

INTERVIEW



CHARLIE CONCHIE INTERVIEWS THE BIGGEST MOVERS AND SHAKERS IN TECH, FINTECH AND FINANCIAL SERVICES

THE GUERNSEY STOCK MARKET LOOKING TO CRASH LSEG'S PRIVATE PARTY

Charlie Conchie speaks to the Dutch capital markets veteran Cees Vermaas about the International Stock Exchange



LAST month, the City minister Bim Afolami told *City A.M.*: “This is something no one in the world has. We can be the country that allows private companies to be able to raise money from capital markets,”

Like the Chancellor and his own predecessor Andrew Griffith, Afolami was banging the drum for Dutch capital markets veteran Cees Vermaas, launched its own private market, PISCES, which will essentially allow private firms to raise capital in a style similar to their public counterparts.

But the minister's comments were slightly off the mark.

Operating quietly in the English Channel is a market already doing just that.

The Guernsey-based International Stock Exchange (TISE), led by Dutch capital markets veteran Cees Vermaas, launched its own private venue late last year and is already allowing firms to auction off their shares while remaining unlisted.

“Everyone is aware of [PISCES] because there's a lot of communication about it,” Vermaas tells *City A.M.* “But that's the advantage of being a smaller firm. We have been developing this for



A string of torrid IPOs and a lacklustre pipeline has led the LSE to look for a new source of business

almost two years [and] I think we had the advantage of being just a little bit quicker to market.”

On a smaller scale, TISE is doing the same thing PISCES will set out to do. The firm's private market offers a way for companies to raise cash without the rigmarole of both a listing or negotiating with investors in a typical private funding round.

Companies register to use the platform and can then decide which investors to take on in an auction process. Vermaas says it's helping put power back in the hands of companies.

“We have many examples where

[public companies] get in the hands of, or partially under control, of shareholders they don't really want on their book,” he says. “And the way we set it up is you control who you allow to buy your shares.”

The new private market sits alongside TISE's bond market, a specialist market for UK Real Estate Investment Trusts (REITs) and a sustainable finance business.

It has already signed up the UK's largest garden centre group, the Guernsey-based Blue Mountain, which has a value of around £200m and is using the platform for a monthly auction of its shares. While TISE's market is currently targeting local firms, Vermaas says its plans are much bigger.

“In the UK, we noticed that there are almost 20,000 private firms with more than 100 employees, which are not on public markets and not intending to go to a public market.

“They have an aim to grow, and at a certain moment to maybe go to a public market, but we think in the meantime we have an outstanding offer for them.”

As well as placing power back in the hands of companies, TISE is looking to tap into a structural

shift in capital markets as firms increasingly shun traditional listings as a route to access capital.

As private markets have swelled and become more liquid, firms are looking to stay private and avoid the red tape and laborious governance requirements that come with a public listing.

“Stock exchanges are outstanding platforms, I've been working in them for 25 years,” he adds. “But I think it's questionable if companies below \$1bn [valuation] belong on a public market - and I think there's where the private markets will probably thrive.”

A string of torrid IPOs and a



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lacklustre pipeline has similarly led the London Stock Exchange to look for a new source of business. London's flagship bourse hosted just 23 new floats raising £953.7m in total last year, down 40 per cent on an already subdued 2022.

While appetite for the public markets seems to have evaporated, both TISE and the LSE says interest in their new venues has been flooding in.

Julia Hoggett, the boss of the London Stock Exchange, said back in May last year she already had “incoming calls from all over the world asking if they could use [the new private exchange]”.

Vermaas claims he has seen a similar surge in interest.

“Since we launched four months ago, we [have been] extremely busy, and I'm actually [spending] a lot of time in the city. We're talking to a lot of UK entities at the moment.”

He says the firm is aiming to have “50 companies [using the platform] in the next few years” and is already in talks with 10.

Whether those ambitions are dented by the arrival of PISCES and a fanfare of government backing, however, is yet to be seen.