

Financial Markets Conduct (NZX Participant Rules) Approval of Rule Change Notice 1/2024

Pursuant to section 332(1) of the Financial Markets Conduct Act 2013, the Financial Markets Authority gives the following Notice.

Contents

	Page
1 Title	1
2 Commencement	1
3 Interpretation	1
4 Approval of market rules	2

Notice

1 Title

This notice is the Financial Markets Conduct (NZX Participant Rules) Approval of Rule Change Notice 1/2024.

2 Commencement

This notice comes into force on 1 February 2024.

3 Interpretation

(1) In this notice, unless the context otherwise requires, —

Act means the Financial Markets Conduct Act 2013

BPOT means booking purposes only transaction as defined in the Rules

FMA means the Financial Markets Authority

Rules means the NZX Participant Rules

NZX means NZX Limited


NZX Dark means the undisclosed order book which operates in accordance with the Rules

(2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

4 Approval of market rules

Pursuant to section 331 of the Act, the FMA approves amendments to the Rules set out in the application for approval provided by NZX to the FMA dated 27 November 2023 and information subsequently provided to the FMA in connection with the application.

Dated at Wellington this 30 th day of January 2024.



John Horner
Director Markets, Investors and Reporting
Financial Markets Authority

Explanatory Note

This note is not part of the notice but is intended to indicate its general effect.

This notice approves amendments to the Rules to facilitate (i) the introduction of NZX Dark, an anonymous unlit order book in which trades will execute at the mid-point of the current spread of the buy and sell orders in NZX Central, and (ii) the introduction of BPOT functionality to the NZX Self Match Prevention Tool.

In relation to NZX Dark, these amendments fall broadly into five different categories:

- a) changes to facilitate NZX accredited participants' disclosures around the use of NZX Dark,
- b) amendments related to record keeping of instructions, specifically a client's instruction to use NZX Dark,
- c) amendments to facilitate operative changes in the Rules including requirements relating to NZX Dark orders and new definitions,
- d) changes to ensure an orderly NZX Dark market, which includes changes to ensure execution of NZX Dark orders only at a mid point price, and
- e) removal of minimum price steps from the Rules (and include instead on NZX's website).

In relation to BPOT, the changes include:

- a) amendments to the Rules to establish eligibility and accreditation requirements in relation to BPOT,
- b) amendments to the Rules to ensure that there is appropriate disclosure to clients that BPOT are not cleared and settled through the clearing house operated by NZX Clearing, and
- c) consequential amendments to ensure that the existing Rules that apply to transactions apply appropriately to BPOT.

The amended Rules will become effective on a date as determined by NZX in accordance with the Rules.