

WELCOME

Development Institutions and risk capital

At the occasion of the 52nd edition of the General Assembly of "Asociación Latinoamericana de Instituciones Financieras para el Desarrollo" (**ALIDE**) in Curacao May 17, 2022



**Dutch Caribbean
Securities Exchange**



Introduction / background Mr. Dirk-Jan de Graaff (CEO DCSX)

- Work experience
- About illiquid markets
- Bringing parties together
- Development Finance Institutions (“DFI’s”) ideal capital market partners
- The use of segregated portfolio structured Investment Funds by DFI’s
- The logic next step: list the Investment Fund share Classes

Background Dirk-Jan de Graaff



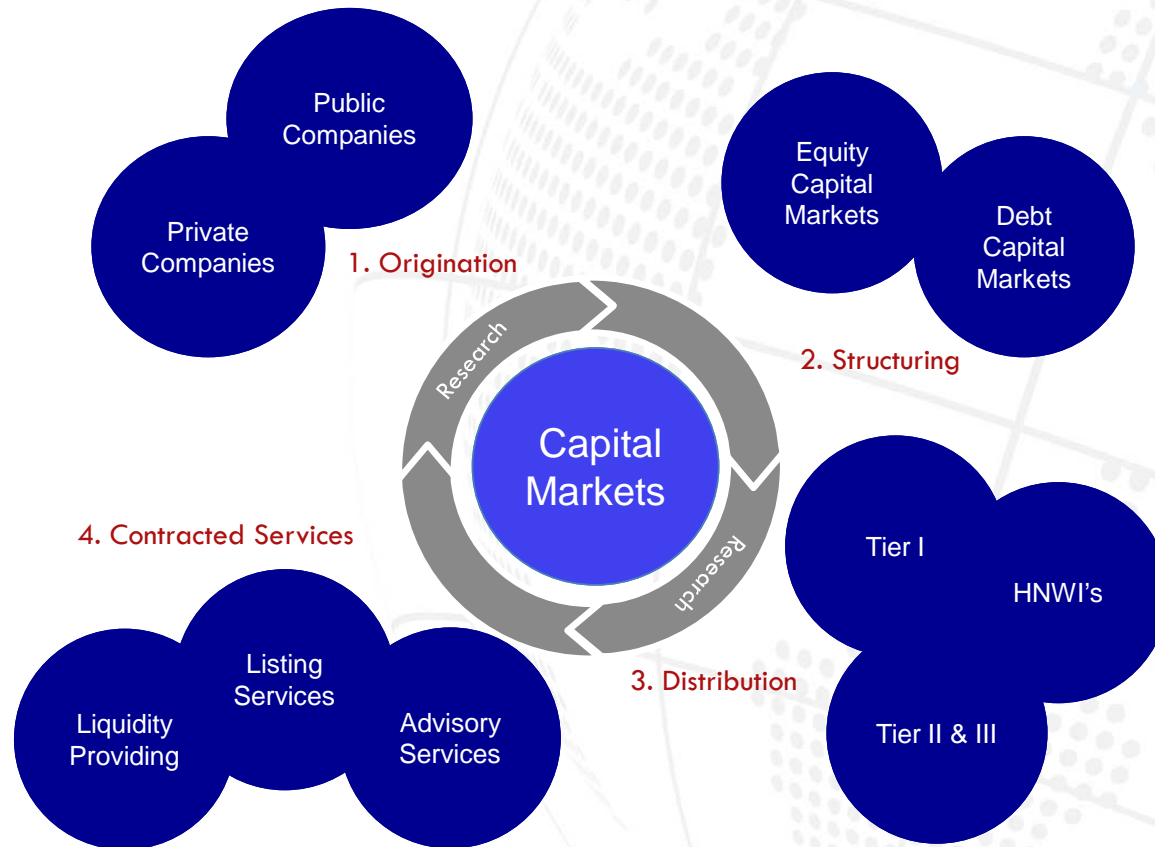
- Capital Markets professional with more than 25 years experience
- Originating, structuring and distributing capabilities of equity, debt and hybrid financing instruments
- For small & midcap listed Euronext Amsterdam corporates
- As well as private companies looking for funding possibilities in the capital markets as alternative for traditional bank financing
- Always active within smaller banks/brokers acting in illiquid markets
- Build capital markets activities, including building the teams, within these organisations (Bank Labouchere, NIBC, SNS Securities/NIBC Markets)
- Recently active as Head of Capital Markets Netherlands for the Belgium based Private/Investment Bank Degroof Petercam
- Since 1 February 2022 CEO DCSX Curacao
- Main goal: create liquidity in illiquid markets

