

20 December 2017

NZX to implement changes to pricing structure in 2018

NZX announces it will implement changes to its trading and clearing pricing structure in the second half of 2018 as it responds to feedback from market participants and to encourage more on-market liquidity. This supports the exchange's commitment to secondary market development, as outlined in its recently released strategy.

NZX will migrate to a trading and clearing pricing model in line with global practice to provide participants with greater price certainty when negotiating brokerage and services with their clients.

Further details, including the model and implementation timeline, will be outlined in the exchange's full year financial results in February 2018. The changes will be supported by amendments to the NZX Participant Rules to improve price discovery and on-market liquidity. NZX will commence a formal consultation process on the potential changes to these rules early next year. Price and rule changes will be implemented in parallel.

In addition to pricing and rule changes, NZX will engage with the market to develop a broader suite of trading tools for its customers to also assist in driving greater on-market transparency and liquidity. NZX will leverage its 2019 trading system upgrade to meet these requirements.

NZX Head of Markets Development and Clearing Benjamin Phillips commented: "NZX is committed to implementing a pricing and rule structure that better supports the needs of our customers, and is consistent with global best practice in facilitating greater on-market liquidity, and driving greater transparency for investors. These changes will further lift the integrity of the New Zealand market."

The exchange has already made good progress towards improving on-market liquidity. The trial of a tailored trade pricing structure designed to attract new local and international electronic trading flow has improved price discovery, while adding further depth and liquidity to the market. The trial commenced in July 2017 and since then average daily on-market value has increased 13%, compared to the prior period.

NZX will continue to engage with the broader market to determine the best outcome for the pricing structure as part of the implementation plan in Q1 2018.

For further information please contact:

Hannah Lynch
Head of Communications
T: 09 308 3710
M: 021 252 8990
E: hannah.lynch@nzx.com