



## Curacao Stock Exchange Seeks International Startups

Officials in Curacao, a Caribbean island off the coast of Venezuela, are hoping Latin American entrepreneurs and investors will have confidence in its relatively new stock exchange intended to make initial public offerings affordable to startups.

"We want to create an exchange that is not only for the business community in Curacao but also for basically the rest of the world," said Rene Romer, managing director of the Dutch Caribbean Securities Exchange. "That sounds a little grand maybe in the beginning, but our first focus internationally is Latin America. We want Latin American-based entrepreneurs, startups, [family businesses] that want to expand ... to be able to raise capital and do that on an exchange that functions in a legal system that is very safe, the Dutch system that we have, and we want to make sure that they can do that at a very affordable price."

After two decades of tossing around the idea, Curacao licensed the stock exchange in 2010. Romer began work with the DCSX in 2012 when operations began in earnest. The exchange deals in bonds, equities and funds and now has 31 listings valued at close to \$3 billion, most of which are Curacao government bonds, Romer said. Nongovernment bond listings account for \$700 million, and investments vary from a car dealership in Latin America to a South American company's investment in a rhinoceros farm in Africa.

Romer was in Miami this month to promote the DCSX at a global law conference held at Gunster.

Since the debt crisis nearly 10 years ago, banks around the world have tightened financing rules. Romer said those restrictions have limited startups, especially in Latin America.

A listing on the exchange costs \$6,000 to \$7,500 for the first year and after that a yearly fee of \$3,000, Romer said. A listing on one of the larger international exchanges, including attorney fees, could cost 100 times that much, he said.

IPOs on the exchange are often in the \$10 million to \$50 million range, but Romer said one equity listing was for only \$500,000.

Since startups are riskier, he concedes the DCSX could be a higher-risk exchange, "but we also want to make sure that these higher-risk startups get a chance," he said.

### Regulatory Balance

The DCSX is seen "as a good alternative for up-and-coming enterprises" that are ready for public financing but may not be ready for the regulatory rigors, expense and scrutiny of U.S. exchanges, said James Meyer, a partner at Harper Meyer Perez Hagen O'Connor Albert & Dribin in Miami.

"Their biggest challenge will probably be to keep out the fraudsters without overly restricting the participation of their principal market base," he said.

Exchanges vary substantially from one country to another, and smaller ones often don't have the free flow of money or the confidence of investors, said Martin Press, an international tax shareholder at Gunster in Fort Lauderdale who has extensive experience with foreign taxation.

"The fact that we belong to the Dutch legal system brings a lot of stability to the country," Romer said. "Once you are independent and you are a very small country, the question for international finance becomes how safe is this, how well are the rules and regulations followed, and thank God we don't have that problem."

Dutch islands often trade on that argument, South Florida attorneys said.

In addition to the DCSX doing its own background checks on directors, founders and listing advisers, the exchange is supervised by a foundation and the Central Bank of Curacao, which has performed two onsite inspections, Romer said.

"There's a good balance between stringent supervision and requirements toward the issuers and efficiency and not going overboard with the disclosure requirements. That makes for an efficient listing process both in terms of time and cost," said Derk Scheltema, managing director of fiduciary services company Amicorp Group's Willemstad, Curacao, office. "The exchange processes listings in two weeks."

Scheltema said Amicorp, which has offices in 32 countries, does document preparation for submission to the exchange.

Amicorp is the DCSX's most active listing adviser and is listed as administrator of the Enterprise Emerging Markets Fund, a mutual fund on the DCSX, Romer said.

Meyer said the Dutch tie gives clients some comfort in terms of Curacao's adherence to the rule of law.

"It would be quite parochial to think that we can always do better than everybody else," said Alan Weisberg, founding partner and international tax lawyer at Weisberg Kainen Mark in Miami.

He said he has represented clients facing indictment in Curacao and knows from experience that as part of the Netherlands, Curacao enforces Dutch law. But Weisberg said investors need to be cautious anywhere in the world.

"If someone is in need of the services and they can't get them from the U.S., it sounds like it could be an opportunity," he said. "Just be prudent."