

# BULLSEYE

As part of its Africa strategy the JSE recently launched its new Africa Board





**O**n 19 February, the Africa Board, the latest initiative in the JSE's Africa strategy, was launched. The first listing came from Namibian microfinance company, Trustco Group Holdings. Trade started at 73c per share, with 135 000 shares being traded on the first day. At the time of going to print the price stood at 75c per share.

The launch was a glittering affair. A dinner for 200 guests was held in the main foyer of the JSE with performances by entertainers who displayed the energy, variety and talent of Africa. The launch was the culmination of many months of work on the Africa Board and was a fitting start to a project with so much potential.

The JSE's Africa strategy is a long-term project to promote the growth of capital markets and attract foreign capital on the African continent.

The strategy comprises three components, one of which was the launch of the FTSE/JSE All Africa Index Series. This took place on 6 October 2008. There are two indices in the series: the JSE All Africa 40, which includes SA, and the JSE All Africa 30, which excludes SA. The indices were constructed by FTSE using their emerging market criteria and are appropriately weighted. There is a country cap of 40% to ensure that the broad-based nature of the indices is maintained.

The second component of the strategy is connecting other exchanges on the continent to the technological backbone of the JSE. This has already taken place with the Namibian stock exchange and the offer remains open for any other exchanges that may be interested.

The creation of the Africa Board is the third component of the JSE's Africa strategy. Under the leadership of the JSE's Executive Head: Africa, Maureen Dlamini, work on this concept started over a year ago with a great deal of research having gone into the project. The Africa Board team has consulted extensively with various members of the investment community in the past year, from exchanges and regulators to brokers, fund managers and issuing companies. The model of the Africa Board is the result of these discussions.

Many of the investors consulted said that although they would like to access the stock available on the continent, there were several hurdles they faced, including a perceived lack of information about these stocks, the mechanics of trading on different exchanges, different regulatory environments and different currencies.

The JSE is one of three African exchanges accredited by the World Federation of Exchanges to provide an accessible and secure platform for trade. This will assist companies who list on the Africa Board, as they will have access to the JSE's large local and foreign investor base

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and will be able to take advantage of trading on a liquid exchange, with globally accepted levels of corporate governance. In addition, the aftermarket is very important to the JSE and every effort will be made to raise the profile of these companies through media coverage, road shows and other marketing events.

The Africa Board is a separate trading segment of the Main Board of the JSE. It aims to attract dual inward listings from companies that are already listed on their home exchange. A new set of secondary listing requirements came into force in November last year catering



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specifically for this type of inward listing. The listing requirements mirror those of the Main Board, but compliance with continuing obligations is regulated by the home exchange, provided that certain criteria are met.

Dlamini believes that ‘Africa needs to take its destiny into its own hands and create wealth in Africa, for Africa’. Companies considering a second listing often look to exchanges such as London or New York, but should be looking to an exchange on their own continent to raise capital. The Africa Board will provide this platform.

The focus of the Africa Board team in 2009 will be to consolidate the work that has already been done and to refine the strategy. For example, it became clear during the research that the model may need to be tweaked slightly, depending on the country that the issuer is coming from.

One of the qualities that makes Africa so exciting is that each country is different, so a strategy that works for Nigeria won’t necessarily work for Kenya. Slight modifications will be necessary to cater for the differences found in every country.

To this end, the team will continue to consult with various parties, as they benefit from the insight and experience of people who have worked extensively on the continent. As Dlamini has pointed out, ‘We realise that as the JSE, we can’t do this alone.’



The team will also be looking for listings for the Africa Board and to this end they will be travelling to various countries during the course of the first half of the year and speaking to issuers who have expressed an interest in listing.

The turmoil in the financial markets is obviously a challenge, but the Africa Board team feels that if investors are looking for growth, Africa is where they’ll find it. Most importantly, the continent needs to take advantage of this burgeoning interest to ensure its continued economic expansion.

Listing on the JSE’s Africa Board is an effective way to ensure that investor interest is directed towards Africa and that trading can take place in these stocks on an exchange that is World Federation of Exchanges accredited. **JSE**