

Private Placement Investment Programs

Each day there is an enormous daily market of discounted bank instruments like MTN, BG, SBLC, Bonds, PN, etc. involving issuing banks and long chains of exit- buyers (Pension Funds, large financial Institutions, etc.) in an exclusive Private Placement arena. All such activities on the bank side are done as "off-balance sheet activities" and as such, the bank can benefit in many ways. Off-Balance Sheet Activities are contingent assets and liabilities, and as such the value depends upon the outcome upon which the claim is based, similar to that of an option.

All programs in the Private Placement arena involve trade with such discounted debt notes in one way or another. And to bypass the legal restrictions, this can only be done on a private level. This is the reason why this type of trading is so different from the "normal" trading, which is highly regulated. In other words, this business can be done and restricted on a private level only (the private Placement level) that falls down in a special regulation without the usual strict restrictions present on the securities market.

However, besides this "open market", there's a "closed, private market" where a restricted number of "master commitment holders" is the inner circle. These master commitment holders are Trust with huge amounts of money that enter contractual agreements with banks to buy a certain number of new issue (fresh-cut) instruments at a specific price during a specific period of time. Their job is to sell these instruments on, so they contract sub-commitment holders, who contract their exit-buyers.

These "programs" are all based on arbitrage buy-sell transactions with pre-defined prices, and as such, the traders never need to be in control of the investor's funds. However, no program can start, unless there's enough money behind each buy-sell transaction. And it's your cash and cash backed instruments used in conjunction with the private placement program that are needed. The reason is because the involved banks and commitment holders are not allowed to trade with their own money, unless they have reserved enough funds on the market-- money that belongs to the investors which is never used and never at risk. Because lots of bankers and other people in the financial world are well aware of the open market, as well as being aware of the so-called "MTN-programs", but are closed out from the private market, however; they find it hard to believe that the private market exists but it does exist within the inner circle.

The trading is safe due to the fact that we arrange the buy-sell transaction as arbitrage, which means that the instrument will be bought and sold at the same time with a pre-defined price, and that a chain of buyers/sellers are contracted, including the exit-buyers who often are institutions, other banks, insurance companies, big companies, or other wealthy individuals. The issued instruments are never sold directly to the exit-buyer, but to a chain of up to 3-7, or even perhaps 50 investors.

The involved banks cannot for obvious reason directly participate in this as in-between buyers and sellers, but they are still profiting from it indirectly, because they are lending out their money (with interest) to the trader, or to the investor as a line of credit. This is the Leverage. Furthermore, the banks profit from the commissions involved in each buy-sell transaction of debt bank instruments in the trading circle. You can also realize now why in these Private Programs, the investor funds are always safe without any trading risk. The trading and buying and selling is done with their own cash from their credit lines, not your cash.

High Yield

Usually these programs get a very high yield if compared with the common yield reachable with the traditional investments.

Programs Structure

The trading program is nothing other than a pre-arranged buy-sell transaction of discounted banking instruments made as an arbitrage transaction. Before anything is purchased, it is already sold at a pre-determined price thus producing a predetermined profit.