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# PPP

## History Of Private Placement Programs

Since the 1990s, trading with bank instruments is part of the global economy. The world's largest holding companies of North American and European Banks are authorized to issue blocks of debt instruments such as **Medium Term Notes**, debenture instruments, and standby letters of credit at the behest of the United States Treasury for the United States Treasury Trust and Foundations and the United States Federal Reserve. The Instruments issued are backed by a treasury undertaking.

The genesis of this marketplace was the 1944 Bretton Woods Conference of world's leaders. The principles originally championed as answers to post World War II. Economic stability is still the impetus for the operation of these transactions today. These transactions started some fifty years ago and they have been growing and been continuously modified. In this article the procedure and the core of the **PRIVATE PLACEMENT PROGRAM** will be explained comprehensively. The U.S. Treasury and the Federal Reserve investment transactions are administered by selected western banks.

## Occurrence Of Private Placement Programs

The Bretton Woods Conference was held on July 1st, 1944, with more than 700 participants representing 44 countries coming together and advocating for the establishment of an international banking system. International leaders have decided to adopt the US dollar as the standard global currency for international trade. It was backed by gold, which was the most stable currency at the time. The adoption of the US dollar as the standard currency of international trade was the milestone that triggered the development of the banking instrument market.

To further solidify the universal acceptance of the U.S. Dollar as the standard world currency, the Bretton Woods Conference had to fix the price of gold backing the U.S. Dollar per ounce. The United States did not possess enough gold to continue stabilizing international economic expansion.

The US Treasury had to find a solution to continue creating US Dollars, that's why it created financial instruments, mainly **Medium Term Notes** \*(MTN) which were sold to major global banks.

Once the Federal Reserve cashed out the sale of the financial instruments in dollars, they were able to reintegrate into targeted segments of the global economy in accordance with the US Treasury and policies determined by the G-8 countries.

The world's biggest banks exchanged their financial instruments. **PRIVATE PLACEMENT PROGRAMS (PPP)** were born, but they were only served for banks and governments.

\* **Medium Term Notes (MTN)** are negotiable debt securities with an interest rate. They are issued by governments or companies in international debt markets, to finance their medium and long-term capital needs.





# What is a Private Placement Program?



**PRIVATE PLACEMENT PROGRAMS** or high-profit investment programs are safe, private and “only invite-to-join” trading programs for financial instruments (especially **MTN**). They are offered by the banks. These instruments are first bought early for their nominal value with a significant discount, which are sold afterwards for a higher price in the secondary market. The difference between the selling price and the purchase price is the profit of the supplier/investor. These programs are offered only to customers with high purchasing power and such transactions may only be carried out by licensed dealers. Much of the revenues are used to finance humanitarian purposes and business projects.

As explained in the previous chapter, **PPP** exist to ‘create’ money and money is created by creating debt.

For example, you as an individual can agree to loan \$100 to a friend with the understanding that the interest for the loan will be 10%, resulting in a total of \$110 to be repaid. What you effectively have done is creating \$10, even though that money can not be seen initially.

Banks do this sort of lending every day, however, when the amount gets higher, it gives banks the power of creating money from nothing. **PPP** involve trading with discounted bank-issued debt instruments which defer payment obligations, or debts.

Theoretically, any person, company, or organization can issue debt notes. Debt notes are, in a sense, deferred payment liabilities. The **PPP** market is changing and it is no longer limited to governments and **MTN**, also, industrial companies and banks can issue their own debt instruments.

Debt notes such as **Medium Terms Notes (MTN)**, **Bank Guarantees (BG)**, and **Stand-By Letters of Credit (SBLC)** are issued at discounted prices by major world banks in the amount of \$-billions every day.

All trading programs in the **PRIVATE PLACEMENT PROGRAM** area include trading with discounted debt notes . Furthermore, in order to bypass the legal restrictions, this trading can only be done on a private level. This is the main difference between this type of trading and “normal” trading, which is highly regulated. This is a **PRIVATE PLACEMENT** level business transaction that is free from the usual restrictions in the securities market.

At a level of **PRIVATE PLACEMENT** these are commercial transactions, which are free from the usual restrictions in the securities market. It is based on reliable, essential, special relationships and protocols.

However, none of these programs can be started unless there are sufficient funds to support each transaction. At this point, the customer is needed, because the banks and the covenantees are not allowed to trade with their own capital, including money that is owned and not under risk, as long as they do not have sufficient funds.

