

13 March 2018

Calendar spread functionality implemented in dairy derivatives market

NZX announces the addition of calendar spreads and implied order functionality on all futures contracts in the dairy derivatives market, effective 19 March 2018.

The implementation of these strategies will provide NZX dairy traders with a more efficient method of rolling positions into future contract months. It is also expected to facilitate additional liquidity through tighter bid/ask spreads and increase orders in later-dated contracts.

NZX Head of Derivatives Nick Morris commented: "Calendar spread functionality is a valuable tool for derivatives traders, it has the potential to significantly improve on-screen liquidity and volumes traded. This change follows feedback from our customers, and we intend to continue updating functionality requirements in response to market demand."

The increased functionality supports the exchange's strategic commitment to accelerate growth in its dairy derivatives market, and follows an announcement that market trading hours will be extended in July 2018 to meet global requirements.

To learn more about the benefits of calendar spreads, the types of implied order functionality available, and how they work, please see NZX's Guide to Calendar Spreads at the link below:

www.nzx.com/markets/nzx-dairy-derivatives/learn-more

NZX will continue to engage with participants, clearers, independent software vendors and data vendors on the upcoming changes. Minor amendments to the Derivatives Market Procedures have been made to facilitate the introduction of calendar spreads, which will come into effect on 19 March 2018. Information on these changes can be found [here](#).

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