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New Zealand

Presented by Paul Atmore CEO of the New Zealand Financial Markets Association
Prospects for the NZ Securities Industry

• Environmental factors affecting industry
• Government responses to these factors
• Industry developments
• Regulatory influences
• Market developments
Association Activities

• NZFMA
• Accreditation & training
• Regulatory influence
• Market transparency
• New market development
Real GDP Growth

Source: Statistics New Zealand, Treasury
Prospects for the NZ Securities Industry

• Environmental factors affecting industry
  • GFC lead to collapse of finance industry
  • Bank funding restricted by GFC
  • Christchurch earthquakes 2010/11 (8% GDP)
  • Spikes in oil, food and introduction of EMS
  • Strong growth in global commodity prices
  • Ballooning debt in US & Europe
  • Central banks in Asia cooling economies
  • Australia experiencing plunging consumer confidence
Prospects Cont.

• Government responses to these factors
  • OCR lowered to 2.5% from peak of 8.25% in 2008
  • Introduction of retail & wholesale guarantee
  • Tax reductions in 2009
  • Accelerated infrastructure spending
  • Christchurch rebuild commitment $15bn
  • SCF bailout 1bn
  • Crown debt will peak at 30% of GDP
Gross issuance of New Zealand Government Bonds
Prospects Cont.

• Industry Developments
  • Local Government Borrowing Bill
    • Establishment of the Local Government Funding Agency
    • LGFA will issue bonds to the wholesale & retail investors
    • On-lend funds to Councils
    • Local authorities will access lower cost of funds
    • The NZ Treasury will conduct the borrowing function

• State Owned Entity Asset Sales
  • National Government has established advisory board
  • Target the sale of SOE via IPO on the NZX
  • 10% maximum holding by single entity
Prospects Cont.

• Regulatory influences
  • Financial Service Providers (Registration & Dispute Resolution) Act 2008
  • FSPA requires registration of entity and activities
  • Financial Advisers Act (FAA) protecting retail investor
  • Financial Markets (Conduct) Bill

• Market developments
  • The NZ Emission Trading Scheme
    • Financial market – based approach to reduce emissions
    • Predominant unit - NZU
Association Activities

•NZFMA  
  •Peak industry body for the wholesale markets  
  •Some members deal with retail investors  

•Accreditation & training  
  •Focus has been on FAA compliance  
  •Development of CE content  

•Regulatory influence  
  •Actively working with regulators to ensure members’ interests are represented
Association Activities

• Market transparency
  • Establishment of independent fixing capability
  • Provide official fixings for:
    • ON Cash
    • OIS
    • Bank Bills
    • Govt bonds
    • IR Swaps
    • Credit market instruments
    • Currency crosses & TWI
• Developing
  • Carbon market fixing