus & Valencia Mavundla – Membership Support & Administrator

Pam Johnston– Finances & Tax affairs in order

Bobby Johnston for the pearls of wisdom, fountain of knowledge and for always being there – pillar of strength

## **Regulatory Changes & Comment Papers**

Kashnie Naidoo

## **Lecturers & Examiners–**

Rudi, Kashnie, Gordon , Magnus and Lize , Shaun & Vincent

**Chair** – Alphonso Raats – always there for me and

**Council** – unwavering commitment and dedication and time that you giving up

# SAIS –AGM - PRESIDENT ADDRESS

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## **SPECIAL THANKS**

### **Education Committee**

Tavis Cairns, Erica Bruce, Kashnie Naidoo, Rudi Britz , Gordon Rennie,  
Lize Redelinghuys; Magnus de Wet, Shaun Davies, Vincent Freemantle ,  
Anthea Koral

### **Nomination Committee**

Erica Bruce, Bobby Johnston, Alphonso Raats, Patricia Trojnar Rudi Brits;

### **Membership Committee**

Erica Bruce, Alphonso Raats, Magnus de Wet , Robert van Eyden, Rudi Brits ,  
Jaco Aucamp,



*Questions*

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