

Shareholder takes NZX to task over costs and strategic plan

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Nona Pelletier (/authors/nona-pelletier), Senior Business Reporter

[@NonaPelletier](https://twitter.com/NonaPelletier) (<https://twitter.com/NonaPelletier>) [✉ nona.pelletier@radionz.co.nz](mailto:nona.pelletier@radionz.co.nz)

(<mailto:nona.pelletier@radionz.co.nz?subject=Shareholder%20takes%20NZX%20to%20task%20over%20costs%20and%20strategic%20plan>)

A shareholder in NZX is fed up with the market operator's progress in implementing changes that will turn its fortunes around and has published an alternative strategic plan for it to follow.



Photo: Supplied / NZX

The NZX's first half net profit was down nearly 45 percent in the six months to June as the company continued to make changes to improve the performance of the business.

It also recently announced a deal with Nasdaq as part of global expansion plans, which followed similar deals with Toronto, Singapore and Hong Kong's capital markets.

However, the managing director of the fund manager, Elevation Capital, Chris Swasbrook, wasn't impressed.

"NZX's current strategic plan presented in November 2017 is not strategic, nor a plan," he said, adding that it was more of a political document rather than one that seeks to make a real change to the business.

He said the company must also cut costs, particularly at the senior management level.

Mr Swasbrook said the NZX had a culture of wasteful spending, which was demonstrated by a recent trip to New York by more than 10 members of NZX's management team and board as part of the Nasdaq deal.

"They have more executives in senior roles than the ASX (Australian stock exchange), which is a \$12.5 billion company, versus the NZX with a market cap of \$300 million approximately," he said.

"What I really want is the NZX to be ambitious and become the number one regional stock exchange in the world as measured by margins, productivity efficiency, technology and capital raising platforms."

He said Elevation Capital, which owns 2.3 percent of NZX, had received support for its plan from other shareholders and market participants.

The NZX said in a statement that Elevation Capital raised several good points and would continue to engage with Mr Swasbrook on the points raised, but declined to answer any questions from RNZ about the specific concerns.