

The E-Guardian

Quarterly E-Newsletter of the Reserve Bank of Fiji Financial Systems Development & Compliance

Group (FSDC)



ISSUE 2/Q2, 2011

Editor's Note

Welcome to our second Issue of the E-Guardian for 2011.

It's been another full quarter for the FSDC Group. We started the quarter with a regional Microfinance Institutions Supervision Workshop for central bankers from Fiji, PNG, Vanuatu, Cook Islands, Samoa and Solomon Islands on the supervision and regulation of non-bank microfinance institutions.

During April we published and distributed the RBF School Note Book/Diaries for high school students. The notebook is the first of its kind to be published by the RBF. In the notebook, we included a diary section, a page for each term timetable, Q&A's about the RBF and the work that we do, financial terms, capital markets information and a number of crossword and word search activities for students to attempt.

In May we organised a 2 days Finance Master Class Workshop for Non-Financial Executives and Directors. Thirty participants, including a number of CEO's, lawyers, managers and board directors attended the workshop.

In June we approved the Future Forest (Fiji) Ltd Prospectus and made it effective from 27 June, 2011. The company is expected to also list on the SPSE.

Also in June we began extensive work on developing and drafting a Payments Systems decree for Fiji. We expect to send the draft decree for market comments soon.

We thank all our partners and stakeholders for helping us make Q2 a success and we look forward to your continued support through Q3 and Q4.

Vereimi Levula



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Future Forest Prospectus Approved by RBF

The Reserve Bank of Fiji approved Fiji company, Future Forest (Fiji) Limited (FFF), to undertake an Initial Public Offering (IPO) in Fiji.

In accordance with section 24 (1) of the Capital Markets Decree 2009, the FFF Prospectus was made effective from 27 June to 27 September 2011. The exposure period for the Prospectus will end on 20 July, 2011 and members of the public are being invited to consider the information provided in the Prospectus.

The Offer period was scheduled to open from 21 July but slight changes to the company offer has meant that the offer may open at a later date.

FFF is a locally incorporated company focused on the sustainable, large scale planting and harvesting of one of the world's great hardwood timber - Teak (*Tectona Grandis*). Teak has been grown in plantations for over 300 years and is known as the king of woods and is amongst the few most valuable timber crops in the world.

The Company was established in early 2005, and has since invested considerable funds in the business. In the 5 years FFF has planted over 140,000 teak trees on freehold and leased land, in the province of Ra. FFF has also built the largest commercial tree nursery in Fiji with a capacity of 400,000 seedlings per annum.

FFF's target is to raise up to \$6 million from the IPO.

Purpose of the Issue

The purpose of the issue is to raise new capital to expand FFF's Teak plantations, develop timber mill infrastructure, significantly increase the company's timber assets and purchase additional freehold land.

What Is Offered

FFF is offering both B-Class Ordinary Shares (shares) and Converting Notes (notes). Investors have the flexibility of choosing either instrument in any combination.

Shares

The price of each share is \$0.80. FFF only has B-Class Ordinary Shares on the Share Register. There are no other classes of shares issued by the company.

Notes

The price of each note is \$1.00 and will pay an interest at the rate of 7.5% per annum (coupon). Coupons are payable twice yearly on 1 July and 1 January for a maximum of 5 years from the date of issue. Each note is a mandatory converting note and converts into one B Class Ordinary Share either (a) 5 years from the date that the notes are issued or (b) earlier, if the noteholder chooses early.

For more information please contact Mr Roderic Evers on roderic@fff.com.fj or the Issue Manager Kontiki Stock Brokers Mr. Griffon Emose on griffon@kontiki.com.fj.

Drafting of a National Payments Systems (NPS) Decree for Fiji

With the assistance of Payment Systems legal experts we began the drafting process for a National Payments Systems Decree for Fiji. Currently, Fiji does not have a national legislation for payments systems.

Payments Systems are a core part of all financial systems and a safe and efficient design of payments systems determines the stability of the overall economy, the efficiency and reliability of intermediation, the possibility of private sector to innovate and provide new services to consumers. Whilst significant progress has been made in modernising NPS a comprehensive reform of the NPS is a feasible objective for Fiji.

During the discussions on the NPS, the RBF drafting team considered that in parallel with the current legislation reform for the introduction of the NPS Decree, the RBF could give structure to the communications channels with a private sector and consider setting up a National Payments Council through which consultations can take place with the main stakeholders in the NPS.

The draft NPS Decree is expected to be sent out for market comments and consultations during August – September with finalisation and Cabinet approval targeted to take place in Q4.



RBF Publishes Student Notebooks

In April, the RBF published its first publication designed especially for high school students. The Student Notebook was designed as a means of disseminating financial information to high school students beginning their journey to financial success. The Notebook contains a diary calendar section, spaces for students to fill in timetables for each term, Q&A's about the financial system, definitions of common RBF financial terms and a number of crosswords and word search activities to keep things fun and interesting.

Designing and disseminating information to young people is not an easy task especially given the kind of issues that the RBF deals in. The idea of the Notebook was the result of consultations with a number of young people on the type of publication that would work best for them.

