24 January 2019

NZX & FMA initiate industry review: Capital Markets 2029

NZX and the Financial Markets Authority (FMA) have initiated an industry-led review of New Zealand's capital markets. Capital Markets 2029 is designed to deliver a ten-year vision and growth agenda for the sector.

Capital Markets 2029 will consider the current framework and broader ecosystem of New Zealand's capital markets and outline recommendations for the creation of wider, more active participation and increased diversity of product.

New Zealand's capital markets have performed well in a number of areas (such as KiwiSaver and debt issuance), however equity listings have remained subdued, and listed equity market is under developed relative to global peers.

S&P/NZX 50 companies generate more than $24.6 billion in Gross Domestic Product for the local economy and employ close to 10,000 New Zealanders.[1] Capital Markets 2029 aims to create a growth agenda which brings the capital markets ecosystem together to keep building on the active and vital contribution already being made by these companies.

NZX CEO Mark Peterson commented: "Healthy capital markets are essential for New Zealand's economic growth. Capital Markets 2029 will bring the capital markets community together to create a 10-year vision and growth agenda for our industry."

"NZX has delivered some fundamental changes to the market over the past 15 months, such as increasing on-market liquidity and simplifying the markets structure and rule set – but we only play one part in New Zealand's capital markets ecosystem. It is now important we bring the industry together to focus on accelerating the growth of our capital market."

FMA CEO Rob Everett commented: "This review responds to concerns expressed about the overall depth and breadth of our capital markets. From early-stage capital raising and investment opportunities all the way up to main board listings and institutional investor appetite, we felt the time is right to plan for the future. We are keen to see the industry take this forward and take a good look at how the system is working."

Martin Stearne, who has had an extensive career in capital markets, will Chair the Capital Markets 2029 industry-working group. He will be supported by EY, who have been engaged to help produce a report, which will outline findings and recommendations of the group, based on the working group's findings, as well as its own research, analysis and insight of domestic and international trends. These will relate to agreed areas and may suggest outcomes for delivery by industry participants, regulators or Government.

As initiators of Capital Markets 2029, NZX and FMA will jointly fund the initial costs, however depending on the costs for delivery funding may be sought from industry. The findings of Capital Markets 2029 will be published in third quarter of 2019.

[1] NZIER Report: The economic contribution of NZX

Martin Stearne biography, Chair of Capital Markets 2029

Martin Stearne is a corporate consultant, and a member of the NZX listing sub-committee and the investment committee of Impact Enterprise Fund. He was an investment banker with FNZC, and its predecessors, for twenty years, where his final role was Managing Director, Equity Capital Markets. Martin has extensive experience in equity capital markets and was recently appointed to the Takeovers Panel.

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