# TRADE



This trade is highly profitable because the value of the notes increase constantly until they reach the final buyer. Therefore, they are subjected to extremely strict rules and the control mechanisms of the **Federal Reserve Bank (FED)**.

The conditions for the margins and the use of the profits are also included in regulation mechanisms. Most of the profits generated in this trade are usually used to support international development assistance and the projects that are worth giving incentives.

The states, banks, insurance companies etc. are kept out of the real trade. Only specifically regulated and certified trading platforms can trade in this way. Thus, it prevents the banks from doing business with their members, and the money market from becoming transparent.

**The private investors** come into play here. Once the trading platforms have exhausted their advances, banking supervision allow **private investors** to participate in the program. The special instruments are increased by using this method. Thus, the economy is encouraged by the profits of the investors on one hand and the projects that are financed on the other hand.

These investments have been in demand every day for years and are conducted under strict conditions by the **Federal Reserve Bank of the United States (FED)** and the **ICC (International Chamber of Commerce in Paris, France)**.





What are

# MTN

## Medium Term Notes



**Medium Term Notes (MTN)** are medium term bonds with a maturity of 1 to 10 years. **MTN** have become a key funding source for national and foreign companies, supranational institutions, and independent countries.

**MTN** are sold by investment banks and by other broker companies on the base of the best performance. **MTN** are also sold in smaller quantities compared to in those of bonds. Most of the **MTN** are traded in non-customary formulas based on floating interest rates or commodity prices.

Besides, the medium term is not required for **MTN** to fill the stated maturity level; they can have maturities from 9 months to 13 years. The **MTN** market has increased the funds of the companies and changed the way of the investments made by the corporations.

This change has caused a rapid rise in derivatives markets, which have transferred the risks of investors and borrowers such as **Swaps, Options and Futures** to other risk preferences of the financial system. In the 1990s and after, the US market drew the attention of new borrowers. Meanwhile the **Euro-MTN** market, which is outside the United States, grew rapidly.

# ARBITRAGE & LEVERAGE

**PRIVATE PLACEMENT** trading safety is based on the fact that the transactions are performed as **arbitrage** transactions. This means that the instruments will be bought and resold immediately with pre-defined prices.

A number of buyers and sellers are contracted, including exit-buyers comprising mostly large financial institutions, insurance companies, or exceptionally wealthy individuals. The issued instruments are never sold directly to the exit-buyer, but to a chain of clients.

For obvious reasons, the involved banks cannot directly participate in these transactions, but are still profiting from it indirectly by loaning money with interest to the trader or client as a line of credit. This is their leverage. Furthermore, the banks profit from the commissions involved in each transaction.

The client's principal does not have to be used for the transactions, as it is only reserved as a compensating balance ("mirrored") against this credit line. This credit line is then used to back up the **arbitrage** transactions. Since the trading is done as **arbitrage**, the money ("credit line") doesn't have to be used, but it has to be available to back up each and every transactions.

Such programs never fail because they don't begin before all actors have been contracted, and each actor knows exactly what role to play and how they will profit from the transactions.

**Arbitrage** transactions with discounted bank instruments are done in a similar way. The involved traders never actually spend the money, but have to be in control of it. The client's principal is reserved directly for this, or indirectly in order for the trader to leverage a line of credit.



# EXPLANATION OF THE LEVERAGE EFFECT

- Once the investment contract is signed and endorsed by the Trading Bank, the Investor transfers the funds to the Depot Bank.
- The Depot Bank mirrors this account (with the full total amount) to the Trading Bank.
- The Trading Bank accepts the blocking via mirror and orders funds from Central Banks of the G7, against these blocked funds.

## Example with an Investment amount of 100.000,00 €

- The amount of credit line is equivalent to x 17 leverage effect

$$100.000,00 \text{ €} \times 17 = 1.700.000,00 \text{ €}$$

- The Trading Bank is responsible to pay for the 1.700.000,00 € an annual interest of 0,98%

$$1.700.000,00 \text{ €} \times 0,98\% = 16.600,00 \text{ €}$$

- The Trading Bank uses the funds to issue MTN with an annual coupon of 7,5%

$$1.700.000,00 \text{ €} \times 7,50\% = 127.500,00 \text{ €}$$

- Once MTN are issued and sold to the End buyer, the Trading Bank makes a net profit of 6,52% (7,50% minus 0,98% Euro Libor Annual interest = 6,52%)

$$1.700.000,00 \text{ €} \times 6,52\% = 110.840,00 \text{ €}$$

- The Investor invested 100.000,00 € and the Trading Bank created 110.840,00 €

The quote or the percentage are only examples.

