



NZX Liquidity Incentive Program

Overview

NZX has launched its Liquidity Incentive Program, which will be effective from 16 September 2023 to 31 March 2026. The Program aims to incentivise trade flows associated with proprietary trading firms or sell-side intermediaries based overseas. For those meeting the requirements, NZX offers reduced trading fees for on-market transactions during the program. The eligibility criteria, the timeframes, and the calculation conditions are outlined below.

Eligibility Criteria

To be eligible for the benefits provided by the Liquidity Incentive Program, the client of NZX's trading participant must:

1. Be an offshore proprietary trading or an intermediary acting as primary broker or as agent.
2. Be a registered DMA client of a NZX Trading Participant.
3. Have appropriate NZX data licensing in place.
4. Have demonstrated relevant on-market value traded and regular presence on NZX's trading sessions over the last six months.
5. Demonstrate beneficial market liquidity, which for the purposes of the LIP is defined further in this document.

In addition, the LIP is:

6. Applicable to on-market trading (continuous and auction) on the central limit orderbook of the NZSX and NZDX.
7. Only available to wholesale (institutional investors) not valid for retail or principal trading.

Exclusions

8. The liquidity incentive program is targeted on proprietary trading firms or sell-side intermediaries based overseas, aiming to help attract international liquidity to the local market, which is ultimately a benefit for all participants and investors. Retail, local buy-side and participants proprietary trading are not eligible to the incentive.

Mechanics

NZX Trading Participants can apply on behalf of clients for admittance to the LIP. The application captures key details such as the LIP client's name, contact's details, including the client's representative with sufficient comprehension about the trading flow directed to NZX.

Beneficial Market Liquidity

Eligible LIP clients must demonstrate beneficial market liquidity, which for the purposes of the LIP is defined as the following metrics over the preceding six-month period:

- Trade presence in the book for over 40% of trading days; and
- On the days present in the book the client's average daily value traded (ADVT) must be over \$1million

Further Details

For further details on the LIP, please contact Markets Development on markets@nzx.com