

How to Invest in ZAR X Listed Securities

ZAR X

Your share of tomorrow

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1. STEP ONE

Open an account with a ZAR X authorised broker. For a list of authorised brokers please go to <https://www.zarx.co.za/broker-list>

FAQ:

Q: Why do I need to deal through a ZAR X authorised broker?

A: It is a requirement of the Financial Markets Act that only brokers who have been authorised by ZAR X may enter orders to buy or sell ZAR X securities directly into the ZAR X trading platform.

A broker that is authorised by another exchange is not permitted to transact in ZAR X securities unless that broker is also a ZAR X authorised broker.

Q: What is a broker account?

A: A broker may offer one or all of the following types of accounts:

1. *Execution Only*

The broker will only transact on your behalf when instructed by you to buy or sell securities and will not give you financial advice. You will pay an exchange execution fee to the broker for each buy or sell transaction undertaken on your behalf.

2. *Advisory or Non-Discretionary*

The broker will provide you with financial advice but will only transact on your behalf when instructed by you to buy or sell securities. The broker may charge an additional fee for providing financial advice in addition to the exchange

execution fee for each buy or sell transaction undertaken on your behalf.

3. Discretionary

The decision to buy or sell securities on your behalf is made solely by the broker who will do so in terms of an investment strategy agreed between you and your broker. The broker may charge you an investment management fee in addition to the exchange execution fee for each buy or sell transaction undertaken on your behalf.

Q: What if I already have an account with a broker authorised by another exchange?

A: As noted above, it is a requirement of the Financial Markets Act that only brokers that have been authorised by ZAR X may enter orders to buy or sell ZAR X securities directly into the ZAR X trading platform.

Q: What if I have an account with a broker authorised by another exchange and ZAR X?

A: You will first need to confirm with your broker that your existing account permits your broker to transact in ZAR X securities on your behalf.

Unlike transactions that occur on other exchanges which operate on a T+3 clearing and settlement model, the clearing and settlement model operated by ZAR X is unique in that transactions are cleared and settled in real time (i.e.) shares are transferred into the account of the purchaser and cash is received into the account of the seller within a few seconds of the transaction occurring.

Whilst your existing broker may offer safe custody services for securities that you purchase on other licensed exchange, ZAR X does not permit brokers to offer safe custody services for ZAR X securities. Clients are therefore required to open a cash account and Segregated Depository Account specifically for transacting in ZAR X securities. This process is set out in Step 2.

2. STEP TWO

Apply to Computershare to open a ZAR X Nominees cash account and a STRATE segregated depository account.

FAQ:

Q: Will my broker assist me in opening these accounts?

A: A ZAR X authorised broker should assist you with processing and submitting your application form. A copy of the Application Form is available from your broker. You must submit a completed Application Form to your broker who will then apply for your account on your behalf.

Q: Why do I need to open a ZAR X Nominees cash account?

A: The clearing and settlement model operated by ZAR X is revolutionary in that matched orders are cleared and settled in real time (i.e.) shares are transferred into the account of the buyer and cash is received into the account of the seller within a few seconds of the transaction matching.

To ensure guaranteed real-time settlement, buyers of ZAR X securities are required to have cleared funds available in their ZAR X Nominee cash account prior to submitting an order to buy ZAR X securities. As soon as the buy order is submitted into the ZAR X trading platform, funds to the value of that order (including fees) are reserved. Within a few seconds of the buy order being matched with a sell order (or each part thereof that is matched), the cost of the buy order (plus fees) will be debited from the buyers ZAR X Nominee cash account and credited (excluding fees) into the sellers ZAR X Nominees cash account.

If cleared funds are not available (or if insufficient cleared funds are available) at the time that order to buy ZAR X securities is submitted into the ZAR X trading platform, the order to buy ZAR X securities will be rejected.

Q: What is the ZAR X Nominees cash account?

A: ZAR X Nominees is a bankrupt remote company registered in terms of section 67 of the Financial Markets Act to hold cash and securities on behalf of clients that transact in ZAR X securities.

Cash deposits are held by ZAR X Nominees in a bank account opened with a Tier 1 South African bank registered in terms of the Banks Act.

The ZAR X Nominee bank account is administered by Comptershare (Pty) Ltd, an authorised Central Securities Depository Participant.

Q: Will I earn interest on cash held on my behalf by ZAR X Nominees?

A: A highly competitive rate of interest will be earned daily on all cash deposits.

Q: What is a Segregated Depository Account?

A: A Segregated Depository Account (or "SDA Account") is a bankrupt remote account operated by STRATE, opened in the name of the beneficial holder of a ZAR X security, in which ZAR X securities are held in uncertificated (electronic) format.

STRATE is a licensed Central Securities Depository authorised by the Financial Services Board to settle transactions between buyers and sellers of ZAR X securities and to maintain the official electronic register of beneficial holders of ZAR X securities.

Q: Why do I need to open a Segregated Depository Account?

A: To ensure guaranteed real-time settlement ZAR X Operating Rules require that an investor must hold their ZAR X securities as beneficial owner in their own name. The ZAR X Operating Rules do not permit ZAR X securities to be registered in the name of a nominee on behalf of a beneficial owner (i.e.) held in the name of a broker nominee account or in the name of a CSDP nominee account.

A person wanting to buy ZAR X securities must therefore open an SDA account in their own name with STRATE. The benefit of an SDA account is that it is bankrupt remote and that it gives an investor full and direct control over their ZAR X securities.

Q: What are the fees and charges for holding a cash account and a Segregated Depository Account?

A: Both the cash account and the SDA account are free. You will only incur fees when you transact.

3. STEP 3

Ensure that there are cleared funds available in your ZAR X Nominees cash account

FAQ:

Q: Why does ZAR X require cleared funds?

A: The clearing and settlement model operated by ZAR X is revolutionary in that matched orders are cleared and settled in real time (i.e.) shares are transferred into the account of the buyer and cash is received into the account of the seller within a few seconds of the transaction matching.

To ensure guaranteed real-time settlement, a buyer of ZAR X securities must be able to make immediate payment to the seller. This can only be done if the funds deposited by you into your ZAR X Nominees cash account are cleared by the receiving bank as being free and unencumbered.

Q: What if I have funds in another account with my broker?

A: To ensure guaranteed real-time settlement, a buyer of ZAR X securities must be able to make immediate payment to the seller. Payments for ZAR X securities can therefore only be made from your ZAR X Nominees cash account.

Q: *How long does it take for cash to clear in my ZAR X Nominees cash account?*

A: *This depends entirely on the bank from which you are paying your deposit from (it may take longer if it is an inter-bank transfer), the time at which you make the payment (after-hours transfers may only reflect the next day) and the method of payment (your bank may have a facility by which they guarantee payment to the receiving bank).*

4. STEP 4

Submit your order to your broker

FAQ:

Q: *By what means can I submit orders to my ZAR X authorised broker?*

A: *Your broker will advise of the most appropriate method.*