

THE PLACEMENT AGENT QUESTION: WHEN OUTSIDE FUNDRAISING HELP ACTUALLY ADDS VALUE

MORE REACH DOES NOT
AUTOMATICALLY MEAN
MORE CERTAINTY.

EXECUTIVE SUMMARY

Independent Sponsor capital raises are becoming more intermediated.

Citrin Cooperman's 2026 Independent Sponsor Report found that 31% of respondents have used a placement agent to raise capital, up from 21% in 2025, when Citrin first introduced the question.

The growth makes sense. Transactions are getting larger. Capital stacks are becoming more complicated. Institutional investors are entering the market. Many Sponsors are trying to run diligence, negotiate documentation, arrange debt, and raise equity simultaneously with only a few internal team members.

A placement agent can expand investor reach, organize the process, and create competitive tension around a transaction.

But outside fundraising support does not eliminate the Sponsor's responsibility for the raise. It changes how that responsibility is executed.

The real question is not whether a placement agent can introduce capital. It is whether those introductions create greater certainty than the relationships and control the Sponsor gives up in return.



WHEN A PLACEMENT AGENT MAKES SENSE

A placement agent is most valuable when the assignment requires more than sending a teaser to a longer list.

This creates several natural combinations:

- A larger equity requirement than the Sponsor's existing network can support.
- A transaction that needs a new category of institutional capital.
- A complex structure that requires coordinated education and diligence.
- A compressed timeline requiring dedicated process management.
- A Sponsor seeking to build relationships beyond one immediate transaction.

McGuireWoods describes the 2026 capital-raising market as active but increasingly competitive, with capital available across the stack but greater demands around timing, preparation, and differentiation.

In that environment, a placement agent can create leverage by knowing which investors are actively deploying, what they will underwrite, and how they prefer to engage.

MORE INVESTORS CAN MEAN LESS DIRECT ACCESS

The trade-off is that an intermediated process can place another party between the Sponsor and the capital provider.

Citrin's contributors noted that Sponsors using placement agents may receive less direct time with investors at the beginning of the process. That makes it important to test alignment and certainty before assuming interest will translate into funding.

A strong placement agent should create access, not control it. The Sponsor still needs to understand why each investor is interested, who is making the decision, what diligence remains, and whether the investor can support the business after closing.

An introductory call and an indication of interest are not the same as conviction.

THE SPONSOR STILL OWNS THE STORY

Placement agents can help sharpen positioning, manage the data room, coordinate follow-ups, and maintain the timeline.

They cannot manufacture a compelling investment thesis.

Capital providers will still expect the Sponsor to explain why the opportunity is attractive, what could go wrong, how value will be created, who will lead the business, and why the Sponsor is the right owner.

If the Sponsor cannot answer those questions directly, additional investor outreach may expose the weakness faster rather than solve it.

The Sponsor also remains responsible for ensuring that fundraising materials are accurate, consistent, and supported by diligence. Outsourcing distribution does not outsource accountability.

ECONOMICS AND SCOPE NEED CAREFUL DEFINITION

Placement-agent arrangements can include retainers, success fees, minimum fees, expense reimbursement, exclusivity, exclusions for existing relationships, and tail provisions covering investors that close after the engagement ends.

Those terms need to reflect the actual assignment.

A Sponsor should distinguish between investors already in its network, investors first introduced by the agent, and investors where the agent materially advances an existing relationship. It should also establish whether fees apply to equity only or to other parts of the capital structure.

The cheapest proposal is not necessarily the best one. But a broad fee entitlement without a clearly defined contribution can reduce Sponsor economics and create disputes after the transaction closes.

WHAT ACTUALLY MATTERS NOW

01

Use a placement agent when the transaction requires incremental capability, not simply a larger distribution list.

02

Protect direct access to investors and understand the real decision process behind every indication of interest.

03

Define existing relationships, fee triggers, expenses, exclusivity, and tail provisions before launching.

04

Keep ownership of the investment narrative and the final investor relationship.

Placement agents are becoming part of the Independent Sponsor market because capital formation itself is becoming more institutional.

That does not make every raise an intermediated one.

The right placement agent can increase reach, improve process discipline, and help a Sponsor access capital it could not efficiently reach alone.

But distribution is not certainty.

The value comes from converting access into informed, committed capital while leaving the Sponsor with stronger relationships than it had before.

Citrin Cooperman, 2026 Independent Sponsor Report
McGuireWoods, Independent Sponsor Capital Raising in 2026: Getting to Yes in a Challenging Market
Ropes & Gray, The Rise of Independent Sponsors
FINRA guidance on private placements and broker-dealer activity

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