

# Banker: Better regulation a must for hub to succeed

Marta Steeman

Financial markets regulation that achieves global best practice was essential if New Zealand was to set up a financial services hub, says Christchurch investment banker Justin Murray.

Commerce Minister Simon Power announced on Wednesday the formation of a super regulator to restore the confidence of New Zealand investors in the investment and financial markets after the collapse of more than 30 finance firms in the past three years.

The new Financial Markets Authority (FMA) will take over the functions now done by market watchdog the Securities Commission, the Companies Office in relation to prospectuses and financial statements, the National Enforcement Unit of the Economic Development Ministry, the Government Actuary and the NZX's Markets Disciplinary Tribunal.

Murray who worked for nearly a decade for large investment banks in the City of London before returning to Christchurch and setting up



Justin Murray

Murray and Company in 2004 said there had been a lack of co-ordination between the New Zealand regulators and no overarching entity with responsibility for the relevant bodies under it.

He did not think that the Securities Commission was necessarily under-resourced but there was not sufficiently clear allocation of responsibility between the bodies.

He said if New Zealand was to establish an international financial hub it was "an absolute prerequisite" that New Zealand had a regulatory regime that met international best practice.

"It's clear there have been significant issues in regulatory failure in New Zealand and not

just in New Zealand but globally" and it was great to see that being rectified, Murray said.

"There needs to be a clearer message and a higher profile from the organisation that says our primary responsibility is to ensure the integrity of the financial markets in New Zealand, the protection of investors and a robust platform for raising capital for companies to grow. That's got to be the touchstone for the regulatory environment that this super regulator has to oversee and there has been no one entity responsible for that up till now."

Murray said New Zealand's new body would be closer to the British model rather than the Australian model of having two organisations, the financial markets regulator ASIC (Australian Securities and Investment Commission) and APRA (Australian Prudential Regulation Authority).

Leading law firm Chapman Tripp said the creation of a one-stop shop should make compliance easier and more efficient for the finance and investment community.

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