Playing field Capital Markets



Capital Markets: The playing field could be divided in 4 main activities:

- 1 **Origination**
Opportunity recognition by having proactive contact with a company's management, shareholders and other stakeholders. Move from technical towards tradeable listings. Local as well as regional/international client base.
- 2 **Structuring**
Tailor made solutions to strengthen a companies financial position
- 3 **Distribution**
Placement of equity and/or debt securities to investors – fine tuning product in order to match demand and supply
- 4 **Contracted Services**
Capital Markets offers public companies listing and advisory services that generates recurring income. Offer openings for other services. Including research coverage to be provided by 3rd parties.





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About Illiquid markets

- Hurdles
- Opportunities
- Intermediary role for niche service providers
- Some real-life examples back from the NL



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Bringing parties together

- Primary players (lenders-debtors-intermediaries)
- Focused targets for financing (per type of economy)
- Public and the need for education
- Government as facilitator

Development Finance Institutions (“DFI’s”) ideal capital market partners

- Development is in their DNA – stick to DNA
- If well managed > revolving fund type
- Shoulder to shoulder with pension funds (long funding)
- DFI’s a condition for growth in small market without “equity mentality”
- Change from pure bank centered mentality



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The use of segregated portfolios structured Investment Funds by DFI's

A CLOSER LOOK AT HOW THIS WORKS



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Big need to create an **investment vehicle** thru which one can invest in both Government owned properties and private properties; as long as those properties are developed in such a way that they **directly contribute to our economy.**



The Government (facilitator role mentioned earlier) could and should decide/rule that anyone who invests (indirectly or directly) in properties within certain economic areas, **would be free of taxes** (for at least a *considerable period* of for instance 10 years, under the *condition* that this **only applies to interest a/o dividend income from that specific project and if routed through an exchange listed security**).

Government could and should decide/rule to create benefits for issuers (special interest a/o other cost deductions?)



Set up a *structure* whereby every time that there is a “project/property” that is in principle “good to finance” (after proper vetting) by the DFI we put that project/property in a special “**segregated portfolio box**” into which investors can invest.

Each box exists within a so called STC: Segregated Trust Company, which is in short: a hybrid between a company with different shares and different trusts.

For detailed info on structuring an STC DSCX can assist.

The **benefit** of *such setup* is that you have one central entity (or maybe just a few geared towards specific business sectors) where the investors in each share class have *no benefit but also no loss* from anything that happens in other projects/Share Classes within that same entity: thru the different Trusts you legally establish a **segregation** of rights/benefits and **obligations/liabilities** between the different Share Classes.

And this way, **you don't have to go and incorporate a new company every time for each project**. Some projects are going to be bigger, while there may well be quite a few that are relatively small but have spinoff capability.

The logic step to list the Investment Fund share Classes

- Creating your own revolving fund/new capital raising potential
- Through the sale of listed STC shares.
- DCSX as partner (extra set of eyes)
- Marketing/stakeholders' interest/snowball effect



DFI

Incorp. Share

Settlor

Trustee

Trust A

Trust B

Trust etc.

Project A

Share Class
A-DCSX Listed

Share Class
B-DCSX Listed

Share Class
Etc-DCSX Listed

STC Fund

Trust A

Trust B

Trust etc.

DCSX
Shares A
Shares B
Shares etc.



THANK YOU

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