



CAPITAL MARKETS ADVISORY AND DEVELOPMENT TASKFORCE UPDATE: MEETING 03/2018

24 October 2018

At its meeting on 17 October, the Capital Markets Advisory and Development Taskforce welcomed the progress reported by key capital market stakeholders and considered a number of issues, including:

- **South Pacific Stock Exchange (SPSE) Update.** The taskforce noted the developments at the Exchange with a 10-fold increase in the volume and more than 6-fold rise in the value of securities traded cumulative to September 2018 compared to the same period last year. Consequently, the SPSE Return Index and Market Capitalisation had reached new record levels.

Market Capitalisation to GDP ratio stood at 29.5 percent compared to 15 and 16 percent in 2015 and 2016. In addition, youth investors between the ages of 26-35 years dominated new investors for the quarter.

SPSE's journey to developing the stock market to new heights in Fiji was reflected in the successful hosting of the 2018 SPSE Annual Awards in September 2018. Innovations to embrace technological advancements through automating its settlement system and revamping its official website are planned. Internationally, SPSE continues to create partnerships and collaboration with other Exchanges including Colombo Stock Exchange and looks forward to hosting the 2020 World Exchange Congress in Fiji.

- **Energy Fiji Limited (EFL) Share Certificates.** Progress was noted with the issue of EFL Share Certificates. At least 35,000 certificates had been disbursed by the Central Share Registry and more than 100,000 applicants will become shareholders. The Taskforce acknowledged EFL as a State Owned Enterprise in the stock market and envisaged this initiative to create interest in investing in the stock market among ordinary Fijians. Members also noted that registration for EFL shares remains open for EFL customers who have yet to apply.
- **Strong Growth in the Unit Trust Industry.** The Taskforce applauded the Unit Trust industry on recording an annual growth of 31.3 percent of their consolidated investment portfolio as at June 2018. Positive growth in the number of unit holders which now stands at 33,292 was also noted. The Unit Trusts' continue to attract investors due to the simplicity of its products, the ability to invest small amounts and the ability to liquidate investments easily.
- **Investor Protection through Investor Compensation Fund.** The Taskforce deliberated on guidelines for the investor protection mechanism provided for under Part 25A of the Companies (Amendment) Act 2016. The Investor Compensation Fund was established for the purposes of granting compensation to investors who suffer pecuniary loss. Its objective is to provide small investors with a level of comfort and confidence in investing in the capital markets and in particular when dealing with licensed market intermediaries such as brokers and dealers and their representatives. The Draft Guidelines is expected to be implemented from January 2019.

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- **Capital Markets Advisory and Development Taskforce Membership:**

Mr Ariff Ali, Governor of the Reserve Bank of Fiji; Mr Esala Masitabua, Deputy Governor of the Reserve Bank of Fiji; Ms Makereta Konrote, Permanent Secretary for Economy, Ministry of Economy; Mr Pradeep Patel, Partner, BDO Fiji; Ms Lisa Apted, Partner, KPMG; Mr Nitish Niranjana, CEO, VB Holdings Ltd; Ms Krishika Narayan, CEO, South Pacific Stock Exchange; Mr Sakiusa Bolaira, Manager Business Development and Company Secretary, Unit Trust of Fiji; and Mr Nouzab Fareed, Group CEO, Fijian Holdings Ltd.

In addition, the Taskforce also welcomed new members Mr Haroon Ali replacing Mr Kevin McCarthy as Country Manager BSP Fiji and as the Association of Banks in Fiji Representative; and Mr Chris O'Neale, Head of Markets, Pacific ANZ. The Taskforce acknowledged the contributions of Mr McCarthy over his appointed term and looks forward to working with Mr Haroon Ali and Mr Chris O'Neale in leading the agenda of developing Fiji's capital markets.

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