



BNP PARIBAS

BNP Paribas partners with NZX to boost offshore capital flows

4 AUGUST 2020 – BNP Paribas Securities Services (BNP Paribas) is intending to engage with the NZX on a new initiative focused on boosting offshore capital flows into NZX to further develop the New Zealand capital market.

NZX Chief Executive, Mark Peterson, said BNP Paribas Securities Services is working towards becoming a General Clearing Participant and is expected to be completed within the first half of 2021 – fulfilling one of the Exchange's key strategic goals of ensuring the long-term health of New Zealand's capital markets eco-system.

"We see this as a hugely positive signal about the untapped potential in our markets. BNP Paribas is a high-quality clearer and custodian, with an unparalleled regional clearing footprint and global credentials, committing its innovation and expertise to New Zealand."

BNP Paribas will bring technical expertise and further enhance operational efficiencies when bringing its Third Party Clearing (TPC) model to New Zealand. This includes optionality for direct members, both with a physical presence in New Zealand and as a remote broker, to use TPC.

NZX Executive Director for Markets Development & Clearing, Benjamin Phillips, described the move as "an important endorsement of NZX's markets development strategy and its success in attracting wider participation by global Participants" – building greater resilience, increasing the choice, expanding capacity and development of more direct connectivity to offshore capital flows.

Mr Phillips said this enhancement to the New Zealand market eco-system is expected to continue to drive liquidity – a primary measure of market integrity and price transparency – and build on other strategic initiatives that have seen on-market trading increase from 33% in 2015, reaching 70% in April 2020, with an average year-to-date of 62.4%.

BNP Paribas has already brought innovation to New Zealand's capital markets – as the first and only global custodian to become a Depository Participant on the NZX Clearing and Settlement System* (NZX Clearing), the first custodian to go live with STP announcements (ISO15022) on NZX, and the only clearer on the NZX Dairy/NZX Equity derivatives markets.

"In BNP Paribas, we have a participant with a genuine commitment to the ongoing development of New Zealand's capital markets, now partnering with us to develop new models and processes to drive operational efficiencies and mutual benefits for the market, investors and issuers," Mr Phillips said.

Doug Cameron, Head of Location for BNP Paribas Securities Services New Zealand, said: "We are leveraging the NZX's platform to offer streamlined, efficient, cost-effective and high quality operations at a time of increasing global and regional infrastructure demands".

TPC benefits brokers by:

- streamlining the clearing and settlement process, with BNP Paribas managing the operational, regulatory and IT requirements and allowing broking firms to focus on their core business, trade management and execution
- offering a cost-effective solution for managing large trading volumes

- reducing capital outlay of connecting to NZX's markets
- assisting with the navigation of a dynamic landscape of regulations across Asia-Pacific markets
- delivering significant cost savings related to capital adequacy requirement management, margin costs and other risk management activity.

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About NZX

For more than 150 years we have been creating opportunities for Kiwis to grow their personal wealth and helping businesses prosper. As New Zealand's Exchange, we are proud of our record in supporting the growth and global ambitions of local companies.

NZX operates New Zealand's equity, debt, funds, derivatives and energy markets. To support the growth of our markets, we provide trading, clearing, settlement, depository and data services for our customers. We also own Smartshares, New Zealand's only issuer of listed Exchange Traded Funds (ETFs), and KiwiSaver provider SuperLife. NZX Wealth Technologies is a 100%-owned subsidiary delivering rich online platform functionality to enable New Zealand investment advisors and providers to efficiently manage, trade and administer their client's assets. Learn more about us at: www.nzx.com

About BNP Paribas Securities Services

BNP Paribas Securities Services, a wholly owned subsidiary of the BNP Paribas Group, is a leading global custodian and securities services provider. Backed by the strength of the BNP Paribas Group, we provide multi-asset post-trade and asset servicing solutions for buy and sell-side market participants, corporates and issuers. With local expertise in 35 countries and a global reach covering 90+ markets, our network is one of the most extensive in the industry, enabling clients to maximise their investment opportunities worldwide.

*BNP Paribas Securities Services Australia branch has been accredited as a Depository Participant and Legal Title Transfer Depository Participant.

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