

PRIVATE PLACEMENT FRAMEWORK

A CAPITAL MARKET INITIATIVE



CMDA

Capital Market Development Authority

CHALLENGES IN ACCESS TO FINANCE

Bank Financing

Financing Limits, Collateral / Own Equity requirements, Repayment Period / Rates & Lack of Competition.

Capital Market

Usually reserved only for larger companies, Require changes to company structure (Converting to a PLC & resulting alterations), lack of understanding / technical know how, lack of infrastructure.

Private Placements

Difficult to find suitable investors, Cannot Advertise to the public, Not regulated, thus relatively more risky; Lowered investor trust leads to additional costs.

Venture Capitalists, Angel Investors, Crowd Funding platforms...

Not readily available yet

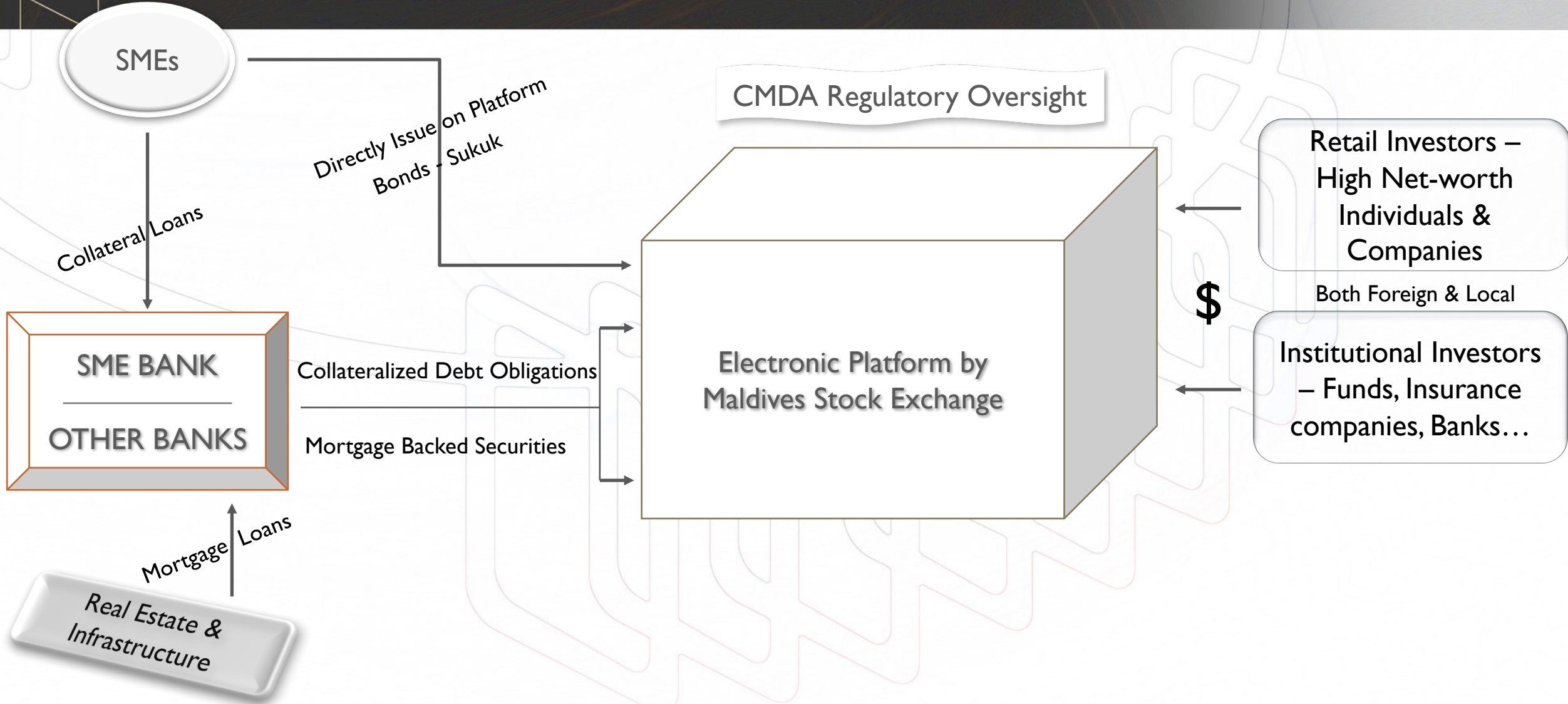
PRIVATE PLACEMENT FRAMEWORK

- ▶ Provide regulatory oversight (disclosures and governance standards) for Issuances on the platform.
- ▶ All companies that meet a minimum criteria will be allowed to pitch their financing proposals to a pool of private investors (Local & Foreign).
- ▶ Formalized process with platform track record & added transparency would mean more investor confidence and may lead to reduced costs.
- ▶ Flexibility to remain as a Private entity and issue securities to raise finance without converting to a PLC.

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- ▶ Easy and efficient information sharing and issue process via the electronic platform. (Act as a market where buyers & Sellers meet and advertise products)
- ▶ Flexibility to choose investors, increasing chances of having investors with similar objectives and means to advise and assist your company and provide funding at various stages of your business lifecycle.
- ▶ Easier compliance standards - Off market trades are allowed, Introduce innovative product structures, option for disclosures to be made only to investors & not the public in general and only within the period of issue.

PROPOSED CONCEPT



OBJECTIVES

- Enable easy access to finance for all companies especially SMEs.
- Create more market-based investment opportunities.
- Increase participation of institutional & private investors (Local & Foreign) in the securities market.
- Encourage Banks to participate as Intermediaries – Dealers, Investment Banking & as Market Makers.
- Encourage entry of new market participants, such as Credit rating firms, Investment Funds & Advisors.
- Increase market liquidity.
- Boost competition in the market and accelerate business activities in the economy.
- Raise financial awareness and improve investment / savings culture.

THANK YOU



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