



CREATING PROSPERITY BY CONNECTING INVESTMENT OPPORTUNITIES TO INVESTORS

INVESTORS' CORNER

What's in a Depositary Receipt?

“It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price.”

Warren Buffett

Want to get your hands on some Google Shares? What about Facebook or Apple? Coca Cola or Amazon? Hmm... Or maybe Tesla or Walt Disney or you prefer NetFlix or Walmart? The list doesn't have to stop there! I could go on and on and on... What if you are able to get access to these shares and not by trying to open an international brokerage account that asks you for some ridiculous amount as a minimum deposit? What if such stocks can be accessed, right here, on our local exchange? What if this is possible? Well, it is no longer a what-if scenario. It is true and I am so NOT kidding! Let me explain how that will work very soon.

What am I talking about? Depositary Receipts; these are securities that are listed on the local exchange that represent the stocks listed in foreign countries on other exchanges. It's like having “local Google shares” for the actual Google shares listed on NASDAQ. If you buy this depositary receipt, it is as if you are buying the real stock from overseas. This is not a new concept, American investors have been doing this for years! There are a number of American depositary receipts listed on the US Stock Exchanges that represent original shares listed on stock exchanges located in Asia for instance.

As the owner of a depositary receipt, you are expected, for the most part, to experience similar movements in the stock prices as those shareholders based in the US who invest directly in the shares listed on the exchanges there. Depending on the set-up of the Depositary Receipt, most times you would also have the right to vote at General Meetings of these companies. Better yet, you are just as entitled to the dividend that is payable to all the shareholders, and why not? Because you are a shareholder too! It is just that you hold your shares through another security (the depositary receipt) listed here in Curacao on the Dutch Caribbean Securities Exchange (“DCSX”).

The great thing about this, is that the DCSX is poised to bring such opportunities to the shores of Curacao, so that you – the local investors - can also have the access here locally in Curacao. What are you waiting on? I would jump on this band wagon before it passes me by!

A depositary receipt exposes the owner to similar risks associated with a normal stock, so the stock tips we shared some time before would still be applicable here! I would only add that Depositary Receipts gets a bit tricky once we start to talk about taxes on dividend. You are pretty much investing in, for instance a USA company, from another country (Curacao), so it is important for you to understand the implications of withholding tax on your investments from the perspective of that country. Prior to exploring the depositary receipt option, I would recommend that you talk to a tax advisor regarding the best way to go about doing this.

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This editorial is presented to you by the DCSX with the collaboration of Vertex Investments.

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