



# Trading at NZX





## TRADING ON THE NZX ▼

For more than 150 years we have been committed to connecting people, businesses and capital. Our vision is to be a trusted New Zealand business delivering sustainable wealth, value and opportunities for all.

Our world class exchange platform connects investors looking for institutional and retail opportunities with companies looking to access capital. At NZX we offer liquidity across a wide range of markets such as equities, debt, exchange traded funds (ETFs), along with equity derivatives & commodity derivatives (through partnership).



## WHY NZX ▼



### Liquidity

Access to over 390 listed products across all markets and 200 listed issuers.

NZX is the dominant liquidity venue in dual listed securities. We offer significantly tighter spreads in mid, small, and micro stocks to enable efficient order execution for our connected Participants.



### Integrity

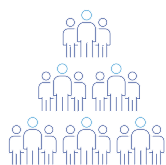
NZX is a member of the World Federation of Exchanges (WFE) and is a trusted institution having run New Zealand's Capital Markets for over 150 years.

Our independently governed regulatory arm, NZ RegCo ensures the highest standard of Market conduct amongst participants and ourselves as Market Operators. NZRegCo's strong litigation framework ensures that your regulatory risk and legal costs are minimised whilst pursuing your trading outcomes.



### Growth

The S&P/NZX 50 has proven to be resilient in the face of increasing market volatility and global uncertainty. The index has also shown strong growth, consistently outperforming competitor indices, and staying in line with market leading indices.



### Partnership

NZX Participants reap the rewards of being aligned with NZX and the powerful positioning of the New Zealand brand.

Our relationships with Nasdaq, Toronto (TMX), Singapore (SGX), Hong Kong (HKEX), Shanghai (SSE), Australia (ASX), South Pacific (SPX), Sustainable Stock Exchanges (SSE), and the European Energy Exchange (EEX) amongst others ensure that our participants experience global engagement after becoming accredited.

## NZX PRODUCTS ▶

NZX offers a wide variety of liquidity sources across various boards and security types.



### Equities

The NZX Equity Market (NZSX) is the premier market for NZX's listed equities and funds in New Zealand and is home to some of New Zealand and Asia Pacific's most successful and dynamic companies. This is NZX's main board and boasts over 180 instruments and growing on market trading.

### Debt

The NZX Debt Market (NZDX) is New Zealand's flagship market for listed debt securities, providing access to a diverse range of New Zealand and Asia-Pacific corporate and government debt. Product quoted/listed includes retail and wholesale debt facilities, and other related securities. This board offers over 150 instruments, including substantial growth in the number and issuance of Environmental, Social & Governance Bonds.

### Dairy Derivatives

SGX-NZX's Dairy Derivatives Market provides the dairy industry with a forward view of dairy prices and a low basis, cash settled instrument for managing dairy price risk simply and efficiently. In November 2021, SGX and NZX entered a partnership where NZX's suite of dairy derivatives trade exclusively on Singapore Exchange (SGX). The joint stewardship of these important contracts unites NZX's core dairy expertise in industry engagement, market research, and product development know-how with SGX's international connectivity, under a working strategic partnership.

Following the launch of the SGX-NZX Partnership Agreement, to access the market, you must become a SGX Derivatives Participant. ***Memberships - Singapore Exchange (SGX)***

### Equity Derivatives

NZX launched its Equity Derivatives Market in June 2014, offering domestic and international investors the tools needed to manage and gain exposure to the New Zealand Capital Market. The NZX Equity Derivatives Market offers Index futures contracts and Exchange Traded Options (ETO's) on Spark and Fletcher Building ordinary shares. S&P/NZX 20 Index Futures are based on the S&P/NZX 20 Capital Index. The index comprises 20 of the largest and most liquid companies listed on the NZX Main Board. Ranking and weighting is by free float market capitalisation.

### Market Data Products

NZX Trading Participants have the option to access the wide variety of data products created and issued by NZX. These products are a mixture of real time or delayed market data, daily, monthly, and annual analysis and reporting as well as database access or online delivery.