# HOW DOES THE INVESTOR MAKE PROFITS?



Due to international regulations and conventions, banks that issue stocks must not sell such valuable papers to other banks or other institutional investors. This is only allowed in the secondary market, with the appropriate ISIN or WKN number; upon the valued papers have acquired the securities property after the investment.



Therefore, the **funds of the private investor** undertake the intermediary role as an intermediary through a trading company in the primary market, but in reality there is no such role. Proof of the value of the purchase price for valuable paper is sufficient. **Private investment fund** is the necessary link between banks and final buyers who issue bonds of value. In general, such a process is done in less than a day, which means that the investment fund can be used as the evidence of the fund that is needed several times in a day. The targeted earnings between purchase and sale is called **Fall Out** and and divided among the participants.





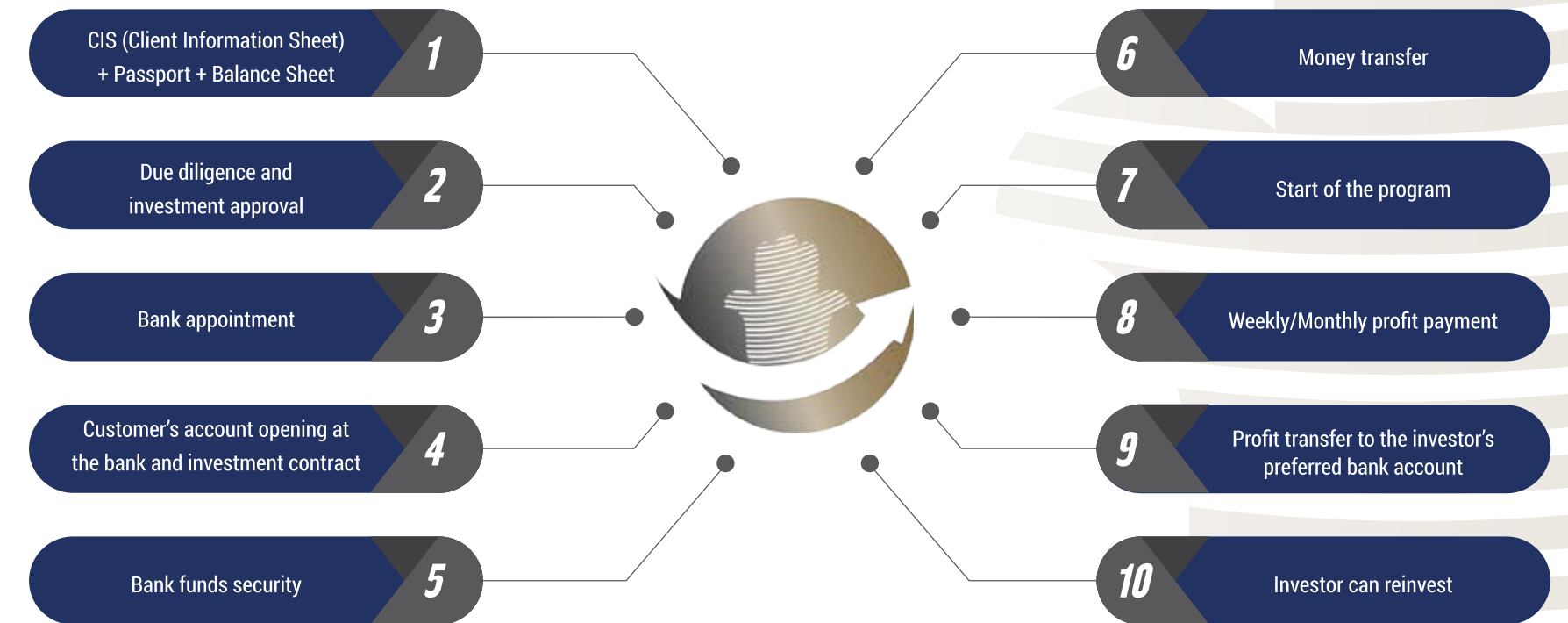
## INVESTMENT: PRIVATE PLACEMENT PROGRAM

# PROCESS

For the 40 weeks program;

Minimum amount for **PRIVATE PLACEMENT PROGRAM**: 1.000.000,00 Euro

(We also offer other investment programs for our customers, starting with an amount of 10.000,00 Euro)



Participation of the PRIVATE PLACEMENT PROGRAM is a privilege.





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