



12 September 2017

**Reserve Bank of New Zealand**  
Prudential Supervision Department  
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## **REVIEW OF THE CAPITAL ADEQUACY FRAMEWORK FOR REGISTERED BANKS**

NZX is writing in relation to the current policy consultation, 'Review of the capital adequacy framework for registered banks – Consultation paper: Capital Review Paper 2 – What should qualify as bank capital Issues and Options'. Thank you for the opportunity to make a submission, apologies for the slight delay in meeting the deadline.

NZX supports the concerns outlined in the submission to RBNZ from Infratil Limited, an NZX Main Board issuer and an issuer of debt on the NZX Debt Market. We agree that any measures which require banks to hold excessive levels of capital against corporate bonds are likely to have the impact of reducing liquidity in the listed debt market, which would be a negative outcome, including for retail investors. The listed debt market in New Zealand is still relatively under developed compared to global peers but it is still important for both borrowers and lenders and care needs to be taken not to inhibit market development.

Yours sincerely

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Hamish Macdonald  
**NZX General Counsel Head of Policy**