

RESERVE BANK OF FIJI



PRESS RELEASE

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Capital Markets Annual Report 2009

Reserve Bank of Fiji Governor, Sada Reddy, noted that the past year has been one of great change in the administration of the capital markets in Fiji. The operations of the Capital Markets Development Authority (CMDA) were transferred to the Reserve Bank of Fiji under the Capital Markets Decree 2009 in accordance with the Government's ongoing review of the Financial Services Sector in Fiji.

Governor Reddy further highlighted that the performance of Fiji's capital markets in 2009 was satisfactory despite certain domestic events such as devaluation of the Fiji dollar, reduction in the retirement age of civil servants and higher interest rates on term deposits offered by the money market. Continuous growth of the domestic capital markets is fundamental to expanding the economy and the Reserve Bank has keen interest in seeing that this is achieved.

The development of the capital markets remains a priority for the Reserve Bank. A series of seminars, workshops and capital markets promotional activities were approved and undertaken in 2009. Other developments included the listing of Pleass Beverage Limited (PBL) on the South Pacific Stock Exchange (SPSE) and the reduction of corporate tax for companies listed on the SPSE from 28 percent to 20 percent for companies with minimum 40 percent local equity – an incentive that the capital markets have pursued for a number of years.

New reform programs, policies and initiatives for the capital markets are also being planned and discussed with a view to transform our capital markets into an internationally reputable and responsive market, capable of effectively regulating and supervising the market with the timeliness expected in today's dynamic environment.

Fiji's capital markets accounts for approximately 14 percent of the financial system in Fiji and includes the stock market, the bond market and the unit trust market, licensed intermediaries and unlisted issuers.

The Reserve Bank will pursue several key objectives for growing the capital markets in Fiji. These include the establishment of a Capital Markets Development Taskforce, introduction of an electronic trading platform for SPSE, establishment of an alternate investment markets for small to medium sized enterprises and strengthening the legislative and regulatory framework.

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