

**NEW ZEALAND EXCHANGE LIMITED (“NZX”) BUSINESS RULES  
COMPARISON WITH NEW ZEALAND  
STOCK EXCHANGE RULES 1996**

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Capitalised terms used in this document that are defined in the Members' Rules or the Business Rules have the meanings given to them in the Members' Rules or the Business Rules, as the context requires.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
1.1 (definitions)	A1.1, B1.1	Definitions have been adjusted to reflect the amended provisions of the new Business Rules. In particular:
		(a) definitions for "NZX Broker", "NZX Associate Broker" and "NZX Firm" have been added. These all have transitional provisions, so existing individual full members, individual associate members, and member firms under the Members' Rules will be included in the new definitions;
		(b) "Good Stockbroking Practice" has been defined, and includes compliance with the spirit and intent of the Rules, the Regulations, the Code of Practice and any other documents specified by NZX, as well as conduct that is consistent with the wider interests of fair and orderly securities markets. (Good stockbroking practice is currently defined – more loosely – in the existing Regulations);
		(c) the definition of "full time" (which relates to requirements for designation as an NZX Broker or NZX Associate Broker) has been broadened to include acting as a consultant or as an independent contractor predominantly for an NZX Firm;

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
		(d) the definition of "Managing Director" has been amended to include any delegate appointed to hear complaints about a Firm or an individual Broker's conduct under Rule 12.11 of Part A (see below);
		(e) a definition of "Trading System" has been added for clarity, as have definitions for a number of other terms which are used in the Rules.
1.2 (interpretation)	A1.2, B1.2	<p>This Rule now includes:</p> <ul style="list-style-type: none"> <li>(a) a new provision that if the day on which anything is required to be done under the Business Rules is not a business day, then it must be done on the succeeding business day;</li> <li>(b) a new provision clarifying that all references to subsidiaries and holding companies are to be construed as if they are companies incorporated under the Companies Act, whether or not this is the case; and</li> <li>(c) a new provision allowing the Board to provide, either on request or of its own volition, interpretations of the Rules. Any such interpretations will be notified to all interested parties.</li> </ul>
-	A1.3	This new provision covers giving and receiving notices under the Rules.
2 (objects)	Deleted	The functions and powers of NZX will be covered in the constitution of NZX.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
3 (membership)	Deleted	As NZX Firms are now the only class of "members" of the NZX under the Business Rules, individual full members and individual associate members will become NZX Brokers and NZX Associate Brokers, respectively, under the Business Rules, and the relationship of each with NZX will be contractual (see below), there is no need to specify classes of membership.
4.1 (applications in writing)	A2.1, B2.1	No substantive change.
4.2 (application requirements)	A2.3, B3, B4	This provision is reflected in the requirements for designation as an NZX Firm, NZX Broker, or NZX Associate Broker under the Business Rules.
5 (admission requirements for individual members)	B3, B4	The requirements for admitting individual associate members and individual full members in the Members' Rules are reflected in the requirements for designation as an NZX Broker or NZX Associate Broker in Rules 4 and 3 of Part B of the Business Rules respectively.
		The exception in Rule 5.1(a)(ii) of the Members' Rules allowing an individual associate member to substitute experience for passing the prescribed examinations has been removed in the equivalent provision for NZX Associate Brokers in the Business Rules.
		As noted above under Rule 1.1, the minimum requirements for "full time" working experience in an NZX Firm now include full time experience as a consultant or independent contractor predominantly for an NZX Firm.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
		<p>There is a new requirement in Rules 3.1(b)(iii) and 4.1(b)(iii) of Part B of the Business Rules that each candidate acknowledges and agrees that, upon designation as an NZX Broker or an NZX Associate Broker, the Business Rules will form a binding contract between it and the NZX. Rule 2.5 of Part B stipulates that the Business Rules form a binding contract between NZX Brokers/NZX Associate Brokers and the NZX upon designation. These provisions align the Business Rules with the New Zealand Stock Exchange Restructuring Act 2002, which provides that the Rules are to have contractual effect (see section 11(4)).</p> <p>It has been clarified in Rules 3.1(a)(iv) and 4.1(a)(iv) of Part B that each candidate must undertake at all times to comply fully with the Rules, the Regulations, the Code of Practice, and observe Good Stockbroking Practice.</p> <p>There is a new requirement in Rules 3.1(e) and 4.1(e) of Part B of the Business Rules that the managing principal of the NZX Firm employing or otherwise contracting the candidate must support the candidate's application for designation as an NZX Broker or NZX Associate Broker.</p>
6 (admission requirements for member firms)	A2.3	In addition to the current requirements of Rule 6 of the Members' Rules, Rule 2.3(a) of Part A of the Business Rules requires a firm applying for designation as an NZX Firm to provide evidence that the firm:

