

New survey shows 2022's strong confidence in private securities and regulated secondary trading will continue for 2023

Strong growth in the private securities market during 2022 is tipped to carry on in 2023, according to a major independent survey.

LONDON, UNITED KINGDOM, January 20, 2023 /EINPresswire.com/ -- The survey was sent out to a quarter of a million people, comprising private company issuers, investors – across the retail, and accredited/institutional marketplace – plus professional organizations in the finance sector.



It found that 86% of respondents were “confident” or “extremely confident” about the private securities sector in the coming year, while 65% of the private companies interviewed aim to raise capital.

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*Steve Philp, Partnership
Director at World Digital
Foundation*

Such confidence defies huge geopolitical challenges in 2022, and uncertainties in the wider financial market.

The [private securities survey](#) by the [World Digital Foundation](#) (WDF) also showed that 80% of the private companies raising capital in 2023 would consider equity crowdfunding above venture capital.

This upholds Pitchbook data in late 2022, reporting that equity crowdfunding is now second only to VCs/private

equity for funding start-ups, while Reg CF equity crowdfunding alone is supporting 300,000 US jobs.

Steve Philp, a director at the WDF – the independent research and data agency specializing in the

financial and media sectors – said: “This independent private securities survey shows many young private companies are looking for alternative ways to finance their innovations and attract a new breed of investor, notably through equity crowdfunding.”

Commenting on the findings, Shari Noonan, CEO and Co-founder of [Rialto Markets](#), the award-winning broker dealer also operating a secondary trading ATS (alternative trading system), said: “It’s clear that these ambitious private companies relish raising their capital via equity crowdfunding and building investor communities who advocate and support the innovations they aim to deliver.

“Additionally, 78% of private company issuers and industry partners said that an engaged community brings additional commercial value to their business.”

This point was upheld by Dr Joe McGinley, CEO and Founder of US healthtech company McGinley Orthopedics, now raising \$40 million Regulation A+ equity crowdfunding towards its further disruption of a global precision surgery market expected to top \$18.99 billion by 2030.

Commenting on the private securities survey, Dr McGinley said: “Raising capital via equity crowdfunding enables us to reach out to, build and engage with a community of investors – large and small – many being medical practitioners themselves, who truly believe and support how our ‘right first time’ surgical devices are transforming treatment of fractures.”

The survey also showed 27% of private company issuers had communities of investors and advocates more than half a million strong, while 66% claimed to have 20,000 or more engaged



Steve Philp, Partnership Director at World Digital Foundation



Rialto Markets CEO & Co Founder Shari Noonan

people.

Private company issuers were positive about funding raises too: 25% will target up to \$5m, but almost as many (24%) will aim for \$5-\$10m, and 22% are looking for \$75m-plus.

The survey also shows a shift in thinking from traditional funding: 75% of private company issuers said they had used a combination of seed capital, angel investors and/or equity crowdfunding to raise capital, while just 40% had used venture capitalists or institutional partners.

And the trend seems set to continue: 84% of private companies surveyed seek new ways to monetize their assets for investors and employees – 98% of respondents thought secondary trading was vital to the future of private securities.

Those surveyed felt secondary markets for private securities were most applicable for private equity/single issuers, real estate, and crypto currencies, NFTs and other fractional digital assets.

Meanwhile, US stocks retreated in late 2022, capping one of the market's worst years in recent memory, according to the Wall Street Journal: "The S&P 500 is down 19% for the year, while the Dow Jones Industrial Average has dropped 8.6%, and the tech-heavy Nasdaq Composite has fallen 33%.

Again, this could not contrast more strongly with the private securities market, expected to hit \$30 trillion by 2030 (source: Forbes) while representing an estimated \$11.5 trillion asset class according to McKinsey's 2022 Global Private Markets Review.

Kendrick Nguyen, CEO and Founder of the Republic investor platform, endorsed this trend in his New Year 2023 address: "There are hints toward greater evolution and innovation in the financial sector, with retail participation surely on track to displace the long-standing institutional domination of the capital markets. And we - all of us - are at the forefront of this seismic shift."

Investor sentiment in the private securities survey supports such growth predictions: 92% of investors who responded would consider private companies, compared with 78% in publicly traded companies and 72% in equities. 47% had previously invested in crypto currencies or other digital securities such as NFTs.

Investors interviewed said their top three challenges were accessing quality private securities investments, tracking and monitoring those investments, and how to monetize those investments more easily.

The private securities survey shows that larger investors are also focussing on this sector: 84% of investors said they would invest up to \$1m, 7% said between \$1-20m, and 9% said more than \$20m.

Additionally, all investors said 34% of their investment portfolio would be focussed on private securities.

The survey showed that the top three industry sectors considered for private securities investment were technology and media at 93%, real estate and construction 74%, and healthcare 61%.

And investors' priorities were capital growth/high growth investments, recurring income, and safety/low risk factor.

Shari Noonan of Rialto Markets, added: "The top three challenges according to issuers and industry partners were, firstly navigating the regulatory process, secondly building a community, and thirdly finding the right partners for a capital raise.

"We foresaw trends now upheld by this survey, including the need for secondary ATSs enabling a private company issuer's employees and investors to potentially trade their shares much earlier."

The independent survey also showed that 86% of respondents believe improved regulation of the private securities markets is vital, following the recent \$3.1 billion bankruptcy of the FTX crypto currency exchange and the US Securities & Exchange Commission's landmark legal victory against LBRY Inc – ruled to have offered its digital assets as securities.

Rebecca Kacaba, CEO and Co-founder of the Dealmaker Capital raise portal, has acknowledged crypto sector fears that the FTX debacle would force change, but added:

"Protection for all investors and investments is time proven to improve and expand markets, not hinder their growth.

"Companies taking investor money who operate with no accountability to those investors is simply unacceptable.

"There are rules and regulations that define the requirements. The market needs oversight and enforcement of these rules."

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