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Competition, Trade and Investment Branch  
Ministry of Economic Development  
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To Whom It May Concern

Firstly we appreciate having the opportunity to make a submission at this stage of the process. Craigs Investment Partners ("CIP") have made comments on those parts of the Financial Markets Conduct Bill Draft where we have a strong view and where there would be a direct impact on our business.

As an overriding principle CIP believes that there are significant benefits (for example reduced costs) to investors of being able to invest directly into quality investments, particularly fixed income investments. We note that during 2008 and 2009 a good number of high quality issues were available in the market as the New Zealand retail market remained open for our highly regarded domestic companies.

Since this time the options available to these same issuers has increased and consequently the investment products available to investors has correspondingly reduced. Our discussions with potential issuers reveal that the extensive time, costs and potential liabilities involved in executing a retail market transaction are a significant deterrent to entering this market. This means that those high quality issuers with financing choices, i.e. those desired most by local investors, are much less likely to approach the retail market. We remain concerned that whilst the intent of the legislation is to prevent the excesses of previous years there is a risk that it will continue to discourage those issuers, who would as a matter of course expend significant resources for little benefit to investors in ensuring compliance with the relevant laws and regulations, from entering the market. The February Cabinet paper, discussing anecdotal evidence of disclosure document preparation being an exercise in risk management, is perceptive in this regard. We note that the regulations are yet to be developed and we recommend that this perspective be top of mind when this process is underway, and in particular the scope for differential disclosure as has begun with the simplified disclosure prospectus regime.

CIP is a full service financial institution from custody, research, broking (institutional & retail) Equity Capital Markets and Debt Capital Markets. We would be happy to discuss any part of our financial offering or the markets in general with your staff if you wished.

Yours sincerely

**Craigs Investment Partners**



**Frank Aldridge**

Managing Director