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
		<p>(a) will at all times comply fully with the Rules, the Regulations and the Code of Practice, and observe Good Stockbroking Practice (Rule 6 of the Members' Rules currently requires each member firm to provide evidence that it will "fully observe the rules" and "carry out its responsibilities as a member firm and Broker honestly and diligently", but is not specific about the Regulations, the Code of Practice, or good stockbroking practice);</p>
		<p>(b) will ensure that its employees, including NZX Brokers and NZX Associate Brokers, and contractors will at all times comply fully with the Rules, the Regulations and the Code of Practice, and will observe Good Stockbroking Practice;</p> <p>(c) acknowledges and agrees that, upon designation as an NZX Firm, the Business Rules will form a binding contract between it and NZX; and</p> <p>(d) its settlement, payment and accounting systems and its technical capability comply with such standards as are set from time to time by the Board.</p>
		<p>Each Principal of an applicant NZX Firm must also provide a statutory declaration that the Firm will at all times comply with the Rules, the Regulations and the Code of Practice, and will at all times observe Good Stockbroking Practice. Rule 6.1(b) of the Members' Rules refers only to observing the Rules.</p>

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
		The requirement (in Rule 8.6(b) of the Members' Rules) that company firms have shareholders' funds of at least \$1 million has been deleted, and the capital adequacy provisions in the Regulations will apply instead.
-	A2.4, B2.5	The Business Rules form a binding contract between NZX and:  (a) an NZX Firm (Rule 2.4 of Part A);
		(b) an NZX Broker or NZX Associate Broker (Rule 2.5 Part B);  upon designation. This is in accordance with Section 11(4) of The New Zealand Stock Exchange Restructuring Act 2002.
7.1 (Board considers applications)	A2.2, B2.2	No substantive change.
7.2 to 7.9 (appeal of decisions)	Deleted	Given that the Business Rules will now be placed on a contractual footing, there will no longer be a right to appeal if the Board decides not to designate a firm as an NZX Firm, or an individual as an NZX Broker or NZX Associate Broker. Accordingly, there is no longer a need for an equivalent of the Membership Appeal Committee.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
8.1 (conduct)	A3.1, B5.1	<p>The requirements in Rule 8.1 of the Members' Rules for firms and individual Brokers to comply with the Rules and to observe Good Stockbroking Practice have been clarified and extended as follows:</p> <p>(a) Rules 3.1(c) of Part A and 5.1(c) of Part B require NZX Firms and individual Brokers to comply fully with the Rules, the Regulations and the Code of Practice, and at all times to observe Good Stockbroking Practice;</p> <p>(b) Rule 3.1(d) of Part A requires an NZX Firm to ensure that its employees, including NZX Brokers and NZX Associate Brokers, and contractors will at all times comply fully with the Rules, the Regulations and the Code of Practice, and will at all times observe Good Stockbroking Practice;</p>
		<p>(c) Rules 3.1(e) of Part A and 5.1(d) of Part B provide that NZX Firms and individual Brokers must also comply with any request or direction made or given by NZX under the Rules, the Regulations or the Code of Practice;</p>



Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
		<p>(d) Rules 3.1(e) of Part A and 5.1(d) of Part B provide that NZX Firms and individual Brokers must also comply with any request or direction made or given by NZX under the Rules, the Regulations or the Code of Practice;</p> <p>(e) Rule 3.1(f) of Part A requires NZX Firms to ensure their settlement, payment and accounting systems and their technical capabilities meet the standards set from time to time by NZX; and</p> <p>(f) Rule 5.1(e) of Part B requires NZX Brokers and NZX Associate Brokers to comply with such continuing professional development requirements as may be prescribed by the Board from time to time.</p>
8.2 (trading on behalf of other members)	A3.2	The only change here is to add an exception to the prohibition on an NZX Firm trading securities for employees of another NZX Firm, where the 2 NZX Firms are part of the same group of companies.
8.3 (description of member)	A3.3	No substantive change.
8.4 (description of conduct)	A3.4	The Board's suspension power in 1996 Rule 8.4 has been deleted in favour of the more general powers that the Board has under Rules 5.6 to 5.8 of Part A of the Business Rules.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
8.5 (paying fees)	A3.5, B5.2	Under the Business Rules, NZX Brokers and NZX Associate Brokers will be solely responsible for paying their own fees, levies and other NZX charges. Under the Members' Rules, NZX Firms had ultimate responsibility for paying the fees of individual members in their employ.
8.6 (obligations of corporate member firms)	A3.6	<p>The proviso in Rule 8.6(a) of the Members' Rules, which allows an individual who is a member of an approved overseas stock exchange to be counted for the purposes of the requirement that the majority of directors of an NZX Firm are NZX Brokers, has been deleted.</p> <p>In Rule 3.6(b)(i) of Part A of the Business Rules, NZX Firms that are companies must have a constitution which provides that the company agrees to be bound by the Rules, the Regulations and the Code of Practice, and to observe at all times Good Stockbroking Practice. Rule 8.6(c)(i) of the Members' Rules refers to compliance with the Rules only.</p> <p>As noted above, the requirement (in Rule 8.6(b) of the Members' Rules) for company member firms to have shareholders funds of at least \$1 million has been deleted.</p>
8.7 (beneficial ownership)	A3.7	Under the Business Rules, the NZX's file of shareholder information about NZX Firms will no longer be open for inspection as it was under the Members' Rules.
8.8 (change in ownership)	A3.8	No substantive change.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
8.9 (new director)	A3.9	New directors of NZX Firms that are companies must provide a statutory declaration that they will ensure that the NZX Firm will at all times comply with the Rules, the Regulations and the Code of Practice, and observe Good Stockbroking Practice. Rule 8.9 of the Members' Rules refers to compliance with the Rules only.
8.10 (Companies Office filing)	A3.10	No substantive change.
-	A3.11	There is a new requirement in Rule 3.11 of Part A of the Business Rules that each NZX Firm must provide NZX with an up-to-date list of all NZX Brokers and NZX Associate Brokers that are employed by or contracted to it.
8.11 (managing principal)	A3.12	No substantive change.
-	A3.13	There is a new Rule 3.13 of Part A of the Business Rules which provides that an NZX Firm's managing principal is primarily responsible for the firm's compliance with Rule 3 of Part A.
8.12 (client and investment advisers)	A3.14	No substantive change.
8.13 (compliance with Rule 8)	A3.15	No substantive change.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
9.1 (name of stockbroking office)	A4.1	No substantive change.
9.2 (control of stockbroking office)	A4.2	No substantive change.
9.3 (requirements for new firm)	A4.3	The requirement for new NZX Firms to pay such fees, levies or other charges as may be set by the Board has been explicitly stated as a pre-requisite to designation (see Rule 4.3(e) of Part A). A general "catch-all" provision has also been added for any other matters that the Board may require as a pre-requisite to designation (see Rule 4.3(f) of Part A).
9.4 (effect of admission to membership)	Deleted	Not applicable, since individuals are no longer members of NZX.
9.5 (proposed new office)	A4.4	No substantive change.
9.6 (overseas stockbroking offices)	A4.5	No substantive change. The Inspector may appoint a person with suitable qualifications and experience (rather than a chartered accountant only as per Rule 9.6(b) of the Members' Rules) to perform his or her functions in respect of an overseas stockbroking office.
10.1 to 10.19 (Board of Directors)	Deleted	The composition, functions and general powers of the Board of NZX will be covered in the constitution of NZX and under the Companies Act. Particular powers that are relevant to the Business Rules have been retained (see below).

