

Self-Match Prevention (SMP)

The self-match prevention (SMP) service allows NZX Trading Participants to prevent matching of orders placed by their firm for accounts with common underlying ownership. NZX Trading Participants are assisted through exchange technology to manage their obligations with relation to wash trades.

How does it work?

- SMP is an optional functionality that can be utilised by any Trading Participant for orders on the NZX securities markets and the NZX Derivatives Market.
- SMP is only operational during the Normal Trading Session (continuous trading), and is never available during auctions.
- When enabled, two orders from the same entity will be prevented from matching.
 - Participants may also specify a 'whitelist' of entities that they wish to exclude from SMP, whose orders will be allowed to match in the Trading System.

SMP treats an 'entity' as each of the following:

- For wholesale client orders: Broker reference + Account type
 - It means that for a Trading Participant, orders entered as Principal or Market Maker, will not be allowed to match against each other
- For Retail Orders¹: Client CSN (Common Shareholder Number)

Criteria for self-match prevention

Once it is established that a match between two orders should be prevented, the following occurs:

- The passive order is withdrawn completely with a reason indicating self-match prevention.
- The aggressor order remains in the order book and potentially matches against other passive orders as per current functionality.

The following examples describe SMP behavior when the aggressor order has an Immediate duration:

Example:

- Assume Clients A and B have Self-match Prevention enabled.
- Client A has a bid at \$6.00
- Client B has a bid at \$5.90
- Client A enters an Immediate duration offer at market price.

The result is the bid at \$6.00 is expired and the market offer instead matches the bid at \$5.90.

How to Activate Self-Match Prevention (SMP)

SMP can be enabled by a Trading Participant by completing the 'Self-Match Prevention Service Request' within the NZX Participant Portal. This may include both a request to start / stop the SMP service.

Additional information

- SMP Overview
- Practice Note - Self Match Prevention
- Fees

¹Not applicable for the NZX Derivatives Market