



A New Zealand Case Study: Sharing Best Practice on Financial Technology

– Case Study:

- **The use of Financial Technology to resolve a global benchmark issue – submission risk aversion**
- **Resulting from:**
 - **LIBOR, EURIBOR & TIBOR scandals**
 - **ASIC court case**
 - **Submission error concern**



- **Benchmarks & Closing Rates critical to healthy Capital Markets**
- **Promotes:**
 - Liquidity in primary issuance markets
 - Development of derivatives markets
 - Secondary market activity
 - Local & international investor confidence
 - Index compilation



NZdata Benchmark & Closing Rates

Fee Liabile

NZ Bank Bills	Yes
NZ Government Bonds	Yes
NZ Swaps Close	Yes
NZ Credit Markets Pricing Service	Yes
NZ Local Authority Matrix (published EOM)	Yes
NZ OIS Close	Yes
NZ TWI	No
NZ Bills/LIBOR	Yes
NZFMA WM Reuters NZD Fix *	No
NZFMA WM Reuters Cross Rate Fixes (x17) *	No
Bank Bill Daily Rate Set Transaction Reports	No
HISTORICAL RATES	Yes

* = non=NZFMA data (published only)

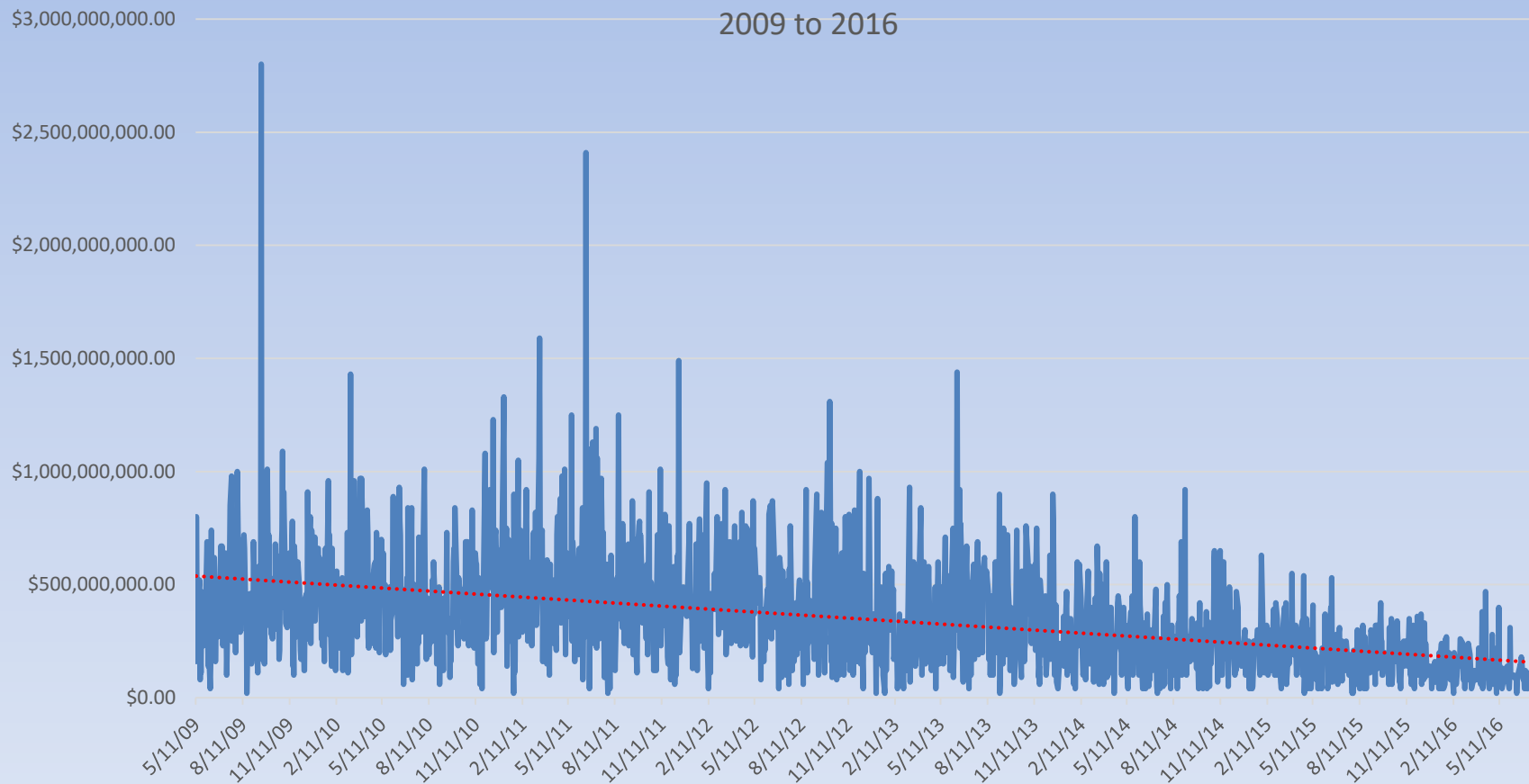


NZdata No. of Contributors - All Markets - 2008 to 2016

	2008	2009	2010	2011	2012	2013	2014	2015	2016
BKBM	7	8	9	9	9	7	5	5	0*
NZ Govt Bonds	6	6	7	9	7	6	5	5	4
NZ Swaps Close	13	13	13	12	9	6	4	4	3
NZ Bills/LIBOR					6	4	4	4	2
NZ OIS Close					9	6	4	4	3
NZ Credit Mkt			4	4	5	5	5	5	4



BKBM 2-Minute Window Traded Volumes 2009 to 2016





- **NZFMA response to:**
 - **Submission risk aversion - BKBM**
 - Methodology changed in April 2016
 - Removed need for submissions
 - Broker venue-based
 - Transactions – committed quotes - interpolation



– Submission risk aversion - Closing Rates

- Market Consultation process**
- Project initiated utilizing committed bid/offers**
- Sourced from vendor multi quote pages**
- Project due for completion 2016 year end.**