

NZX addressing technical issues following a four-fold jump in share trading volumes

22 April 2020 – NZX has experienced several technical issues in the last six trading days. The root cause of these issues appears to stem from a significant increase in trading volumes – up around four-fold since early 2020 – along with an associated increase in trade messaging within the market ecosystem's IT infrastructure.

The incidents primarily involve NZX's clearing and settlement system, which has come under significant pressure as it also acts as the gateway to report trade notifications and undertake shareholder balance enquiries for certain market participants.

NZX takes its responsibilities as market operator extremely seriously. The issues have resulted in considerable strain on the operations and technology teams of NZX participants, and flowed through to their customers at a time when there is a huge amount of interest – and unprecedented demand – in the New Zealand share market.

Chief Executive, Mark Peterson, said: "We appreciate how frustrating this is for participants and their clients. We deeply regret the disruption these issues have caused and solving them is our number one priority".

Following a Board Meeting last night NZX Chair, James Miller, said Management and Board committed to the following actions:

- Appointment of EY to conduct an independent external review of the issues and NZX's proposed remediation actions, and report to the NZX Board. In undertaking this review, EY will be independently interviewing participants and vendor suppliers;
- Established an internal Board Technology Committee, chaired by NZX Director, John McMahon, to ensure all possible solutions are canvassed and ensure market participants and regulators are involved appropriately;
- Reviewing a range of hardware upgrade solutions to increase processing throughput;
- Working with the clearing system vendors to split certain functionality into different processing streams to improve throughput; and
- Engaging with software suppliers to market participants to optimise interoperability with NZX's system and the registries and consider all other options to reduce system stress.

Mr Peterson said NZX has had a Trading System Upgrade project underway since 2019. As a result of COVID-19 delays, and subject to COVID-19 developments and market feedback, this is now expected to go live later in 2020 and will include the shifting of non-settlement functionality off the clearing and settlement system and onto the upgraded trading platform. These architectural changes are expected to provide sufficient capacity for significant further trading volume growth.

Since the outbreak of COVID-19, trading volume activity in the market is the highest NZX has ever seen. John McMahon noted that NZX has appreciated the support and understanding, particularly from participants over the past week, and will continue to clearly set and communicate expectations to keep key stakeholders informed on progress with addressing these issues. James Miller noted that NZX's Board is fully committed to working co-operatively with NZX's various technology partners and all industry participants to ensure these issues are resolved in as timely a manner as possible.

For further information:

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About NZX:

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