

31 October 2022

OPEN LETTER TO MARKET PARTICIPANTS

Update on voluntary request to provide off-market hedge information

The Authority released an open letter requesting feedback on a proposal to gather off-market hedge information on 18 October 2022.¹

The feedback received covered the considerable resourcing required to provide the requested information, how a targeted approach can reduce the resourcing required from market participants, and suggestions of areas the Authority should focus on.

After considering this feedback the Authority is now targeting its initial request at market participants likely to have limited or no access to the ASX futures exchange. These participants will be asked to voluntarily provide information on recent requests for proposals (RFPs) they have initiated.

Relevant market participants who meet this condition will receive an individual letter as detailed in Annex One.

Any other market participant who would like to be a part of this initial information gathering exercise (ie, if you have initiated RFPs that you would like to bring to the Authority's attention) please contact Tom Georg, Manager – Wholesale Market Policy (tom.georg@ea.govt.nz).

The information gathered will enable the Authority to assess if the claims being made about the functioning of the over-the-counter market are factual, complete, and fairly reflect the expectation that all parties are responsible for managing their own risks on commercially appropriate terms. The Authority also wishes to better understand the nature of requests and the degree that the requests are legitimate and sensible. The information gathered in this initial round will inform further information requests the Authority may make with respect to responses to those RFPs.

Yours sincerely



Andrew Doube
General Manager, Market Policy

Annex One: Voluntary request letter sent to market participants

¹ Reference: <https://www.ea.govt.nz/assets/dms-assets/30/Open-Letter-for-RFPs-October-2022.pdf>