

## SME Capital Market on Global Arena

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SME exchanges or trading platforms are prevalent globally albeit known by different names, such as 'Alternate Investment Markets' or 'growth enterprises market', 'SME Board' etc. The global trend in recent times is towards creation of new forms of capital markets specifically designed to meet the funding needs of SMEs.

Many countries have capital markets aimed at smaller companies looking to raise money. Some of the global prominent SME exchanges include KOSDAQ from the Republic of Korea, which is operated by the Korea Exchange (KRX); ACE (Access, Certainty, Efficiency) Market in Malaysia, Catalist- a Singapore Exchange (SGX)- regulated but sponsored-supervised market for rapidly growing enterprises. In China, Chinext, Growth Enterprise Market (GEM) in Hong Kong, AIM (Alternative Investment Market) as a part of London Stock Exchange.

In majority of countries, there is separate SME Capital market in which there is less stringent requirements than the main market. While in some of the countries, it is established as separate exchange.

In China for instance, in addition to its existing SME market that comprises two segments, namely the SME Board and the Growth Enterprise Board (GEB), it further developed a SME multi-tiered equity market in 2013 by launching a separate trading venue called the National Equities

Exchange and Quotations (NEEQ), popularly known as the "New Third Board". In Greece the "Alternative Market" operates on the main market as a 'Multilateral Trading Facility'. While there is no separate SME market in Brazil, a listing segment on the main market is designed for SMEs.

As we know, in India, both BSE and NSE have launched their separate platforms for SMEs i.e. BSE SME platform and NSE Emerge 2012.

SME exchanges worldwide share some common characteristics. These includes domination by retail investors.

| Exchange                        | Foundation Year | Cos Listed |
|---------------------------------|-----------------|------------|
| Indian SME Market (BSE and NSE) | 2012            | 155        |
| AIM (UK)                        | 1995            | 1016       |
| Chinext                         | 2009            | 512        |
| GEM (Hong Kong)                 | 1999            | 234        |

The very basic factor which attracts investors in an SME IPO is popularity of company in local markets. Indian Capital Market in no exception. Participation of investors in SME Capital market is increasing day by day. There are SME IPOs which have been oversubscribed more than 7 times. Sysco Industries Limited is the highest oversubscribed IPO so far, with over subscription of 10 times. If, Indian SME Capital Market continues to grow in such manner, soon it will take place among leading SME bourses worldwide.