

## The International Stock Exchange aims to cash in on listings lull



Cees Vermaas, chief executive of The International Stock Exchange, is introducing a new service that acts like an in-house trading platform.

Source: CHRIS GEORGE

### Trading platform's service lets unlisted companies hold a dedicated monthly auction for their holdings

by Tracey Boles, Deputy Business Editor

A new service for private companies from The International Stock Exchange that acts like an in-house trading platform intends to win 50 clients as public markets experience a lull in listings.

The TISE Private Markets service provides unlisted companies with a means to buy and sell their own shares. Launched in September last year, it has no intermediaries and its features include electronic settlement for an annual fee.

Cees Vermaas, chief executive of the Guernsey-based TISE, said: "TISE Private Markets allows users to bring an exchange in-house. It operates like an auction on eBay, but with financial products. We have an interesting pipeline and see fifty companies using it within five years."

The first client to join was Blue Diamond, the UK's largest garden centre group, which is also based in Guernsey. The company now holds a monthly auction for its shares at which investors can buy and sell their holdings. New investors participate after existing ones have had the opportunity to take part.

Vermaas believes that the service would suit the 20,000 private companies with more than 100 employees that are the "backbone of the economy".

Building on the exchange's well-established public market for bonds and equities, it could also be used to trade employee share schemes at large companies. "We are building an ecosystem," Vermaas said.

Fast-growing private markets comprise investments in assets not traded on a public exchange or stock market. According to data from McKinsey, the consulting group, total private markets assets under management reached \$11.7 trillion by June 2022, growing at an annual rate of nearly 20 per cent since 2017.

Meanwhile, the number of publicly traded companies has fallen in London, with several looking at a move to New York and amid a decline in the number of new companies coming to market. EY, the professional services firm, found that "market challenges, high inflation and interest rates" had led to a decline in UK initial public offerings last year, with only 14 listings raising \$600 million, in contrast with 22 listings the previous year.

Blue Diamond has full control of its own dedicated market, from bringing shareholders on board to scheduling auctions and managing registers. The company has access to a bespoke auction model that concentrates liquidity, with an algorithm to protect pre-emption rights and electronic settlement of cash and shares, as well as online tools for the management of share transfers and shareholder records.

Richard Hemans, chief financial officer and company secretary at Blue Diamond, said: "It is a very powerful system that has reduced the workload for my team and I. Previously the process was very long-winded, manual and opaque. We wanted a solution that offered complete visibility and would improve trading in the shares in terms of price discovery and ease of use.

"It has also deepened liquidity and suits companies that are privately owned and are not looking to list, with all the cost and regulatory pressures that brings. You could use it to raise funds or if you are looking to delist. We are very pleased so far."

Blue Diamond was originally founded in Guernsey in 1904 as the Fruit Export Company. Today it operates 44 garden centres in the UK and the Channel Islands, with more than 4,500 employees and annual revenues approaching £350 million. The company has nearly 430 private shareholders, with 75 per cent based in Guernsey, and regularly attracts new investors. ■