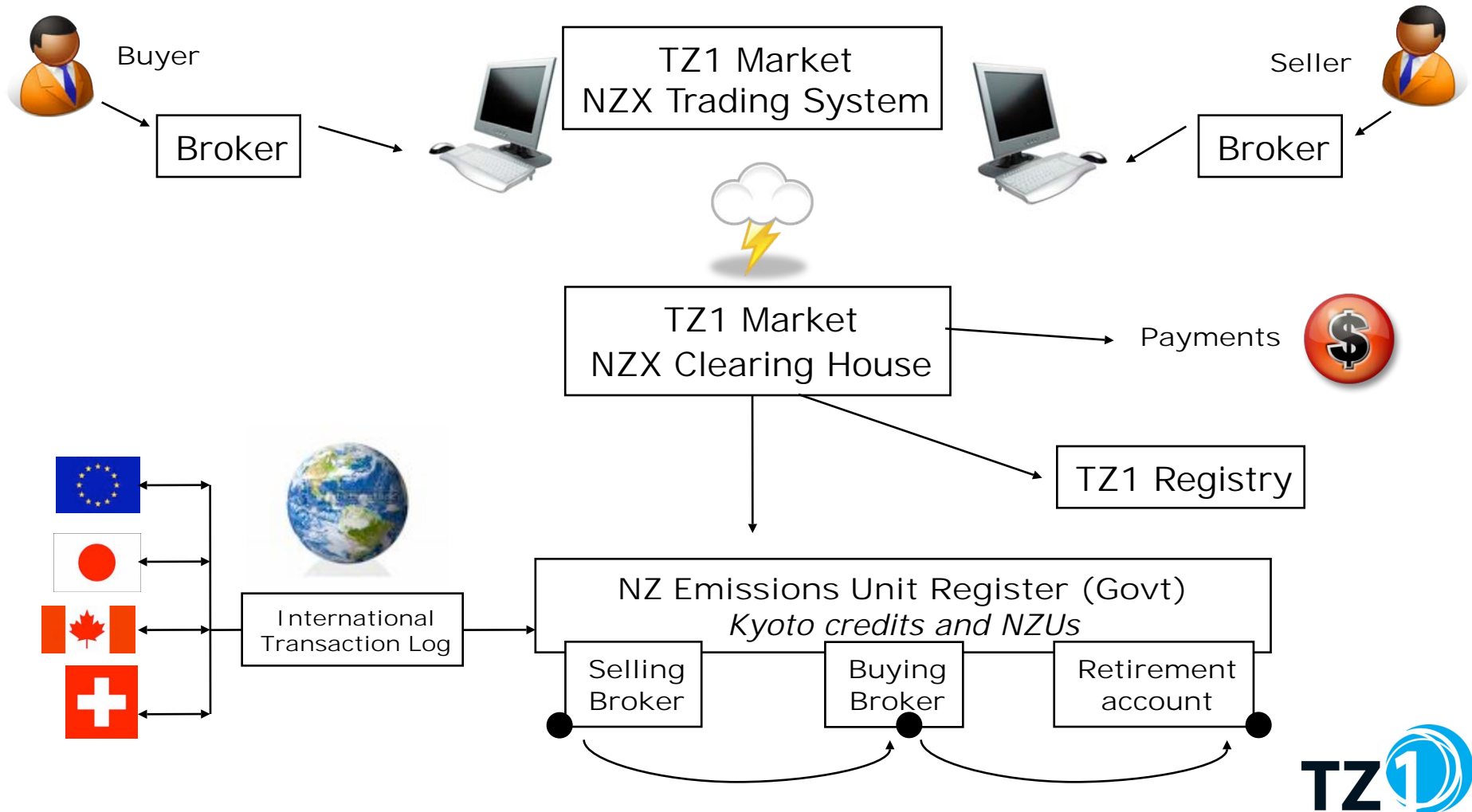




Infrastructural Capacity

Joanna Silver
Executive Director, TZ1

Exchange trading in carbon





Infrastructural Capacity

Joanna Silver
Executive Director, TZ1



Mythbusting about markets

Joanna Silver
Executive Director, TZ1

Myth 1: Small market

The market is small and there will be no liquidity

Myth 1: Small market

The market is small and there will be no liquidity

TRUTH:

- Size of NZETS not only factor
- Size of market depends on liquidity

Myth 2: Price is known

There is a price on carbon in NZ today -
everybody knows that

Myth 2: Price is known

There is a price on carbon in NZ today - everybody knows that

TRUTH:

- The market is opaque
- Markets need quality price information to function effectively

Myth 3: No risk at present

If I buy carbon through a broker, there is no risk to me

Myth 3: No risk at present

If I buy carbon through a broker, there is no risk to me

TRUTH:

- Anyone can sell you credits
- Be prudent

Myth 4: It is too hard

Carbon trading is too hard - I should leave it to the experts

Myth 4: It is too hard

Carbon trading is too hard - I should leave it to the experts

TRUTH:

- Engage now
- Manage this as a treasury function
- Utilise market instruments to manage your risk

Myth 5: Keep it small

Having international traders in the NZ market is a bad thing: they will take our credits

Myth 5: Keep it small

Having international traders in the NZ market is a bad thing: they will take our credits

TRUTH:

- International participation will bring liquidity
- Liquidity keeps prices low

Myth 6: No need for a platform

There is already trading in NZ so we don't need a market platform

Myth 6: No need for a platform

There is already trading in NZ so we don't need a market platform

TRUTH:

- Without one there is no transparent price on carbon
- Corporates pay more

Myth 7: For big guys only

The market is for large trades and large corporates only

Myth 7: For big guys only

The market is for large trades and large corporates only

TRUTH:

- 1000 units is minimum trade order
- Brokers can play role here too

Myth 8: Anyone can trade on exchange

Anyone can trade on exchange - you just sign up

Myth 8: Anyone can trade on exchange

Anyone can trade on exchange - you just sign up

TRUTH:

- Only regulated firms can trade: institutions that can show they have checks and balances in place

Myth 9: There are lots of exchanges in NZ

There are lots of exchanges in New Zealand

Myth 9: There are lots of exchanges in NZ

There are lots of exchanges in New Zealand

TRUTH:

- Currently there is only one regulated securities exchange in New Zealand
- We don't apologise for that

Myth 10: It is expensive

Exchanges are really expensive to use

Myth 10: It is expensive

Exchanges are really expensive to use

TRUTH:

- Average price for transaction on NZX's equities platform: \$7

Key question here:

Does **NEW ZEALAND**
have the infrastructural capacity
to operate
an efficient and effective carbon market?

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Absolutely!



Thank You

For more info: www.TZ1Market.com

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