**For further information on Data Licensing:** <https://www.nzx.com/products/nzx-data>

**For further information on Data Products:** <https://www.nzx.com/products/nzx-info>

## EQUITY AND DEBT MARKET GROWTH ▼

# 26.33%

cumulative growth in Value Traded on NZSX in 5 years

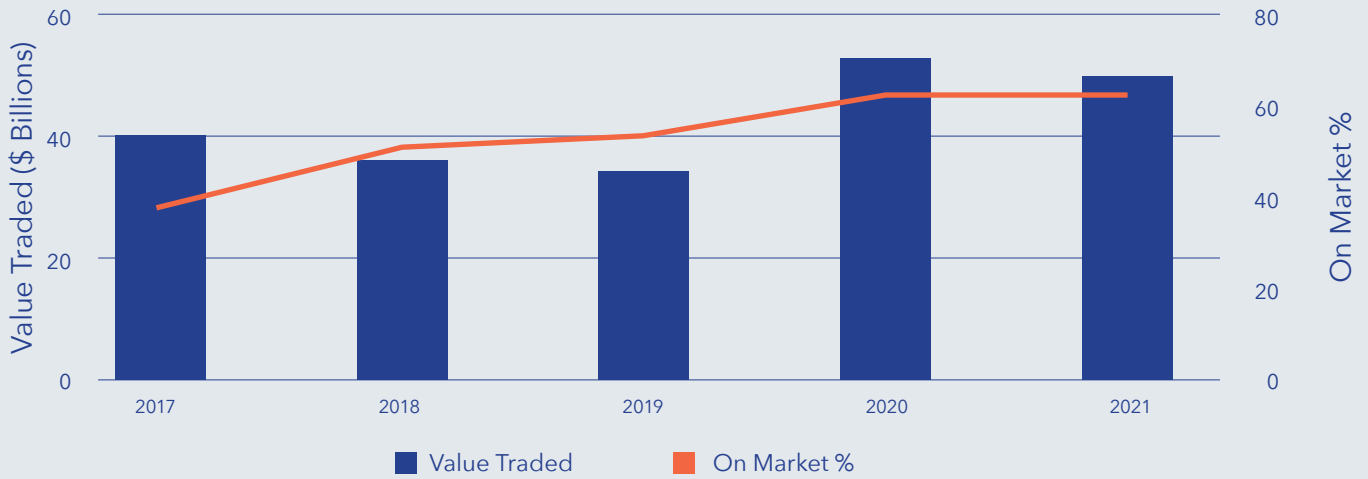
# 49.57%

S&P/NZX 50 cumulative capital return over last 5 years

# 59.42%

Growth in Value Traded on NZDX over the last decade (2011-2021)

