

Asia Based FX Brokerage | Acquisition by Global PE firm

Client:	Asia Pacific based FX Brokerage and PE firm
Transaction:	Low 9 figure (\$) majority equity investment
Asset Class:	FX/CFD's
Geography:	Global
Duration:	Approximately 6 months
JPL Services:	Introducer/Arranger Consulting
JPL Team:	1 x Managing Consultant



Context and Objectives

JPL worked extensively with a dedicated team appointed within the PE firm to run the deal. Much of the initial focus was to be on sector familiarisation, business and revenue models and risks associated with external shocks – black swan, regulatory, compliance and the like.

Sector fluency and increased comfort around risk mitigation strategies fuelled appetite for a larger ticket, an industry consolidation play with additional bolt-ons and positively energised impetus to close/execute.

JPL Approach

JPL engaged initially with several brokerages in the Asia Pacific region in a further qualification and shortlisting process. Concurrent engagement with a number of global PE firms provided a degree of execution certainty and facilitated the management and alignment of expectations and interests on both sides.

Preliminary due diligence by JPL informed our selection criteria and priority rankings, leading to introduction of target firm to PE investor.

Deliverables

From the outset, the entire process was centrally managed by JPL. This included identification, engagement, selection and consolidation of both buyer (PE Investor) and seller (FX Brokerage).

JPL produced documents included, but were not limited to – detailed financial modelling, business plans, competitor analyses, valuation methodologies and precedents, documentary submissions on trading, (A and B) Book and risk management, sectoral ethics – as well as Investment Committee presentations and papers.

Client Benefits

After some initial sectoral reticence, our PE investor was able to readily grasp the nature and breadth of the opportunity and how it could substantially protect itself from potential downside.

On the seller's side, our FX Brokerage client was able to realise a very reasonable price, in what was a volatile and uncertain valuation climate; in doing so they were able to de-risk their own investment and take a not insignificant amount of cash out of the business.