



WHY DEMAND NOTES

for CORPORATE TREASURES

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www.demandnotes.ai
A LIGO CAPITAL COMPANY





ABOUT US

Democratizing Demand Notes as a Alternative Funding Solution

We facilitate corporations to issue Demand Notes and automate the trading and sales process. The platform will be offered as an extension of the corporation's website, providing a turnkey, touch-free solution. In addition, we will create a marketplace to be connected to networks of Broker-Dealers, Registered Investment Advisors (RIAs), and other digital networks for increased distribution.

As an option, we also provide corporations to tokenize the Demand Notes issued and these tokens can be placed on various networks thereby offering a way to earn yield for qualified investors.



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STABILITY AND UTILITY FOR CORPORATE TREASURERS

Demand notes, a reliable financial instrument, have consistently demonstrated resilience and stability during numerous financial crises. This reliability makes them a trusted choice for corporate treasurers.



Here are findings on their performance during market liquidity events.





Performance During the 2008–09 Financial Crisis

Federal Reserve Study:

Key Findings: The study highlighted that firms with large cash balances extended more trade credit during tight liquidity conditions, favoring credit-rationed firms. This indicates that instruments like demand notes, which provide liquidity, were crucial in maintaining financial stability during the crisis. The liquidity provided by demand notes helped companies manage operational needs without resorting to high-cost borrowing.

Additional Insights: Demand note redemption's flexibility allows companies to maintain liquidity during crises. This unique characteristic makes demand notes particularly valuable when traditional credit markets are frozen.

Source:

<https://www.federalreserve.gov/pubs/ifdp/2011/1020/ifdp1020.pdf>



IMF Analysis:

Key Findings: The IMF reported that while bank-intermediated trade finance fell during the financial crisis, it declined less than overall merchandise trade. This suggests that financial instruments with high liquidity, such as demand notes, became more vital as other sources of financing became strained. The ability to quickly convert these instruments into cash made them a preferred option for investors seeking safety and liquidity.

Additional Insights: The demand for liquid assets surged during the crisis, underscoring the urgency and importance of maintaining liquidity. Instruments like demand notes provided the necessary liquidity buffer for firms, ensuring that companies could continue operations and meet financial obligations without interruption.

Source:

<https://www.imf.org/external/pubs/ft/wp/2011/wp1116.pdf>



Demand notes have proven highly beneficial for corporate treasurers, providing stability and utility in managing liquidity. Here are some detailed insights and resources that explain why demand notes are a valuable addition to a corporate treasurer's toolkit:

J.P. Morgan Guide:

Key Points: J.P. Morgan's guide for corporate treasurers emphasizes the importance of maintaining liquidity. The guide recommends incorporating instruments like demand notes into the funding strategy to ensure operational cash flow and efficiently address unexpected financial needs. Demand notes offer flexibility and competitive interest rates, making them an attractive option for corporate treasurers looking to optimize their liquidity management.

Liquidity Management: They help effectively manage short-term liquidity needs, reducing reliance on more volatile funding sources.

Source:

<https://www.jpmorgan.com/insights/treasury/treasury-management/optimizing-liquidity>



ACT Webinar:

The Association of Corporate Treasurers (ACT) discusses the benefits of diversified funding strategies, including demand notes, to manage liquidity efficiently during market volatility. The webinar emphasizes that having various funding tools, such as demand notes, can enhance a company's ability to weather financial storms

Diversification: Including demand notes in the funding mix diversifies risk.

Market Volatility: Demand notes provide stability during market downturns by offering a reliable source of liquidity.

Strategic Flexibility: They allow treasurers to react quickly to changing financial conditions.

Source:

<https://www.treasurers.org/events/webinars/Short-Term-Funding>



Association of Corporate Treasurers:

The Association of Corporate Treasurers discusses cash management's importance and diversified funding sources' role. It highlights the need for treasurers to consider various funding options, including demand notes, to effectively manage liquidity and operational funding. The ACT stresses that demand notes can be integral to a well-rounded cash management strategy.

Cash Visibility: Demand notes enhance cash visibility and control.

Operational Funding: They provide steady liquidity for day-to-day operations.

Crisis Management: In times of crisis, demand notes offer a reliable fallback option to ensure uninterrupted financial operations.

Source:

<https://www.treasurers.org/hub/research/cash-management-hub-importance-of-cash-management>



ADDITIONAL BENEFITS OF DEMAND NOTES

Diversification of Funding Sources: By incorporating demand notes into their funding strategies, corporate treasurers can diversify their sources of liquidity. This reduces reliance on any single instrument and enhances overall financial stability.

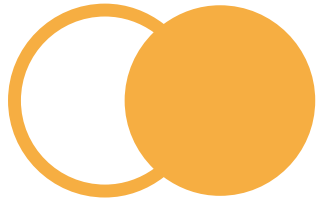
Attraction of Diverse Investor Base: Demand notes attract a wide range of investors due to their competitive interest rates and flexibility. This includes individual investors, institutional investors, and other entities seeking secure, liquid investments.

Complementary to Other Funding Tools: Demand notes do not directly compete with other funding instruments like commercial paper or bonds. Instead, they offer a complementary source of liquidity that enhances a company's financial resilience.

Credit Enhancements: Though unnecessary, letters of credit from a highly rated financial institution can improve the credit profile of demand notes, making them an even more attractive investment option with reduced default risk.

A demand note program can provide corporate treasurers with a reliable, flexible, and attractive tool to enhance liquidity and attract new investors. By complementing existing funding sources such as commercial paper and bonds, demand notes can ensure consistent cash flow and financial stability, especially during periods of market uncertainty.





DEMANDNOTES.ai

Alternative Funding Solutions

Joe Russo

Co-Founder, CEO

Jrusso@LigoNetworks.com

732-915-4987

Ram Nagappan

Co-Founder, President

ram.nagappan@LigoNetworks.com

732-489-2120

Steve Kronengold

Legal & Compliance

steve@LigoNetworks.com



100 Franklin Square Dr
Somerset, NJ 08873



+1 732-915-4987



www.demandnotes.ai