### NZSX GROWTH ▼



**59.61%** growth in On Market percent of Value Traded on NZSX in 5 years

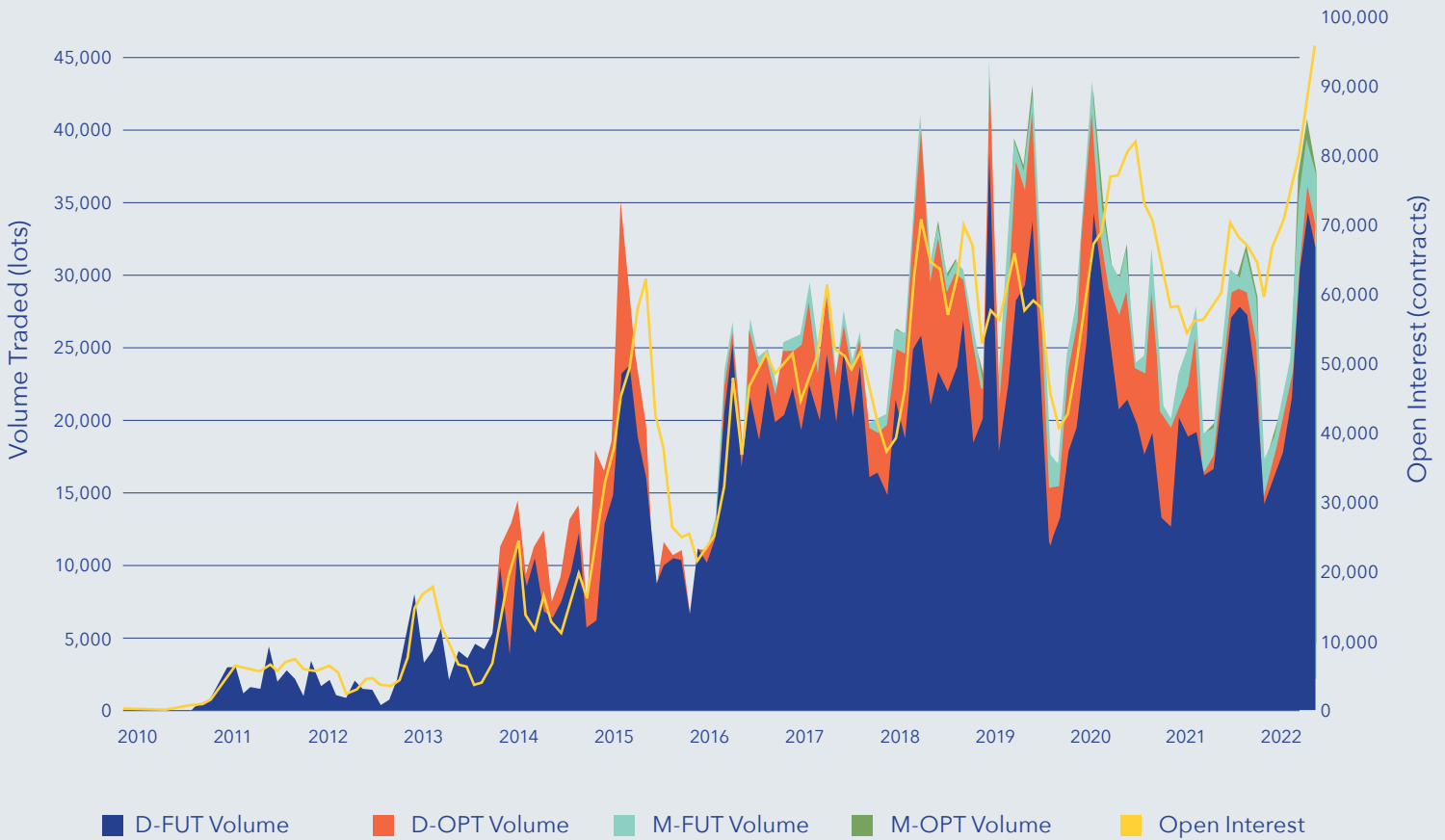
### NZDX GROWTH ▼



**22.75%** cumulative growth in On Market Value Traded on NZDX in 5 years

# DERIVATIVES MARKET GROWTH ▼

## SGX-NZX GLOBAL DAIRY DERIVATIVES MARKET ▼



64%

Volume traded on Screen (March 2022)

82,862

total lots traded in Q1 2022

8%

up on Q1 2021

39%

Compound Annual Growth Rate since 2011

70,377

SGX-NZX Global Dairy Ingredients Futures lots traded in Q1 2022

19%

up on Q1 2022

## ROUTES TO MARKETS ▼

### Become a NZX Trading Participant

NZX Trading Participants can trade on behalf of clients or as Principal in the Equity, Debt and Equity Derivatives Markets listed by NZX. Trading Participants are accredited to NZX, meaning they meet certain standards for capital adequacy and connectivity as well as meeting our fit for purpose regulatory framework.

This route provides the most control for firms looking to reap the benefits of access to market leading trading infrastructure and additional data services producing unique analysis and insights.

Following the launch of the SGX-NZX Partnership Agreement, to access the Dairy Derivatives market, you must become a SGX Derivatives Participant. More information can be found here: [Memberships - Singapore Exchange \(SGX\)](#)

### Trading Participant Route

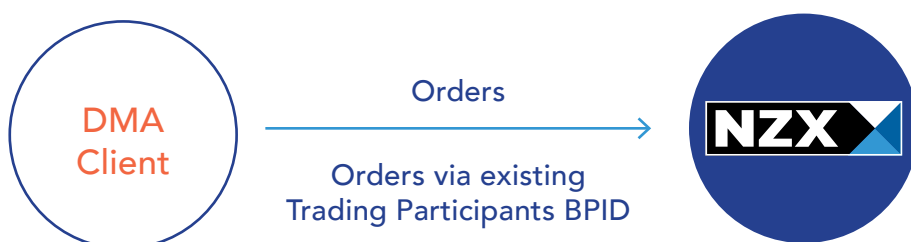


### Direct Market Access via NZX Participant

Direct Market Access (DMA) provides access to the NZX Markets via an existing Trading Participant. Clients can trade on the exchange by submitting orders directly into the NZX Trading system under an existing Trading Participant's identification number (BPID).

DMA clients must comply with all applicable rules and have necessary organisational and technical resources. It is the obligation of the NZX Trading Participant to ensure their DMA clients comply with all applicable rules and meet the capability requirements.

### DMA Route



*Note market data can be sourced directly from NZX or via a Market data vendor. Please contact NZX for more information.*

## NZX Trading Technology

NZX operates the Nasdaq Matching Engine (ME) which is built upon the Nasdaq Financial Framework (NFF), managing the full range of trading functions - from price formation through order matching.

The Engine is among the lowest latency in the industry at sub-40  $\mu$ Sec. Orders are recycled to allow for an increase in total order capacity.

