

## **Announcement**

### **RainFin acquires stake in 4AX to further expand 4AX Debt exchange services**

4 Africa Exchange Proprietary Limited (4AX) is pleased to announce the conclusion of a transaction with RainFin, whereby RainFin will sell to 4AX its corporate debt marketplace in exchange for a strategic shareholding in 4AX.

RainFin has been a pioneer of the disruption of the debts markets in South Africa since its launch in 2012, whereby its credit marketplace technology has been utilised by companies to raise debt funding from both tradition and non-traditional sources. South Africa has followed global trends whereby corporates are increasingly looking to use credit marketplaces, such as RainFin, to directly access new sources of debt funding via online debt platforms/exchanges. Self-service debt platforms, recorded a 264% year-on-year growth in 2015-2016 to \$145.3bn, globally.

The addition of the RainFin credit marketplace technology and value proposition to the 4AX listed equities and debt platform allows 4AX to further expand its market disrupting debt offerings. 4AX will now have the ability to offer all entities - from mid-sized companies to global conglomerates, to Government institutions and state-owned enterprises (SOEs) - the ability to utilise the 4AX online debt book building platform, whereby they can source debt directly from a combination of retail and institutional investors in one seamless and integrated offering. RainFin's technology enhances efficiencies in the primary debt-listing market (arranging and book-building), whilst 4AX's technology and regulation framework enhances efficiencies to secondary-market liquidity.

The collective value proposition is ideally positioned to deepen South Africa's sophisticated debt capital market and expand on the growing sophistication of Africa's debt and loan markets. Fay Mukaddam, 4AX CEO, says: "It is a long-standing fact that the debt market is inadequately serviced, a problem that it is not isolated to South Africa. The conclusion of this transaction will allow 4AX to build on the concept of crowdfunding, and a credit marketplace platform pioneered by RainFin, and significantly enhance that by bringing the offerings into a regulated world through alignment of the debt instruments issued by the RainFin platform and our listed regulated exchange.

Sean Emery, RainFin CEO, affirms market effectiveness by adding that, "There is growing market demand for companies to have the tools to raise debt directly from the market. In essence this would include, technology-led self-origination, cost-effective arranging, book-building and private placement, and supply expansion i.e. increased supply of highly rated debt listings. The collective RainFin and 4AX offering is timely, in that there is a distinctive product-market fit."

Beyond meeting immediate market needs, 4AX's Debt Listing Requirements positions its Debt Division to meet growing market demand for high-yielding African market alternative debt products - for example, Green Bonds, Sukuks, etc. - as an alternative to the Eurobond market.

With regard to meeting emergent market needs Mukaddam adds, "Alternative debt products enable businesses to access broader capital pools, thereby deepening capital access. 4AX will be working closely with existing banks, arrangers, asset managers and larger corporates to bring the advantages of these platforms to them on a shared services



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white labelled basis allowing them to expand their offering to their clients, or even to have their own debt platforms/marketplaces and allow for a more seamless process from debt arranging to having the debt instruments listed and tradable. Liquidity of debt instruments is paramount for corporates, asset managers and banks and we will enable that liquidity and tradability of debt.

As one of only two exchanges in the country with a fully-fledged licence to trade across equities and debt, the 4AX team are excited about the new debt listing offering that it will launch in Q3 of 2018.

“In keeping with the ethos of the 4AX promise to provide cost effective, safe and easier access to more product variety; we are focused on offering a real alternative for corporate, treasury and other debt instruments and products. We also aim to build on this success by expanding our solutions and footprint into other regions in the future – and continue to contribute to the deepening of emerging capital markets across Africa,” concludes Mukaddam.

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