

FOR IMMEDIATE RELEASE

# CGS-CIMB And iSTOX Roll Out Digital Securities Issuance In S\$150-Million Commercial Paper Programme

*The CGS-CIMB commercial paper is the first in a new product line by iSTOX. Commercial papers are a US\$1-trillion market in the US and they are gaining momentum in Asia.*

**SINGAPORE, 3 MAY 2021** – Leading financial services provider CGS-CIMB and private capital platform iSTOX announced today the issuance of a short-term debt instrument in the form of digital securities. The S\$150-million (or US\$112-million<sup>1</sup>) multi-tranche commercial paper will be used to fund operating expenses and near-term obligations of CGS-CIMB. The first tranche of S\$10 million was over-subscribed by accredited individual and corporate investors<sup>2</sup> on the iSTOX platform. Investors were offered a 1% per annum interest rate over 3 months. The full S\$150-million programme is being carried out using digital securities, with no traditional issuance happening alongside the digital channel.

The CGS-CIMB commercial paper is the first in a new product line of digital commercial papers by iSTOX, a multi-asset platform that also facilitates digital issuances for other private market securities, including funds, bonds and equity. Commercial papers are short-term debt issued by companies, with tenures ranging from 1 to 270 days. The commercial paper market is worth over US\$1 trillion in the US and over US\$950 billion in Europe. Asian companies have historically been more accustomed to raising funds through bank loans or bonds or through issuing equity, but commercial papers are gaining momentum.

The CGS-CIMB digital commercial paper is now listed for trading on the iSTOX secondary exchange, giving investors the option to cash out ahead of maturity. The paper matures 3 months from its issuance, after which investors can decide whether to subscribe for a fresh 3-month term. If the next tranche is oversubscribed, subscribers of the current tranche will be guaranteed an allocation if they choose to roll over their investments. The 364-day

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<sup>1</sup> Based on inter-bank exchange rate on the date of this press release

<sup>2</sup> Pursuant to section 4A(1)(a) of the Securities and Futures Act (Chapter 289) of Singapore, an accredited investor means, amongst others:

- (i) an individual whose net personal assets exceed in value S\$2 million (or its equivalent in a foreign currency), or whose financial assets (net of any related liabilities) exceed in value S\$1 million (or its equivalent in a foreign currency), or whose income in the preceding 12 months is at least S\$300,000 (or its equivalent in a foreign currency); or
- (ii) a corporation with net assets exceeding S\$10 million in value (or its equivalent in foreign currency).

commercial paper programme provides for multiple tranches over the next few quarters, up to a maximum amount of S\$150 million, a figure that can be increased should the need arise. [Taurus Point Capital Pte. Ltd.](#) was the adviser to CGS-CIMB for this issuance.

iSTOX is a global private market platform. Using blockchain and smart contract technology, iSTOX automates manual processes in the issuance, custody and post-sale management of a security, such as the payment of dividends or coupons, the real-time tracking of ownership, and the settling of trades, which happens instantly on the iSTOX exchange instead of the 2 or more working days needed by most exchanges.

For investors, the efficiency gains from tokenisation enables fractionalised ownership, lower fees and better liquidity. Accredited investors using the iSTOX platform today come from 24 countries, spanning Asia, Europe, the Americas (excluding the US), Australia and New Zealand. For issuers, iSTOX offers a lower minimum fundraising threshold, lower fees, as well as faster speed to issuance, which means less uncertainty in a rapidly changing market.

Carol Fong, Group Chief Executive Officer of CGS-CIMB, said, “This is the first commercial paper programme we have done in digital securities form, and it allows us to tap an alternative source of funding and a wider spectrum of investors. In working with iSTOX to launch this programme, we were pleasantly surprised that it was completed in half the time a traditional issuance would usually take. Through this collaboration, we are keen to explore first-hand what digital assets and exchanges might hold for us as a broker in the future. Digital issuances are likely to grow and become a strong complement to traditional capital raising channels.”