## Order Entry Protocols

Nasdaq ME supports the widely used and industry standard FIX 5.0 (SP1) and OUCH protocols. Message standards have been developed to facilitate the electronic exchange of information related to securities transactions. Available order entry protocols include:

### NATIVE FIX

- The Native FIX interface supports order management and limited CCP transactions (trading accounts, suspension of accounts and publication of trades).
- Higher throughput and large reduction in latency over non-native FIX gateways compared to GPC (Genium) FIX

### OUCH

- High-speed / low latency fixed-width order entry protocol predominately targeting algorithmic/ high frequency trading firms

## Market Data Protocol

The ITCH protocol is widely used and considered industry standard with a fixed width, binary protocol that is suited to low latency and high throughput data. ITCH feeds can provide either full orderbook, top-of-book or news information. Available ITCH feeds include:

### THE ITCH TOTAL VIEW

- provides the public information required to build each full orderbook. Messages are published when orders are publicly added, removed, amended and executed, as well as for trades that occur outside of the book.

### ITCH BASIC WITH LAST SALE

- provides top-of-book information for published orderbooks, as well as all trades that occur both in and out of the book.

### ITCH NEWS

- Reference information for an orderbook, firms or strategy leg. Includes news information from the exchange and system event transition timings.



## Order Management Systems & Independent Software Vendors (ISV)

NZX welcomes Trading Participants to connect to the ME engine using proprietary front-end systems or vendor systems. All Order Management Systems must comply with NZX connectivity standards for technological capability and complete a systems conformance test prior to production deployment.

### CURRENT APPROVED ISVS INCLUDE:

- ▶ Chelmer
- ▶ FlexTrade
- ▶ IRESS
- ▶ SecuritEase

## ME Workstation

Trading participants may also connect to the engine using a front-end GUI, the ME Trader Workstation. This interface provides a familiar and intuitive application for executing orders and utilising multiple workbooks.

## CONNECTIVITY TO NZX ▼

NZX offers a wide range of connectivity options regardless of location. The right option will depend on your preference and the way you intend to trade and clear our markets. Connectivity options include:

- ▶ Point of Presence (Equinix Data Centre SY4, Sydney)
- ▶ Leased Line Circuit
- ▶ Third Party Providers
  - BT Radianz
  - IPC Network Services
  - TNSI (Transaction Network Systems International)
- ▶ Virtual Private Network (VPN)

NZX will work with you to ensure the connectivity outcomes that suit your business needs now and in the future.

# PARTICIPANT APPLICATION PROCESS

NZX provides a highly efficient and collaborative onboarding process, comprising a regulatory accreditation process and a business and operations establishment phase. This is completed in parallel with the support of dedicated relationship managers.



**STEP 1: CONSULTATION**



**STEP 2: TESTING & SUPPORT**

## **STEP 1: CONSULTATION**

The NZX Markets Development team will be your key commercial contacts throughout the application process.

NZX Markets Development works with clients to determine what type of accreditation is best for their needs and help clients to navigate through the application process.

## **STEP 2: TESTING & SUPPORT**

We will set you up with a team of subject matter experts across NZX markets, data, technology and compliance to support and guide you on your accreditation journey.

For firms looking to connect new front or back office technology, this step will include a technical conformance to ensure that your technology is fit for purpose.

Clients are required to develop robust operational procedures to manage their obligations as NZX Participants.

**Find out more about becoming a NZX Participant at:**

<https://www.nzx.com/services/market-participants/become-a-participant>



### STEP 3: APPLICATION AND ACCREDITATION



### STEP 4: GO LIVE LAUNCH

## ▶ **STEP 3: APPLICATION AND ACCREDITATION**

Once an application is submitted the NZX Participant Compliance Team will review your documentation to validate and ensure that firms accredited for NZX's markets meet the highest of standards, enabling overall market integrity to be maintained.

The formal accreditation process confirms that the applicant is legally, technically and operationally capable of managing their obligations as an NZX Participant.

Note: During the application process all correspondence related to the accreditation must be provided to NZX Participant Compliance, not your relationship manager, who will determine eligibility for NZX Participant status.

## ▶ **STEP 4: GO LIVE LAUNCH**

Upon successful accreditation, the NZX Team will ensure a smooth go live transition providing pre and post-launch services.

This includes dedicated go live resources and support networks to ensure your successful assimilation into the NZX Participant environment.

This relationship management and client centric approach continues as firms become valued members of the NZX and the New Zealand Capital Market.



FOR MORE INFORMATION ON TRADING ON NZX  
PLEASE VISIT **WWW.NZX.COM/TRADING**  
OR CONTACT ▼

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