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## **NZX acknowledges PhD research on New Zealand capital markets**

NZX acknowledges PhD research on New Zealand's capital markets developed as part of the New Zealand Finance Colloquium. The colloquium promotes discussion and development of finance related research and is held annually at universities across New Zealand.

NZX sponsors the colloquium and would like to acknowledge the two winning research papers announced at an awards ceremony at Lincoln University today:

- [Director-level social capital and board appointments: evidence from New Zealand](#), authored by Angela Andersen, Alexandre Garel, Aaron Gilbert and Alireza Tourani-rad; and
- [Fee structure, transaction costs and information content](#), authored by Sean Foley and Anqi Liu.

Ms Andersen's research paper examined the importance of social capital and the connectivity of directors. A social network analysis was used to measure a director's connectivity and investigate the relationship between social capital and director appointments to new boards. The results showed a positive and significant relationship between the director connectivity and the subsequent number of new board appointments, which would suggest that the director selection process is influenced by their level of social capital.

Mr Foley's research examined the recent change in NZX's fee structure. The study provided evidence that the increase in transaction costs significantly increased effective and quoted spreads. It also showed that price impact increases, resulting in more informed on-market trades consistent with an increase in informed institutional trading. For stocks that experienced an increase in relative trading fee, both the effective spread and price impact also increased, implying that explicit trading fees are passed on to investors.

This sponsorship demonstrates NZX's commitment to support university research, which has the potential to improve market efficiency. Congratulations to the winners.

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