


Ayondo Ltd. Corporate Governance Issues of First FinTech Company Listed on the Catalist Board of Singapore Exchange

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EXECUTIVE SUMMARY

Ayondo Ltd. (Ayondo) (now known as RSQ Technology Ventures GmbH) was the first financial technology (fintech) company to be listed on the Catalist Board of the Singapore Exchange (SGX) on 23 March, 2018. However, the company was suspended from trading on 1 February, 2019, less than a year after listing. This case highlights corporate governance issues related to Ayondo, and also, fintech companies in general, in the context of Singapore. Examples of issues discussed are the roles of (a) board of directors; (b) sponsor in listing; (c) auditors; (d) regulatory bodies; (e) investors. These issues have ramifications for stakeholders. This case also includes lessons gleaned from the corporate governance issues and some actionable recommendations. This case study covers only the corporate governance issues of Ayondo in the period leading up to its listing and shortly thereafter. It does not include other ongoing issues subsequent to the listing.

INTRODUCTION TO AYONDO

Ayondo was founded in 2008 in Frankfurt, Germany by Thomas Winkler (Chairman) and Robert Lempka (Chief Executive Officer) (CEO). The substantial shareholders of the company were Luminor Capital Pte. Ltd. (Luminor Capital), a private equity group in Singapore, which held a 19.85% stake in the company; and Thomas Winkler, who owned 5.66% (Pillai, 2019b).

The company provides a brokerage platform for users to conduct social trading to optimise their returns on investment, by copying the trades of top traders on the platform (Hans, 2018). This social trading platform has won many national and international awards, with more than 250,000 users from over 100 countries using it (RSQ Technology Ventures GmbH, 2023).

Ayondo's brokerage platform is a fintech disruptor of traditional online brokerage. It leverages on the emerging trend of social trading. "Social trading" enables users to conduct trades by replicating the portfolios of top traders, on a real time basis. The trades are transacted on Ayondo's WeTrade platform. Users could also trade independently, i.e., "self directed" trading, by transacting on the company's TradeHub platform. All the products offered to users are contracts for differences (CFD). They include stock indices, foreign currency, commodities, equities, fixed income, ETFs and cryptocurrencies (Stocksbnb, 2018).

The company earns revenue from CFD spreads. When a customer transacts, Ayondo will take one of the following positions: (a) hedge out the position to other financial institutions to minimise the financial risks but earns a smaller spread; (b) keep the position and bear the financial risks; (c) balance off the position with a trade on the opposite side. Besides revenue from CFD spreads, Ayondo also earns financing income from interest charged on margins that customers utilise to purchase the CFD products (Stocksbnb, 2018).

Ayondo became the first fintech company to be listed on the SGX in 2018. The company decided to get listed in Singapore because of the country's good reputation. Moreover, SGX was developing the fintech sector at the time and Ayondo wanted to benefit from the support provided (Leow, 2018b).

For the financial year ended 31 December, 2018, the board of directors of Ayondo comprised of Thomas Winkler (Non-Executive Chairman), Foo Fatt Kah (Non-Executive Director), Foong Daw Ching (Lead Independent Director), Chan Heng Toong (Independent Director) and Lam Shiao Ning (Independent Director) (Ayondo Ltd, 2018a). At the time of listing in March 2018, members of the management team were Robert Lempka (Executive Director and CEO), Rick Fulton (Chief Financial Officer) (CFO), Edward Drake (Chief Operating Officer) (COO), Sarah Brylewski (Chief Marketing Officer) (CMO), Angela Sadler (Chief Talent Officer

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