



Media Release

PNGX Welcomes Reform of Securities Commission

Port Moresby, 30 October 2020: PNGX, Papua New Guinea's national stock exchange, welcomes today's announcement by the Hon. William Duma, Minister for Commerce and Industry, of the reform of the PNG Securities Commission and the international search for a new Chairman.

Over the last 2 years PNGX has been working to modernize and upgrade the stock exchange to better meet the needs of PNG. The previous uncertainty about the Chairmanship of the Securities Commission has been a barrier to both development of the market and the ability of companies, large and small, to access capital.

"PNGX welcomes Minister Duma's reform of the Securities Commission. Resolving the existing uncertainties will allow PNGX to develop new markets to assist large and small companies and to develop new products for investment by all PNG citizens" said PNGX Chairman, Mr David Lawrence.

PNGX has a world class trading system provided by NASDAQ.

PNGX majority shareholder, Pacific Capital Markets Development ("PCMD"), has brought a broad depth of experience in the operation of stock exchanges and capital markets internationally. PCMD, the PNGX Board and management are guiding PNGX to become a solid platform for raising business capital for both established companies and SMEs, government and corporate debt issuance, financial literacy and inclusion programs, secondary market trading, world's best practice corporate governance and a portal for critical foreign capital inflows.

In the last 2 years, PNGX has

- become the national numbering agency for PNG, improving the ability of international institutional investors to invest in PNG companies and government debt securities which in turn helps develop the PNG economy;
- been working closely with the Bank of Papua New Guinea ("BPNG") and Department of Treasury on the establishment of a secondary market for PNG Government debt instruments;

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- publicly consulted on the implementation of a new market for wholesale corporate debt to improve access by companies to new sources of debt finance, an initiative which has been on hold pending resolution of the Securities Commission issues; and
- entered into an MOU with the South Pacific Stock Exchange in Fiji to open up new avenues for investment and access to capital.

The appointment of a Chairman and reform of the Securities Commission will remove uncertainty and allow PNGX to progress the government and corporate debt markets and the following proposed modernisation and upgrade initiatives:

- new Listing Rules to best suit the needs of PNG. PNGX hopes to release new rules for public consultation later this year;
- new post-trade settlement and registration technology and processes to improve efficiencies and reduce risk in the market;
- increasing the number of dual listings with other markets, especially for companies with commercial activities in PNG, to provide Papua New Guineans with more opportunities to have an ownership interest in the country's wealth;
- new funds management products for domestic and international investors; and
- new mSME specific markets. PNGX has recently been in discussions with the SME sector to develop new mechanisms for access to capital.

These will be supported by new investor education programs.

PNGX is hopeful that reform of the Commission will also encourage new suitably qualified stockbroking firms into the market to promote competition and growth.

“An energetic and progressive Securities Commission guided by a Board with the highest standards of ethics and performance is essential to developing capital markets which can make PNG the financial centre of the Pacific” said Mr Lawrence. “We look forwards to working with the new Securities Commissioner in due course.”

PNGX is also proposing to raise additional capital in the new year to support the ongoing development of the market. This will present an opportunity for Papua New Guineans to have greater ownership of the stock exchange, which is a key element of the national financial system. The capital raising will be managed by Kina Securities.

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About PNGX Markets Limited

PNGX Markets is the national stock exchange of Papua New Guinea. PNGX is responsible for providing an orderly and fair market in relation to securities which are traded through its facilities and for acting in the public interest having regard to the need for protection of investors. PNGX is regulated and licensed by the Papua New Guinea Securities Commission. PNGX is the National Numbering Agency for Papua New Guinea.

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MINISTER FOR COMMERCE AND INDUSTRY

PRESS STATEMENT

Reform of Securities Commission to Commence

**By Hon. William Duma, LLB, LLM, CMG, MP
Minister for Commerce and Industry**

Port Moresby

30 October 2020

Minister for Commerce and Industry William Duma said decisive steps have been taken by the Marape Government to accelerate domestic and foreign investment for SME's in Papua New Guinea.

This was announced at the Medium Term Revenue Strategy workshop, held with Ministerial Economic Committee members at the Department of Treasury on 20 October 2020.

“Our stock market desperately needs modernization and upgrading. Right now, it fails in its primary purpose – to drive domestic and foreign investment to growing PNG businesses.

I want the PNG Securities Commission to work closely with the PNG Stock Exchange to bring in new technologies and open the stock market to more PNG businesses.

I want to see large, medium and small businesses listed on PNGX, as we see in other countries.

Our SME's are demanding that we act to give them greater access to finance.

We can do this quickly if we reform our Securities Commission and modernize the Stock Exchange.”

Minister Duma said that access to capital markets was a fundamental part of growing the SME sector in PNG.

“There is huge potential for investment if we can connect our SME's to domestic and international investors.

We urgently need to reform our Securities Commission to achieve this.

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I have started an international search for a new Chairman of PNG Securities Commission. We want someone with the highest standards of ethics and performance who can reform our Securities Commission quickly and get our markets working for our SME's.

We must do this if we are to take back PNG for our national companies," he said.

A handwritten signature in blue ink, appearing to read 'W Duma', with a long horizontal flourish extending to the right.

Hon. William Duma, LLB, LLM, CMG, MP
Minister for Commerce and Industry

30 October 2020