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Financial Markets Policy  
Business, Resources and Markets  
Ministry of Business, Innovation & Employment  
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New Zealand

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Tēnā koe Financial Markets Policy Team,

**Securities Industry Association submission: Consultation document – Enabling KiwiSaver investment in private assets**

1. The Securities Industry Association (**SIA**) thanks the Ministry of Business, Innovation and Employment (**MBIE**) for the opportunity to submit on its consultation document “*Enabling KiwiSaver investment in private assets* (December 2024)”.

**About SIA**

2. SIA represents the shared interests of sharebroking, wealth management, and investment banking firms that are accredited NZX Trading and Advising Market Participants. SIA members employ more than 550 accredited NZX, NZDX, and NZX Derivatives Advisers and more than 540 Financial Advisers nationwide. Our members' combined businesses work with over 1 million New Zealand retail investors, with total investment assets exceeding \$100 billion, including \$90 billion held in custodial accounts. Members also work with local and global institutions that invest in New Zealand. More information about SIA can be found at [www.securities.org.nz](http://www.securities.org.nz).
3. Members advise clients on a range of financial services and products, including KiwiSaver. Four SIA members are KiwiSaver Product Providers to more than 261,000 New Zealanders with an aggregate value of \$6.78bn Assets Under Management (**AUM**): Craigs Investment Partners (Craigs KiwiSaver Scheme over \$623m AUM and 7,518 members); FirstCape/JBWere and Jarden Wealth (BNZ KiwiSaver Scheme six funds with over \$5.69bn and 243,910 clients); Forsyth Barr (Summer KiwiSaver Scheme: \$321m AUM and 5,044 clients); and Sharesies (Sharesies Investment Management Ltd: \$148m AUM and 5,377 clients). (Figures at 31 March 2024)
4. Some SIA member firms may make individual submissions based on issues specific to their business. Those issues and views may not be reflected in this submission. No part of this submission is required to be kept confidential.

**Key submission points**

***SIA supports KiwiSaver investment in private assets***

5. SIA members broadly support the proposals presented in this consultation and the intent to change KiwiSaver scheme settings to allow schemes to invest in private assets. We have seen

KiwiSaver steadily grow with stable settings. However, we believe it is also important to innovate and refresh the settings to ensure they remain fit for purpose and relevant and encourage New Zealanders to be active and invested participants in their retirement savings, while maximising the opportunity for better returns.

***SIA supports the opportunity to grow a pipeline for companies to become NZX-listed companies***

6. As NZX Trading and Advising Participants, we encourage innovative policy settings that have the long-term potential to support the sustainability and vibrancy of our capital markets, including the growth of listings on the New Zealand Exchange (**NZX**). SIA believes that adjusting KiwiSaver settings to better facilitate investment, including into private assets, has the potential to contribute to broadening the pipeline for private companies to become publicly listed companies. Companies that attract capital to grow and become healthy, sustainable companies may then choose to list on the NZX once they recognise the benefits of the potential for investment and public profile through New Zealand's public exchange and see it as the next logical step for growth and attracting further capital from both local and international investors.
7. Taking a long-term view of the opportunities that could help grow our capital markets and economy is essential. The more support that can be provided to New Zealand companies during early phases of growth and development, particularly start-ups, the more developed New Zealand's private equity market will become, thereby increasing the pool of potential listings.

***SIA supports increasing investment choices for KiwiSaver members for good consumer outcomes***

8. SIA supports KiwiSaver members having more investment choices. Keeping the KiwiSaver scheme dynamic will likely stimulate Kiwis' interests as investors, encourage financial literacy in terms of understanding long-term investment and infrastructure funding, and provide a broader range of investment products suitable to personal risk profiles and investment objectives and strategies, recognising that these can change over time.
9. Ultimately, changes to the scheme will remove constraints and provide an opportunity to develop a wider investor base for the broader scheme, increase product diversification, and create the potential for better returns.

***Proposal 1. Enabling KiwiSaver providers to use Liquidity risk management tools***

*Side pocketing*

10. As the consultation document discusses, it is not really possible to apply side pocketing, given the regime's current transfer requirement settings. It would be useful to make changes to enable this. If a similar mechanism can be used to facilitate the delayed transfer of less liquid assets (noting that side pocketing is usually thought of in terms of dealing with distressed assets or where there is some market dysfunction), that would also be useful.
11. SIA supports the use of side pocketing in scenarios involving distressed or illiquid assets.

**Further discussion welcomed**

12. As indicated, as an industry, we are supportive of the general direction of change regarding encouraging KiwiSaver investment into private assets to give investors more choice, the potential pipeline for private companies to become listed companies, and the financial well-being of New Zealanders, New Zealand companies, and the New Zealand economy.

13. Please get in touch should you have any questions about this submission or require further information.

Nāku noa, nā



Bridget MacDonald

**Executive Director**

**SECURITIES INDUSTRY ASSOCIATION**

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