Oi Yee Choo, Chief Commercial Officer of iSTOX, said, “iSTOX is launching this new product line at a time when the commercial paper market is expanding both globally and in Asia. Investors want a full range of products so that each segment of their portfolio can be deployed in a manner that maximises returns while diversifying risks. To serve our investors well and safeguard their interests, we will onboard commercial paper issuers like CGS-CIMB that are reputable and well-backed, and have a strong track record and a long history of operations. In this commercial paper programme, CGS-CIMB as an issuer was able to realise the maximum benefits of digital securities because they chose a 100% digital route, with no traditional issuance carried out alongside it. This significantly reduced the need to work with multiple intermediaries, which made the issuance faster and more cost efficient.”

Oi Yee Choo added, “Commercial papers are suitable for investors looking for a low-risk cash management solution. Investors earn a better yield on funds that are undeployed for various reasons. These may be funds that are in between investments or that have been earmarked for an expenditure item in the near term, such as university tuition fees or a property down payment. Compared with a fixed deposit at a bank, a commercial paper investment offers a significantly higher interest rate. It also helps the investor avoid the risk of incurring a penalty should there be a need to withdraw funds ahead of maturity – since the iSTOX exchange can facilitate the sale of the paper to other investors.”

Michael Tan, Co-Founder and Executive Director of Taurus Point Capital, said, “We are excited about reinvigorating the commercial paper market, which has been overlooked historically in Asia but now has good prospects of wider acceptance in a digital form. With current interest rates almost hitting the floor, commercial papers occupy a sweet spot for both short-term investors and borrowers. As an adviser, we are delighted to be able to help CGS-CIMB accomplish this efficiently and to connect with investors through our partnership with iSTOX.”

Founded in 2017, iSTOX is fully regulated by the Monetary Authority of Singapore. The financial technology company is backed by Singapore Exchange, Temasek-subsiary Heliconia Capital and Japan government-backed investors JIC Venture Growth Investments (JIC-VGI) and the Development Bank of Japan (DBJ)<sup>3</sup>.

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**About the Issuer, CGS-CIMB Securities (Singapore) Pte. Ltd.**

The Issuer is a wholly-owned subsidiary of CGS-CIMB Securities International Pte. Ltd. (“CSI”), which is a 50-50 joint venture between China Galaxy International Financial Holdings Limited, a wholly-owned subsidiary of China Galaxy Securities Co., Ltd., and CIMB Group Sdn. Bhd., a wholly-owned subsidiary of CIMB Group Holdings Berhad.

The Issuer has one wholly-owned subsidiary, CGS-CIMB Research Pte. Ltd. (“**CGS-CIMB Research**”). The Issuer, CSI and CGS-CIMB Research shall collectively be referred to as “**CGS-CIMB**”.

CGS-CIMB is one of the leading integrated financial service providers in Asia. Through a network of local offices, branches and strategic partners, CGS-CIMB has direct global presence in over 20 countries, providing a truly Asian perspective. It is well-positioned as Asia’s leading financial gateway with a core focus on deep-dive research and in-depth analysis on equities and financial products.

CGS-CIMB is a customer-centric firm and focus on value creation for clients, offering a suite of investment and financial solutions for retail and institutional clients. Its businesses include

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<sup>3</sup> Other investors include Korea’s Hanwha Asset Management, Japan’s Tokai Tokyo Financial Holdings and Thailand’s Kiatnakin Phatra Financial Group.



retail broking, institutional equities, derivatives, prime services, equities research, wealth management and online broking.

Backed by an award-winning research team, CGS-CIMB has one of the most comprehensive research coverage of over 800 Asian stocks. Its strong research capabilities form the backbone of our product and service offerings, connecting clients to opportunities.

### **About iSTOX**

iSTOX is a future-ready capital markets platform set to usher in a new era for capital fundraising and investment. Through digital securities, iSTOX offers a more innovative, flexible, inclusive, and efficient system for an emerging generation of investors and issuers. As part of its mission, iSTOX seeks to enable all users to transact exactly the way they want to and extends capital market access to a wider segment of the community. iSTOX is owned and operated by ICHX, which has been approved by MAS as a recognised market operator (RMO) and has a capital markets services (CMS) license to deal in securities and collective investment schemes, and to provide custodial services. For more information, visit [www.iSTOX.com](http://www.iSTOX.com).