Some 2000 copies were printed and distributed to schools throughout Fiji including schools in Suva, Nausori, along the Coral Coast, Nadi, Lautoka, Ba, Tavua, Lomaivuna and Ovalau. Feedback received so far are that the note books are being used daily by students and even by some working adults. The RBF plans to reproduce these notebooks again in 2012.



RBF team made up of representatives of staff from FSDC, Economics, FIU and Financial Markets.

Right: James Baledrokadroka leads legal discussions

ABIF Banking Expo 7 May, 2011

The RBF was part of the Association of Banks in Fiji (ABIF banking expo held on 7 May at the Lower Hall of Suva Civic Auditorium. The purpose of the expo was to educate the public on the role of banks in the economy and its contribution towards various developments. The expo provided an opportunity for the public to meet the banking staff and ask questions on the role of banks and how they operated. This was the first time the banking industry has held such an event. Team RBF had a booth which provided a platform for members of the public to understand better the Central Banks role in the development of the economy. The public had the opportunity to learn about the complaints management procedure against the commercial banks, the roles of the Financial Institutions Group (FIU), microfinance and a wide variety of issues. A lot of pamphlets, booklets and materials were given out during the expo.

Finance Master Class Workshop

The first capital markets technical workshop for 2011 was held from 12-13 May 2011. The workshop, entitled, "2 Day Finance Master Class for Non-Financial Executives & Directors" was specifically focused on decision making finance topics for non-financial managers and board directors. There were a total of 30 participants who found the workshop to be an excellent learning experience and relevant to their current jobs. They also rated the sessions on understanding financial reports, analyzing and calculation of ratios as outstanding. Similar workshops are planned for Q3 and Q4.

Microfinance Village at Hibiscus

Following from the successes of the Microfinance expo's in 2010 and the maritime expo in 2011, the RBF will again facilitate an even bigger Microfinance Village at the 2011 Hibiscus Festival. In 2010 the RBF organised the first Microfinance Village at the Hibiscus festival grounds. All 4 commercial banks, Post Fiji, insurance companies, SPBP Microfinance, HFC, FDB, Vodafone and capital markets unit trusts have all signed up to be part of the weeklong Village.

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Manager FSD attends Harvard



FSD Manager, Mr. Eliko Boletawa (far right) was nominated to attend the Harvard Business School Strategic Leadership for Microfinance program from 25-30 April. The program was organised by the Harvard Business School and ACCION International in Boston, Massachusetts, USA.

The six day program was the first program of its kind to provide high level management and leadership training to microfinance industry leaders, conventional commercial banks, investors, regulators and key sector protagonists engaged in expanding financial services to under-served clients around the world.

The primary objective of the program was to provide the opportunity for micro-finance leaders from around the world to examine new challenges that they faced in their microfinance work.

Sixty five participants from 31 countries representing a large variety of geographical and cultural backgrounds attended the Program. Participants got the opportunity to connect with peers and engage with some of Harvard Business School's faculty's foremost thinkers in business strategy and management. They were also given the opportunity to experience living and learning on the HBS campus during the extent of the program.

Upcoming Events

Capital Markets Month - 16 July-13 August, 2011

The RBF has begun a 4 weeks Capital Markets Awareness programme from 18 July, 2011 as part of its ongoing efforts to raise national awareness of Fiji's Capital Market. Various investor awareness activities, both external and internal, have been organised for the month with the principal goal of educating the public and RBF staff about investment opportunities and encouraging public ownership of securities in Fiji's Capital Markets. The programme includes:

- Community seminars in Suva, Nasinu & Navua
- RBF In-house seminars & activities – incl. Quiz, crossword competitions, presentations
- Radio & newspapers promotions
- Office-to-Office Seminars – office presentations on investing in unit trusts, stock markets
- Children's programme

Hibiscus Festival Microfinance Exposition- 19-27 August

The 2011 RBF Microfinance Village will house the commercial banks, insurance companies, credit and microfinance institutions, capital market intermediaries and selected micro-entrepreneurs under one roof. The Village, situated right next to the main tent this year, will offer stakeholders a great opportunity to market their products & services to the public. It also provides micro-entrepreneurs with an opportunity to sell their merchandise and to learn about the variety of financial products that is available to them. The Village will open daily from 10am-8pm.

Securities Licensing Exam - November

This is an 8 week self-study course that will assist candidates in their preparation for the securities licensing examination. Registrations for the exam begin in August.

Status of Complaints as at 30 June 2011

INDUSTRY TYPE	2011						2010
	QTR, 2			QTR, 1			2 nd
	Received	Closed	Investigation	Received	Closed	Investigation	Investigation
Banking & CIs	8	5	3	12	10	2	1
Insurance	6	3	3	6	6	0	0
Capital Markets	0	0	0	2	2	0	0
Superannuation	0	0	0	1	1	0	0
NBFIs	1	1	0	1	1	0	0
Foreign Ex.	0	0	0	1	1	0	0
TOTAL	15	9	6	23	21	2	1