

Q&A: Ann Bowering, CEO National Stock Exchange

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Ann Bowering is the CEO of the National Stock Exchange (NSX), a direct alternative to the ASX with a focus on start-ups and mid-sized companies. The NSX has more than 80 listed securities, compared with 2200 on the ASX. Previously the Newcastle Stock Exchange and dating back to 1937, the NSX was rebadged in 2006. An accountant, Bowering has been a director since 2009 and was appointed CEO in 2016. She previously worked at KPMG and Lucsan Capital.

Do we actually need this mini ASX?

We absolutely need competition. Canada and the UK have fabulously successful alternative listing venues. The US, Hong Kong, Singapore, Japan, South Africa all have multi-listing venue markets, and it's really important for what competition brings – innovation, investment, diversification. Not having competition in our listing markets means we have a one-size-fits-all solution in a marketplace that is stymied because of that. All companies are forced to fit in one box, when through competition and the evolution of the NSX we can create a more diversified offering. What an IPO gives you is liquidity.

There are thousands of companies looking for a mechanism to provide a transparent buy-and-sell platform. One of our target markets is the family business and the succession-planning process. [In this sector] there is \$3 trillion in economic value and eight out of 10 of those businesses will need to transition their ownership in the next 10 years, but only two out of three will do it successfully. They don't

necessarily need new capital for growth, but they need a transparent valuation, a fair and liquid mechanism to transfer value among existing shareholders, to control that transition, attract new management, get profile and visibility, build a track record and evolve their companies.

Does it risk spreading capital too thinly?

Our superannuation funds are fourth behind the US, the UK and Japan. It is ludicrous to think we don't have enough investable funds – what we have is funds leeching offshore. We don't have enough diversification in investment opportunities. We need to avoid the situation where we have the same money going through the same gatekeepers onto the same exchange into the same companies, and we're getting the same result. We need competition. My target is to build an exchange for companies that aren't considering listing on the ASX and provide them with better solutions.

Is the farming sector a potential market?

We have had great success with agriculture companies historically and see ourselves as being a great partner with agribusiness. We have Sugar Terminals, Ricegrowers [SunRice], Capilano, Murray Goulburn, RFM Poultry. One of the reasons they list on the NSX is because

of our unique rules. We could offer them a private-market scenario so their co-op members could trade among themselves. Ricegrowers went from \$70 million market cap to a \$350 million market cap through being listed on the NSX. It really works well for mutual organisations, member-based organisations.

Mutual markets is another product we have, where we're targeting credit unions, co-ops, banks where they are member-based organisations. Some have ASX peers that are incredibly successful, and these companies are equally successful but can't get the profile and the visibility and the credibility their ASX-listed peers get. They don't want to demutualise, but by listing on NSX they get liquidity for their members, they build up a big profile of what they're achieving in their businesses.

Ultimately if they want to demutualise and do an IPO they can do that, and it is a step on a progressive path for them.

If you look forward five years, where do you think the money will come from?

The change is being driven by technology, which will lead to greater fungibility between markets. This will lead to greater harmonisation of listing requirements and regulations between markets, particularly similar markets such as Australia and New Zealand, and potentially Singapore and Canada and the US.

Tell me about your success stories.

There's a company called Heritage Brands, a retail consumer product. There's RFM Poultry, a nice \$10 million market cap company. Another one is APN Regional Property fund. They're about \$32 million market cap, so they pay a really good dividend. These are the growth companies, the backbone of our economy.

In this \$50 million market cap space there is a lot of innovation and growth and commercialisation, and jobs and opportunity. This month we added a technology support software company, SenterpriSys, once a subsidiary of a company listed on the ASX.

What is the biggest challenge for you?

Getting out and talking to people. It's really important for them to understand that there's an alternative out there and what it can deliver.

You're taking on quite a monster.

Completely. I am very confident we can build a dynamic marketplace, and I am hopeful the global market will see us ultimately partnering with another marketplace. I'm excited about what NSX means, not just for the equity capital

markets but the economy as a whole through facilitating access to new capital and providing more diverse investment opportunities.