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
-	A5.1	Rule 5.1 of Part A of the Business Rules provides that the powers of the Board set out in the Rules are additional to those under the constitution of NZX, and at law.
-	A5.2 to A5.5	<p>Rules 5.2 to 5.5 of Part A of the Business Rules grant the Board additional powers, so that in future other entities besides NZX may be able to regulate the entry of individuals as NZX Brokers or NZX Associate Brokers. Under these Rules, the Board has the power to:</p> <p>(a) designate an entity as an "Approved Organisation" for the purposes of recognising that entity's members (or classes of its members) as NZX Brokers or NZX Associate Brokers;</p>
		<p>(b) review and revoke its designation of any "Approved Organisation";</p> <p>(c) recognise a class or classes of members of an "Approved Organisation" as NZX Brokers or NZX Associate Brokers; and</p> <p>(d) review and revoke any such recognition.</p>

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
10.20 (Board may bring charges)	A5.6, B6.1	<p>Rule 5.6 of Part A of the Business Rules relates to NZX Firms, and Rule 6.1 of Part B relates to individuals (NZX Brokers and NZX Associate Brokers). Rule 5.6 of Part A and Rule 6.1 of Part B have been amended as follows:</p> <ul style="list-style-type: none"> <li>(a) The Board may bring charges against an NZX Firm or an individual Broker who may be or may have been guilty of any act, matter or thing detrimental, or <i>reasonably likely to be detrimental</i>, to the wellbeing or proper conduct of NZX.</li> <li>(b) charges may be brought for breaches of the Rules, the Regulations or the Code of Practice, or for failure to observe Good Stockbroking Practice.</li> <li>(c) It has been clarified that any charges are to be referred to the Disciplinary Committee for a hearing.</li> <li>(d) It has been clarified that Board members who, or whose NZX Firm is, implicated in any charge must not take part in this process.</li> </ul>
10.21 (Board may consider complaints)	A5.7, B6.2	<p>In Rule 5.7 of Part A, and in Rule 6.2 of Part B of the Business Rules, the Board has the additional discretion to refer a complaint to the Managing Director.</p> <p>It has been clarified that Board members who, or whose NZX Firm is, implicated in or concerned with any complaint must not take part in the process.</p>

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
10.22 (further powers of Board)	A5.8, A5.9, B6.3	<p>Rules 5.8 of Part A and 6.3 of Part B have been amended as follows:</p> <ul style="list-style-type: none"> <li>(a) It has been clarified that the power of the Board to impose fines or suspend or revoke a Firm or an individual's NZX designation: <ul style="list-style-type: none"> <li>(ii) is a summary power, with a right of appeal to the Disciplinary Committee; and</li> <li>(iii) is exercisable for breaches of the Rules, the Regulations or the Code of Practice, or for failure to observe Good Stockbroking Practice.</li> </ul> </li> <li>(b) The Board may now fine NZX Firms up to \$250,000 (the limit was \$20,000 under the Members' Rules). The limit for individuals of \$20,000 has not been changed.</li> <li>(c) In deciding to impose any penalty, and in deciding the extent of any penalty, the Board must take into consideration the conduct of the relevant Firm or individual during the past two years.</li> </ul>

