

RESERVE BANK OF FIJI



CAPITAL MARKETS ADVISORY AND DEVELOPMENT TASKFORCE UPDATE

Number	01/2018
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At its meeting on 14 March, the Capital Markets Advisory and Development Taskforce considered a number of issues, including:-

- **The continuing positive developments and global interest in the country's Green Bond issue.** Members noted that the issuance of Fijian Green Bonds is a positive development for the domestic capital markets as it expands the number of instruments available, provides an excellent tool for financing green projects, and attracts a new pool of investors and private sector issuers. In recognition of Fiji's lead as the first emerging country in the World to issue its Green Bond in such a short timeframe, the World Bank will soon be publishing a '*Guide to Sovereign Green Bond Issuance – Lessons from Fiji*'. Meanwhile, diligence work is progressing well on listing Fiji Green Bonds on the London Stock Exchange (LSE). The Prime Minister is expected to make the announcement at the London Stock Exchange next month during the Commonwealth Heads of Government Meeting. The members noted that the listing was largely symbolic however will raise visibility and accountability. It was further noted that Fiji's Green Bonds are being considered for global awards such as the Excellence in Climate Solutions Awards in London. Dual listing on the SPSE will also be considered. Finally, work is progressing well in regards to the monitoring, reporting and evaluation of utilisation of the proceeds from the Green Bonds to ensure stringent compliance and accountability.
- **South Pacific Stock Exchange (SPSE) market cap breaking the \$2 billion mark.** In early March 2018, the SPSE, for the first time, surpassed the \$2 billion mark for market capitalisation compared to \$1.8 billion in 2017, \$1.3 billion in 2016 and around \$0.8 billion five years ago. The market capitalisation to GDP ratio now stands at approximately 18 percent indicating the important role that the listed companies play in the growth of the economy. As part of its business development agenda and with the aim to assist and inspire school students to rise to the financial skills challenge and build their knowledge about savings and investments about the stock market from an early age, the SPSE launched a new financial literacy initiative – the 2018 National Essay Competition. This competition is open to all secondary school students in Fiji and invites nationwide submissions by 31st May 2018. Key particulars about the competition can be obtained from the SPSE.
- **Greater participation of private individuals in the growth in both the SPSE and Unit Trust Industry.** Members noted that more individuals are now investing in the capital markets and commended the ongoing awareness efforts, particularly of the SPSE and the Unit Trusts. As at December 2017, SPSE had 19,534 investors or shareholders in 19 listed companies. The age range of the majority of new investors in 2017 stood between 26 to 35 years depicting that the younger population are now becoming financially savvy and are considering investment options in the stock market to help them grow their wealth. The Unit Trust industry has grown significantly over the years from 15,280 unit holders in 2010 and 17,955 unit holders in 2013 to 31,823 unit holders in 2017, increasing 108 percent in the last seven years. In line with the growth in unit holders, the number of units held stood at 226 million in 2017.

- **Capital markets development outlook.** Members were encouraged by the update on the development in finalising the Capital Markets Development Master Plan as a blue print for the development initiatives for the country. In the near term the members supported the prioritisation of considering Equity Crowdfunding, Market Makers, SME Market and Bond Market initiatives. It was also noted that the Reserve Bank and IFC entered into an agreement to cooperate, over the next three years, in the development and implementation of key initiatives that are part of the underlying principles of the Master Plan.
- **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; Ms Lisa Apted, Partner, KPMG; Mr Kevin McCarthy, Representative, Association of Banks in Fiji; Mr Pradeep Patel, Partner, BDO; Mr Nitish Niranjana, CEO, VB Holdings Ltd; Ms Krishika Narayan, CEO, South Pacific Stock Exchange; Mr Bhupendra Solanki, Private Practitioner, Solanki Lawyers; Mr Sakiusa Bolaira, Manager Business Development and Company Secretary, Unit Trust of Fiji; and Mr Nouzab Fareed, Group CEO, Fijian Holdings Ltd.

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