

The firm ‘revolutionising’ the shareholder experience at private companies



BY KATIE ROYALS, 08/01/2024

Based in Guernsey, The International Stock Exchange – TISE – is aiming to revolutionise the shareholder experience at private companies through its latest offering.

Chief executive Cees Vermaas told thewealthnet that, especially with the rise in private companies, there is a market for the firm’s platform.

The premise is relatively simple. TISE has a platform that facilitates buying and selling shares in private companies in order to make sure the whole process “goes seamlessly”.

Currently the process is quite convoluted and not particularly transparent, often relying on overworked CFOs to execute the transactions, taking on significant personal liability through the process.

TISE believes its platform can take the stress out of this for companies and investors alike.

“Companies know where they stand and who their owners are,” Mr Vermaas stressed.

By joining the recently launched platform, firms should have access to a bespoke auction model which concentrates liquidity, a tailored auction algorithm to protect pre-emption rights, electronic settlement of cash and shares, and online tools for managing share transfers and shareholder records.

The companies using TISE direct their investors to the platform rather than the other way round, meaning the firms still keep control over who can and cannot buy shares in their business.

Recently, the firm onboarded its first private markets client – Blue Diamond, a UK and

Channel Islands garden centre group.

Mr Vermaas stressed that this is just the start. The platform is scheduled to have around 50 companies making use of its services in the next few years, he said.

In terms of demand, Mr Vermaas is confident this will continue to increase, with more and more companies opting for private ownership rather than public.

According to EY's Global IPO trends 2023 report, IPO global proceeds were roughly a third lower than in 2022, with 2023 IPOs raising \$123.2 billion.

Looking at the UK specifically, the market is also down by roughly a third, with 22 listings occurring in 2022 and just 14 in 2023.

Currently TISE is focused on the UK market, which offers significant opportunities to the firm, Mr Vermaas believes.

However, as the technology runs in the Cloud, TISE does have the ability to expand globally and hopes to do this in the future.

On top of this increase in demand, Mr Vermaas believes TISE is uniquely positioned to be able to solve the problem it has highlighted.

This is because its larger stock exchange counterparts – like the London Stock Exchange and Nasdaq – could only launch a similar service by stepping on the toes of firms they partner with already to deliver certain services.

Developing a similar platform in collaboration with these partners could prove too costly and therefore would not receive much interest from firms, Mr Vermaas argued.

TISE does work with Shieldpay for its payments due to not having a banking license of its own, but, aside from this, does not partner with any other firms to deliver its services.

For the company's wider company – including its debt securities platform – sustainability is very important.

"We live in a world where we have to take care of it," he stressed.

However, this is not a primary concern for its private markets offering yet. "We need

to populate" the platform first, Mr Vermaas explained. Sustainability concerns can follow once the business is more established.

Looking forward, the firm has big ambitions. "There's a huge market to crack," he acknowledged. However, Mr Vermaas stressed the importance of staying realistic and taking it one step at a time.