



CAPE TOWN STOCK EXCHANGE PROPRIETARY LIMITED

LISTING ON CTSE

www.ctexchange.co.za

INTRODUCTION TO CTSE

CTSE was founded in 2015 in response to South Africa's transitioning capital markets. 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.

CTSE makes financial markets more inclusive by providing a safe and simple licenced digital market place. Our market place is transparent and accessible to Issuers, Authorised Users and investors and CTSE strives to drive

a conscious capital philosophy. CTSE's intention is to establish a well-regulated exchange alternative to qualifying Issuers and the South African capital markets, with the aim of meeting the needs of Issuers and investors who are not served by existing exchanges or whose needs may be better served through an 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

South African SMEs find the JSE listing process costly, onerous and inaccessible and listing on the JSE is therefore not a viable option for the majority of these entities. This limits their access to funding from capital markets which in turn limits their growth opportunities and the growth of the South African economy as a whole. 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. CTSE is in a unique position to provide these companies with a platform to raise much needed capital which will allow them more opportunities to grow. 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 incorporate 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 LR's 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 LR's were written with the specific needs of SMEs in mind;
- + the Equity LR's 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

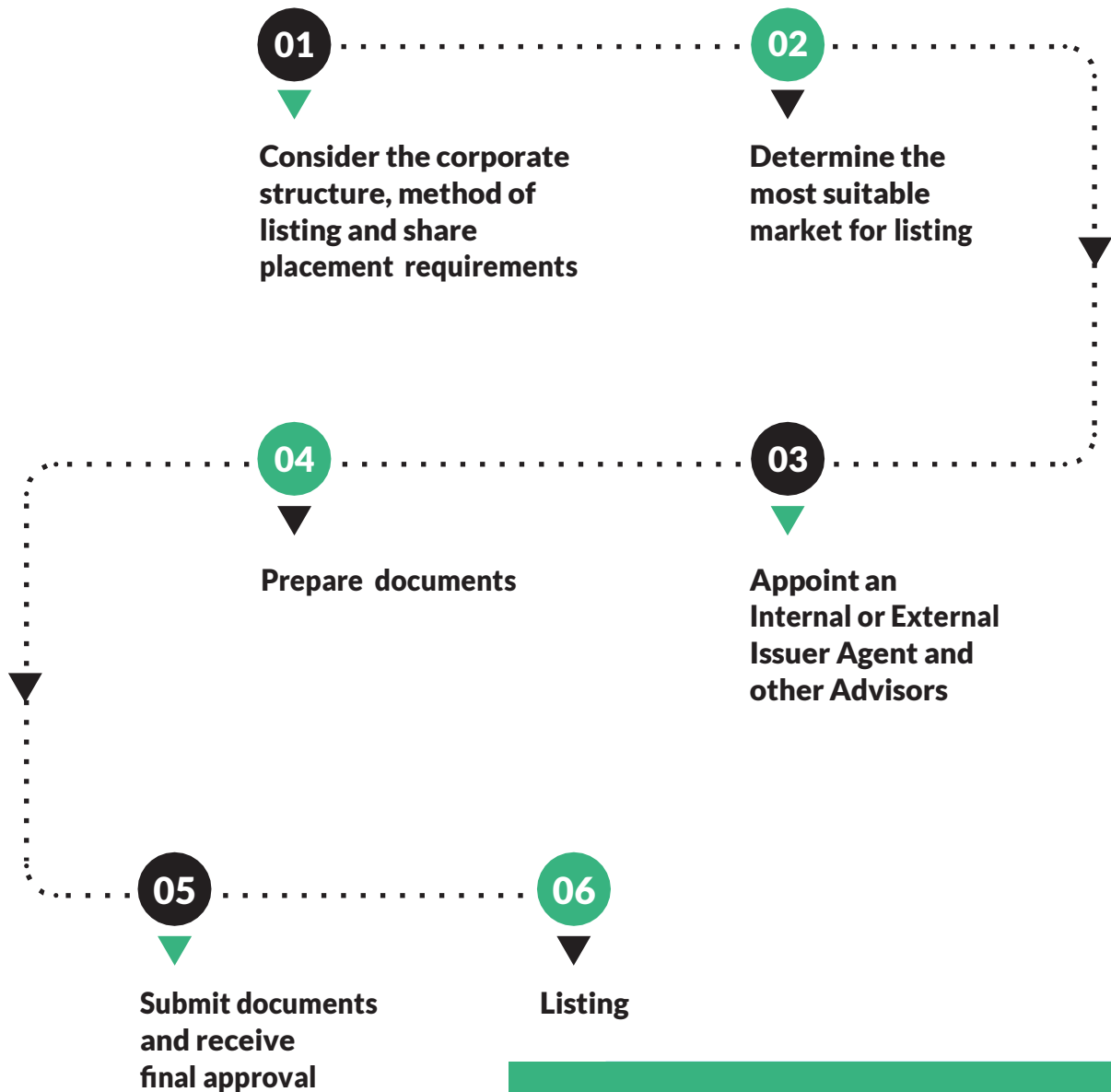
CTSE has modern, scalable technology and infrastructure to reduce cost and increase efficiency through the following:

- + 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 register updates to issuers and marketing of issuer shares.



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 30% of the company	Must also make announcements in English and must ensure equal treatment of all shareholders (i.e. in both jurisdictions)
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"> • apply to all securities of that class; • be objectively determinable; • be legally permissible; • be unconditional; • not limit the level of security holding in way which makes it inappropriate; and • cannot be amended waived or removed without the approval of CTSE and CTSE Registry 				
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/investor 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.

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