



Guernsey's International Stock Exchange Targets Non-Listed Corporates

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This news service has spoken to the boss of the exchange to ask about its foray into the business of enabling buying and selling stakes in unlisted companies efficiently – a crucial role at a time when private market investing is continuing to grow.

When you have spent decades working in the world of European stock exchanges and other markets, and chosen a quieter life, it takes a compelling proposition to head back into the combat.

The International Stock Exchange (TISE) in Guernsey came knocking on the door for Cees Vermaas (pictured) in October 2020 in a bid to bring an experienced industry figure into the business and drive change.

And an important business area for TISE is its market-enabling owners of privately held businesses who buy or sell stakes in unlisted companies without the costs and delays associated with middlemen, lawyers, brokers and others. Launched in late April 2023, TISE Private Markets provides unlisted companies with access to an integrated set of tailored electronic trading, settlement and registry solutions.

With private market investing remaining a hot wealth management topic, reflecting a secular shift away from listed markets in much of the West, a need for owners of private firms to buy or sell efficiently is more significant. The sale of a private firm, for example, is typically an important liquidity event that private banks and wealth advisors will want to track.

TISE is helping to build the infrastructure to make the efficient purchase and sale of private firms a reality, Vermaas told *WealthBriefing* recently.

“What’s unique [about this marketplace] is that it disintermediates the full trading value chain and brings the whole process under control of the issuing company. In a quoted market, activities like registry, listing, trading and settlement are provided by many parties that all ‘eat part of the pie’, which makes these models very costly,” he said.

As Vermaas is also keen to point out, TISE Private Markets is another way for Guernsey to flex its muscles as an international financial centre, offering the kind of fast-moving service that competes with larger financial hubs.

The first company to join the platform was Guernsey-based Blue Diamond Limited, which operates garden centres across the UK and Channel Islands, he said. This is a business with an approximate market cap of around £200 million (\$253 million) that would in the past have been a classic member of London's Alternative Investment Market. Instead, Blue Diamond was a privately held firm and was able to operate on the TISE platform, he said. It has seen a steady improvement in price stability and efficiency since it joined TISE's private market.

The ascent of businesses such as TISE Private Markets is also a part of the infrastructure of the market having had to evolve as more money has moved into private equity, credit, infrastructure and real estate. The ability to buy and sell a stake in privately held companies isn't always clear. Within private markets, there has been the rise of a market in "secondaries," giving some liquidity options in a space that is typically less liquid than a stock market.

The exchange is talking to several interested parties who want to use its services, varying from an international retail company in sportswear/equipment, an international bank to a fund provider, to give some examples. "There's enormous need," he said. "We create transparency in a non-transparent world."

With so many UK businesses not listed on exchanges, and where the ability to buy or sell stakes is important, the stakes for making successful transactions are high, Vermaas said. "It is the backbone of the UK economy," he said.

"Given the size of the private market, our focus is for the time being on the UK. Longer term, the offering will be rolled out more internationally. Technically our systems are suitable to provide the service to any private company globally."

Vermaas has years of experience in international financial market infrastructure. He has held senior executive positions at exchanges including CEO of CME Europe, CEO of Euronext Amsterdam, and head of European cash markets for NYSE Euronext. He also worked for a decade in IT and programme management roles at Dutch powerhouses including Philips and Delta Lloyd Group.

Having undertaken a wide variety of senior roles in European firms is also useful on a resumé when doing business post-Brexit and when Guernsey's role as a conduit into international markets is so significant. It will be interesting to see how the TISE adventure under Vermaas unfolds.