FROM THE
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The papers in this issue of *JASSA* address a range of highly topical issues affecting equities markets, as well the prospects for increased renminbi trade invoicing and for a reduction of Australia's headline company tax rate, which is particularly relevant in view of the taxation reform White Paper process currently underway in Australia.

First, James Murray examines the impact of changes in financial regulations which took effect in April 2014 to allow equity crowdfunding and peer-to-peer (P2P) lending in New Zealand. The main change which makes financial crowdfunding viable is exempting issuers from producing prospectuses and investment statements when making a regulated offer through an equity crowdfunding platform or P2P lender. Murray notes that over the following year, one P2P lender and five equity platforms gained licences, and 16 companies also launched equity crowdfunding campaigns raising over $6m. He indicates that although this represents a very small share of New Zealand's financial market, financial crowdfunding could become part of the mainstream financial services industry if similar growth patterns to those experienced internationally were to occur in New Zealand.

Geoffrey Kingston then tackles the thorny issue of whether Australia's company tax rate could be cut substantially with little or no loss of tax revenue if abolishing dividend imputation were used to finance this. Kingston indicates that recent OECD data offer limited support for this proposition. Also, while his estimates are broadly consistent with Treasury-type analysis suggesting that the headline company tax rate could be cut to 20 per cent, Kingston notes that this type of exercise relies on debateable assumptions, and imputation mitigates other idiosyncrasies of our tax system. He suggests that abolition of imputation should await a cut in the top marginal personal tax rate along with a transition to back-end taxation of most superannuation accounts.

The paper by Clive Gaunt shows that while studies continue to report an exceptionally strong and persistent small firm premium over time within the Australian market, in practice, there is no exploitable small firm premium in Australian stock returns. Gaunt's analysis suggests that the appearance of this premium is dependent on the inclusion of highly illiquid, low price stocks which previous research has shown can bias returns. He notes that this premium entirely disappears when these stocks are excluded from the sample and, if a small firm premium does exist, for all practical purposes it cannot be exploited.

Next, Duc Man Nguyen and Chee Seng Cheong examine the relationship between the Australian Implied Volatility Index (A-VIX) and its underlying asset, the S&P/ASX 200 Index. They highlight the fact that the availability of A-VIX futures, which were introduced in October 2013, has opened the door for investors who want to explore the index as a possible way to provide portfolio protection. But the authors argue that A-VIX futures do not offer the same diversification benefit as their underlying index, and could potentially weaken investment performance if included. They argue that the volume and liquidity of A-VIX futures have not yet reached levels comparable to those of other actively traded derivatives, but that there is potential for developing more tradeable instruments based on the A-VIX similar to the exchange-traded products on volatility indices that are available in the US and Europe markets.

In the final paper in this issue, Kathleen Walsh analyses a survey of Australian and Chinese corporates on renminbi (RMB) invoicing awareness, use and expectations. The paper considers the benefits of RMB trade invoicing as well as a range of factors that would appear to be discouraging its use in trade between Australia and China, and also identifies potential tipping points for increased RMB invoicing going forward. Walsh notes that one of the most striking results of the survey is that both Australian and Chinese corporates are waiting for the other to initiate a change, suggesting a 'waiting game' where each firm is waiting for the trading partner to take the lead in the use of RMB invoicing. Overall, she suggests that the survey findings seem to indicate that increased RMB trade invoicing and settlement in the future will require greater awareness in China, especially in relation to the costs of hedging in a high-volatility market.

I would like to thank all of our contributors for their very interesting and valuable insights, and I look forward to many more excellent contributions to *JASSA* throughout the year.