

Introducing Bourse Africa

Bourse Africa is a commodity spot and derivatives exchange offering multi-asset class trading to serve markets across Africa. It will provide an efficient, secure, transparent and trustworthy platform to facilitate price discovery and mutually beneficial trade, financing, risk management and investment between participants from across African markets, and between African and international participants.

Bourse Africa represents a breakthrough institution, a first of its kind, one that will radically transform Africa by organising markets and empowering commodity chains while opening up new opportunities for international participation in this so-called 'last emerging market'. The African commodity sector, with annual export value of approaching US\$350 billion, is significantly larger than that of India and America combined. And currently, aside from select agricultural products in South Africa, the African commodity sector has no indigenous exchange on which these commodities can be hedged.

As such, Bourse Africa offers a diverse array of unique propositions that will appeal to commercial and institutional participants alike:

For commercial participants active in African commodity chains, Bourse Africa – as the world's first integrated commodity spot and derivatives platform – offers

extensive opportunities for physical delivery, procurement, hedging, trade and arbitrage. Increased transparency and the cross-border nature of Bourse Africa's markets will catalyse enhanced sales and procurement strategies for those active in the physical trade. Smaller farmers will also be empowered through better flow of information and new tools for upgrading their production decisions, marketing activities, access to finance and risk management. Because delivery points are in Africa, and because the markets will be easily accessible to African participants, basis risk will be low and thus Bourse Africa will make an efficient venue for hedging. Moreover, as Bourse Africa diversifies into other asset classes, including currencies, a wide array of public and private enterprises will view the instruments offered by Bourse Africa as essential mechanisms for enhancing their marketing, finance and risk management capabilities.

For institutional and other investors, Bourse Africa will quite simply act as the gateway for accessing the exciting opportunities that Africa offers. As the world's pivotal supplier of many essential commodities, the current trends that have seen sustained African growth and integration into the global marketplace make Africa an irresistible new location for investment. Bourse Africa provides an efficient and secure environment to trade a range of new products with unique pricing dynamics and a range of volatility levels. In this way, Bourse Africa offers excellent possibilities for investors to generate more varied and tailored positions in the market and to diversify their investment portfolios.

Structurally, Bourse Africa's business comprises:

- *A spot exchange:* An efficient procurement and trading hub for immediate delivery of African commodities. For spot trading, Bourse Africa will focus on commodities of high importance to those national and regional markets in which it has presence. Trade will be offered through a hub and spoke structure, outlined in the diagram below. The hub will be based in Botswana – Africa's greatest success story in terms of sustained economic growth, political stability, enlightened governance, and the rule of law – connecting with spoke exchanges and delivery points located across the continent.
- *A derivatives exchange:* A venue for price discovery and the provision of a broad array of hedging, investment and arbitrage opportunities. As a derivatives platform, Bourse Africa's initial focus will be

on a select number of pan-African commodities with an established international profile. These will be denominated initially in US Dollars or other hard currency. Further contracts will be developed over time, including on commodities that do not have an existing price benchmark, as well as contracts on currencies, indices and other asset classes. The derivatives exchange will operate under the jurisdiction of Botswana, where its primary external regulator will be the country's Non-Bank Financial Institutions Regulatory Authority (NBFIRA).

“The African commodity sector is significantly larger than that of India and America combined.”



Bourse Africa has its own clearinghouse and will offer depository services for warehouse receipts, amongst other documents of title. Facilitative services will also be provided, including market information dissemination, training and capacity-building, and educational services to create a cadre of highly trained African professionals to staff a rapidly growing industry.

Institutionally, Bourse Africa represents a public-private partnership that blends the best of Africa and Asia. The local knowledge, experience and energy of eminent African financial and commodity-based institutions is complimented by the domain expertise of the Financial Technologies (FT) Group, the promoters of a global network of exchanges and associated ecosystem infrastructure.

The FT Group includes 10 exchanges in Asia, the Middle East and Africa. The Group's exchanges in India include the Multi Commodity Exchange of India (India's largest and the world's sixth-largest commodity futures exchange), the National Spot Exchange (the world's most successful electronic spot exchange for agricultural and other commodities), and MCX Stock Exchange (which currently offers trade in currency futures). The Group also operates the Dubai Gold & Commodities Exchange, the Singapore Mercantile Exchange and the Global Board of Trade, Mauritius.

Moreover, to fully understand the synergies between Bourse Africa and the FT Group, it is especially important to take into account the Group's ecosystem and technology ventures as well. These include in Africa warehousing, warehouse receipt and depository platforms which will facilitate an extensive and robust delivery platform for the exchange. Bourse Africa is also forming partnerships with other warehousing, logistics, assaying and infrastructure providers to ensure a broad and accessible network spanning African markets. Also of note is the Group's bespoke solutions for information-vending and capacity-building. Transparency of information is the bedrock for efficient price discovery, and Bourse Africa will holistically address the market's information requirements. Similarly, in

markets which currently lack the kind of exchange that Bourse Africa is establishing, it will be critical to provide the right training and capacity-building solutions for all market stakeholders – from small commodity producers to corporate participants and from brokers to clearing services providers to regulators to the media. With these elements in place, Bourse

Africa will provide an ecosystem-wide approach to drive efficiency, transparency, inclusiveness and sustainability throughout Africa's commodity markets.

In the final analysis, Bourse Africa is poised to play a crucial role in modernising Africa's commodity ecosystem and increasing the continent's clout in global markets. As a public-private

partnership that blends the best of Africa and Asia, Bourse Africa combines the local knowledge, experience and energy of key African institutions with the international network of the FT Group spanning Asia, the Middle East and Africa. The result – a breakthrough institution, a first of its kind, one that will radically transform Africa by organising markets and empowering commodity chains while opening up new opportunities for international participation in this so-called 'last emerging market'.

“Bourse Africa is the world's first integrated commodity spot and derivatives platform.”



BOURSE AFRICA is a commodity spot and derivatives exchange offering multi-asset class trading to serve markets across Africa. It will provide an efficient, secure, transparent and trustworthy exchange mechanism (and supporting institutions) to facilitate price discovery and trade, financing, risk management and investment between actors across African markets, and between African and international actors. Please reach us by email at: information@bourseafrica.com and visit us at our website: www.bourseafrica.com.