



**Offering a more convenient and efficient  
channel for cross-border investment flows**

**JSE** 

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**EQUITY MARKET**

Depository Receipts: Investor Information

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Johannesburg  
Stock Exchange

South African Depository Receipts (SADRs) are not actual shares, but receipts representing shares. They are handled and traded just like shares. They offer the same economic, corporate and voting rights enjoyed by an investor holding underlying shares directly. A SADR may represent one share, several shares or a fraction of a share, so its price may differ from that of the share it represents, but should be reflective of the price.

Depository Receipts have become a globally accepted, flexible instrument, enabling issuers to reach investors located outside their home markets while reducing the risk of cross-border investment, eg. foreign legislation, transaction costs and delays as well as complicated settlement transaction processes.

## Benefits to an Investor

Increasingly, investors aim to diversify their portfolios internationally. However, obstacles such as undependable settlements, costly currency conversions, unreliable custody services, poor information flow, unfamiliar market practices, confusing tax conventions and internal investment policy may discourage institutions and private investors from venturing outside their local market.

### Depository Receipt advantages may include:

- ▶ Cross border investment flows are often complex, whereas SADRs offer a more convenient and efficient channel
- ▶ Trades and settles in the same manner as any other share available on the JSE's Equity Market
- ▶ Global diversification is created by providing access to foreign companies, turning an investors' portfolio into a global one without having to go directly to foreign markets
- ▶ Enables comparison with other investments due to accessible price information
- ▶ Foreign investors can also trade in South Africa and repatriate their currency or securities abroad
- ▶ Traded in local currency – South African Rand
- ▶ Pays dividends and delivers corporate action notifications in South African currency and language
- ▶ Typical global custodian safekeeping charges for holding foreign securities are eliminated
- ▶ Ability to acquire the underlying securities

### Some Considerations:

Like foreign domiciled shares currently listed on the JSE, investors may face some degree of risk due to the unpredictability of economies and social situations which may positively or negatively impact the share.



INVESTOR

## How to trade in SADR

Once SADR are issued, they are tradable on the JSE like other Equity Market securities, they can be freely bought from or sold to other investors, but are subject to exchange control requirements.

The first essential step is to open a trading account with a chosen stockbroker. When investors want to buy or sell SADR, they notify their broker. The broker can then buy or sell the SADR in the South African market through an intra-market transaction.

### All transactions are subject to:

- ▶ Brokerage fees
- ▶ Settlement fees
- ▶ Investor Protection Levies
- ▶ Security Transfer Tax (STT)
- ▶ Custodial or administrative fees (where applicable)
- ▶ VAT (where applicable)

#### For additional information contact:

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