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
		<p>(d) In the interests of greater transparency, if the Board exercises these summary powers, the Board must prepare a written summary of its reasons for doing so, and for the penalty imposed, which will be published by NZX after the expiry of the 8 day deadline for making an appeal.</p> <p>In Rule 5.8 of Part A of the Business Rules, the Board has the following new additional powers:</p> <p>(a) A general power to take such action as may, in the Board's opinion, be required for the operation of the fair and orderly securities markets and to secure compliance with the Rules, the Regulations, and the Code of Practice (this is also repeated in Rule 6.3(d) of Part B).</p> <p>(b) The power to issue interpretations of the Rules.</p>
10.23 to 10.31 (Board meetings)	Deleted	The conduct of meetings of the Board, the conduct of business other than at meetings, the managing director and interested directors provisions will be covered in the constitution of NZX, and at law.
11 (members' meetings)	Deleted	Provisions relating to meetings of members of NZX will be covered in the provisions relating to shareholders' meetings in the constitution of NZX and at law.
12 (listing)	A6	No substantive change.
13 (authority to act)	A7	No substantive change.



Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
14 (underwriting)	A8	No substantive change.
15 (contracts)	A9	No substantive change. Rule 9.4 of Part A of the Business Rules clarifies that NZX Firms must not include in any contract note any matter inconsistent with the Rules or with Good Stockbroking Practice.
16 (delivery and settlement)	A10	Rules 16.2 and 16.3 of the Members' Rules have been combined in the Business Rules, as Rule 10.2 of Part A. In Rule 10.2(c) of Part A, it has been clarified that in dealings between an NZX Firm and its clients, the NZX Firm shall be liable as principal.
17 (trading and reporting)	A11	No substantive change.
18.1 (Disciplinary Committee)	A12.1, B7.1	<p>The composition of the Disciplinary Committee has been amended, so that it now consists of:</p> <ul style="list-style-type: none"> <li>(a) 1 barrister or solicitor (the chair);</li> <li>(b) 2 NZX Brokers (the maximum number under the Members' Rules was 3);</li> </ul>

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
		<p>(c) 2 members of the public (the independent members) (previously there was only one independent member); and</p> <p>(d) a representative of NZX (the Members' Rules had no provision for an NZX representative).</p> <p>The term of appointment of the chair of the Disciplinary Committee has been reduced to 3 years. The terms of all other members have been set at 2 years under the Business Rules (under the Members' Rules, the independent member was appointed for a term of only 1 year).</p> <p>The quorum for meetings of the Disciplinary Committee consists of the chair, 1 NZX Broker member, 1 independent member, and NZX representative.</p> <p>The 70 year age limit in the Members' Rules has been deleted.</p> <p>The requirements in Rule 18.1(h) of the Members' Rules to advise the Securities Commission of the name of the independent member, and for that member to provide an annual report to the Commission, have been deleted.</p>
18.2 (quorum)	A12.2	No substantive change.
18.3 (interested members)	A12.3, B7.2	No substantive change.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
18.4 (powers)	A12.4, B7.3	<p>The following changes have been made:</p> <ul style="list-style-type: none"> <li>(a) The Disciplinary Committee's power to call witnesses has been expanded to include consultants or contractors of NZX Firms.</li> <li>(b) Rule 18.4(c) of the Members' Rules has been deleted, since the power to hear charges brought by the Board generally is contained in Rule 12.4(a) of Part A and Rule 7.3(a) of Part B of the Business Rules.</li> <li>(c) Rules 18.4(d) and (e) of the Members' Rules, which are penalties provisions, have been moved to the relevant general penalties provisions – Rule 12.8 of Part A and Rule 7.6 of Part B.</li> <li>(d) There is a transitional provision in Rule 12.4(g) of Part A and Rule 7.3(f) of Part B to ensure that any ongoing Disciplinary Committee proceedings under the Members' Rules are carried over into the new Business Rules.</li> </ul>
18.5 (notice of hearings)	A12.5, B7.4	<p>The Business Rules (Rule 12.5 of Part A and Rule 7.4 of Part B) provide that hearings must commence within 15 Business Days of expiry of the 8 Business Day notice period (i.e. within 23 Business Days of notice being given).</p>

