



# *How Brokers Can Assist Businesses to Raise Capital*

January 27, 2011

# The Traditional Role of Brokers



- ❖ Underwriting and/or Acting as Agents in the Issuance of Securities
- ❖ Advising on Mergers & Acquisitions
- ❖ Advising on Structured Financing Deals

# Jamaica's Present Scenario – Innovation & Opportunity

- ❖ Low Interest Rate Environment has created opportunity for innovation
- ❖ Four main areas:
  - IPOs
  - Private Placements
  - Note Placements/Corporate Bonds
  - Preference Shares

# IPOs – Junior Market

- ❖ The JSE Junior Market has become an avenue for SMEs to raise capital
- ❖ 8 oversubscribed listings to date
- ❖ 10 additional listings anticipated for 2011



# Benefits of Listing on the JSE Junior Market

- ❖ 10 Year Tax Holiday
- ❖ Equity financing = 0% cost vs. debt financing (lending rates range between 14% to 18.75%)
- ❖ Firm can still be fairly closely held – 80% max
- ❖ Increased branding

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# Private Placements

- ❖ New FSC Guidelines
  - Securities Offered by Accredited Issuers
  - Securities Offered to Accredited Investors
- ❖ Types of Private Placements
  - Equity      ▪ Debt



# Note Placements/Corporate Bonds

- ❖ Emergence of a Vibrant Corporate Bond Market in Jamaica
- ❖ Limited Number of Accredited Investors

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# Preference Shares

- ❖ Attractiveness of Preference Shares Versus Benchmark Treasury Bill Yield
- ❖ Lower Cost of Funds Versus Debt Financing





# Questions

