



Media Release

PNGX RECEIVES SECURITIES COMMISSION APPROVAL OF DEBT MARKET RULES

Port Moresby, 13 September 2022: PNGX, Papua New Guinea's national stock exchange, has received the Securities Commission's approval of the new PNGX Debt Market Rules.

The new PNGX Debt Market Rules allow a company to issue corporate bonds and have those bonds listed on PNGX where they can be traded.

Corporate bonds are a type of debt security issued by a company. The company may be listed on PNGX, it may be privately owned, or it may be a State Owned Enterprise ("SOE").

Initially, bonds traded on PNGX will be limited to wholesale corporate bonds. Retail investors will not be able to invest in wholesale corporate bonds within the first year. This is to allow the market to become familiar with the products before opening it up to the retail sector.

"Receipt of Securities Commission approval is very exciting for PNGX" said PNGX Chairman, Mr David Lawrence. "It is part of our ongoing commitment to develop the PNGX capital markets, provide companies with new ways of raising funding and providing Papua New Guinean investors with new investment opportunities" he said.

"We are in early discussions with some potential issuers of wholesale corporate bonds. We are hopeful that we can bring at least one of them to the market soon" said Ms Elizabeth Wamsa, PNGX General Manager. "We will be publishing materials explaining this new market to both investors and companies in coming weeks" she said.

As the wholesale corporate bond market is very different in its nature to the existing equities market, unlike listing on the equities market where a large number of holders are required, only one holder of a corporate bond is required for listing.

Investors eligible to invest in wholesale corporate bonds include:

PNGX Markets Limited
P.O Box 1531, Port Moresby
Papua New Guinea
www.pngx.com.pg

- (a) a holder of a capital market licence;
- (e) a licensed financial institution as defined in the Banks and Financial Institutions Act, 2000;
- (f) an insurance company registered under the Insurance Act, 1995;
- (g) a superannuation fund authorised under the Superannuation (General Provisions) Act, 2000;
- (h) a unit trust scheme or a managed investment scheme;
- (j) a body corporate that has net assets of at least K10 million as set out in its most recent audited annual financial statements;
- (k) an individual where the minimum amount payable for the securities on acceptance of the offer by the person to whom the offer is made is at least K250,000;
- (l) a land group incorporated under the Land Groups Incorporation Act, 1974;
- (m) a church group incorporated and existing under an Act of PNG;
- (n) any other types of investor specified by the Securities Commission.

A healthy bond market brings a number of benefits to Papua New Guinea. It provides an alternative funding source for government and companies and reduced dependence on banks and secured loans. It improves access by companies to fixed-price, longer-term credit which allows companies to fund projects which have solid potential for growth and job creation, but which may find it hard to find bank funding. The ability to issue bonds with terms of up to 20 or 30 years can be attractive for funding infrastructure projects. The ability to readily issue longer term bonds also allows banks to offer longer-term loans and mortgages. From an investor's perspective, they are able to diversify their investments to reduce both the capital risks and the volatility of returns.

PNGX has also received formal notification of approval and pending gazettal of Orders under the *Capital Market Act 2015* by the Securities Commission relating to facilitating issuance of corporate bonds to wholesale investors. PNGX is awaiting approval by the new Minister for International Trade and Investment of the second set of orders which will allow PNGX to bring the new Debt Market Rules into effect for the wholesale corporate bond market.

PNGX has previously announced that it has entered into a Memorandum of Understanding with XBourse and Pacific Capital Markets Development to work together to explore the phased development of state-of-the-art digital market infrastructure and services for multi-currency post-trade settlement and registration solutions for public and private markets, including bonds.

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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.

Contacts

David Lawrence
+61 4 1117 2697

Frank Dunphy
+61 4 27888724