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
18.6 (procedure)	A12.6	Rule 12.6(d) of the Business Rules clarifies that persons charged by the Disciplinary Committee may call witnesses, and Rule 12.6(f) of Part A provides that the Managing Director and or/any other NZX representative appointed by the Managing Director may attend any meeting of the Disciplinary Committee in an ex-officio capacity. These Members' Rules do not contain either of the above provisions.
18.7 (findings)	A12.7, B7.5	Rules 12.7(c)(ii) of Part A and 7.5(c)(ii) of Part B of the Business Rules now provide that the Board's statement summarising both the circumstances preliminary to a hearing of the complaint and the findings of the Disciplinary Committee must be published (following the expiry of any relevant appeal period). As in the Members' Rules, the Business Rules give the Board a discretion not to publish the name of an NZX Firm or an individual where no adverse findings have been made about that person.
18.8 (penalties)	A12.8, B7.6	The penalties provisions reflect that penalties may be imposed for breaches of the Rules, the Regulations and the Code of Practice, or for failure to observe Good Stockbroking Practice. In deciding to impose any penalty, and in deciding the extent of any penalty, the Disciplinary Committee must take into consideration the conduct of the relevant Firm or individual during the past 2 years.
18.9 (costs)	A12.9, B7.7	The Disciplinary Committee may now also make findings in relation to the out-of-pocket costs of NZX, including the NZX's internal legal and management costs.
18.10 (failure to pay costs or attend)	A12.10, B7.8	No substantive change.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
18.11 (complaints committee)	A12.11, B7.9	<p>The Business Rules allow the Board to appoint the Managing Director (or a delegate) to act as a Complaints Committee.</p> <p>The Business Rules additionally stipulate that a Complaints Committee member must not also be a member of the Market Surveillance Panel (see Rule 12.11(b) of Part A).</p> <p>As with the Members' Rules, unless it is expressly stated otherwise, the provisions of the Rules relating to the Disciplinary Committee shall apply to the Complaints Committee.</p> <p>Under Rule 12.11(d)(vi) of Part A of the Business Rules, the maximum fine the Complaints Committee can impose on an NZX Firm has been increased to \$250,000 (it was \$20,000 under the Members' Rules). There has been no change to the \$20,000 limit for individuals.</p> <p>In line with other time limits in the Business Rules, the time limit for appeals from a decision of a Complaints Committee or the Managing Director to another Complaints Committee under Rule 12.11(j) has been set at 8 Business Days.</p> <p>A transitional provision has been added in Rule 12.11(k) to ensure that any ongoing Complaints Committee proceedings under the Members' Rules are carried over into the new Business Rules.</p>
19 (disputes)	A13	No substantive change.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
20 (defaulting members)	A14	The grounds for declaring an NZX Firm in default have been slightly extended to include, under Rule 14.1(b) of Part A, where the Board has made enquiries and has resolved that an NZX Firm is, or is <i>reasonably likely to become</i> , in difficulties and has failed, or is <i>reasonably likely to fail</i> to meet its <i>actual or prospective (including contingent)</i> liabilities.
21.1 – 21.3 (suspension of principal of defaulting NZX Firm)	B8.1 - 8.3	No substantive change.
21.4 (suspension generally)	A15.1, B8.4	A complete list of the grounds for suspension is set out in the Business Rules:  (a) in relation to NZX Firms, in Rule 15.1(a) of Part A; and  (b) in relation to NZX Brokers and NZX Associate Brokers, in Rules 8.1 and 8.4 of Part B.
21.5 (applying to lift suspension)	A15.2, B8.6	No substantive change.
21.6 (effect of suspension)	A15.1(b)-(c), B8.5	The effect of suspension has been clarified in the Business Rules:  (a) for NZX Firms, in Rule 15.1(b)(i) to (iv) and (c) of Part A; and  (b) for NZX Brokers and NZX Associate Brokers, in Rule 8.5 of Part B.

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
21.7 (loss of membership)	A15.3, B9.1	<p>The termination provisions of Rule 21.7 of the Members' Rules are reflected in:</p> <p>(a) for NZX Firms, in Rule 15.3 of Part A;</p> <p>(b) for NZX Brokers and NZX Associate Brokers Rule 9.1 of Part B.</p> <p>Under the Business Rules, revoking a person's designation as either an NZX Firm, NZX Broker or NZX Associate Broker is the equivalent of terminating membership under the Members' Rules.</p>
-	A15.4, B9.2	<p>New provisions setting out the effect of revoking a person's designation appear:</p> <p>(a) for NZX Brokers and NZX Associate Brokers, in Rule 9.2 of Part B; and</p> <p>(b) for NZX Firms, in Rule 15.4 of Part A.</p>
21.8 (re-eligibility)	A15.5, B9.4	<p>More general provisions relating to re-eligibility following revoking a person's designation appear in Rule 15.5 of Part A (for NZX Firms) and Rule 9.4 of Part B (for NZX Brokers and NZX Associate Brokers).</p>
21.9 (evidence)	B9.3	No substantive change.
22 (audit)	A16	<p>The ability to require NZX Firms to make their employees available to appear before the Board or its representatives (including the Inspector) has been extended to cover contractors and consultants of NZX Firms in Rule 16.3(b) of Part A.</p>

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
23 (Inspector)	A17	The Inspector role may be carried out by more than 1 person, and the Inspector need not be a chartered accountant in public practice, as required by the Members' Rules, but must instead be a person that the Board considers to have suitable qualifications and experience (see Rule 17.1(a) of Part A).
		The Inspector's powers now include the power to meet and question NZX Firms' employees, contractors and consultants, and to require or access such information, networks, systems, equipment or processes as the Inspector considers necessary to carry out his or her duties (see Rule 17.2 of Part A).
24 (capital adequacy requirements)	A18	No substantive change. Capital adequacy requirements (including for newly-established NZX Firms) are more fully prescribed in the Regulations. It has been clarified in Rule 18.2 of Part A that any exemption granted from the requirements shall be on such terms and conditions as the Board determines.
25 (fidelity guarantee fund)	A19	No substantive change.
26 (short sales)	A20	In keeping with a proposed amendment to the Regulations, the concept of "Approved Security" has been deleted. NZX will have a more general power to prohibit or limit short sales in the amended Regulations (new Regulation 5.15).
27.1 (odd lot dealers)	Deleted	Rule 27.1 of the Members' Rules, which deals with the appointment of odd lot dealers, has been deleted.



Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
27.2 (buyer's rights)	A21.1	No substantive change.
27.3 (buyer's and seller's rights)	A21.2	No substantive change.
27.4 (rights in respect of calls)	A21.3	No substantive change.
27.5 (securities transfers)	A21.4	No substantive change.
27.6 (common seal)	Deleted	Rule 27.6, which deals with the common seal of NZX, has been deleted. How NZX signs documents will be dealt with in its Constitution and under the Companies Act.
28 (financial)	Deleted	The powers of the Board, as set out in Rule 28 of the Members' Rules, will be covered in the Constitution of NZX.
29 (amendment to rules)	A22, B10	<p>The provisions dealing with amending the Business Rules have been amended as follows:</p> <ul style="list-style-type: none"> <li>(a) Decisions to amend the Rules will be made by the Board, and will not require approval of the Members.</li> <li>(b) The notice period before amendments come into force has been increased to 20 business days.</li> </ul>

Members' Rules	Equivalent Business Rule ("A" or "B" refers to Part A or Part B)	Comments on substantive changes
		<p>(c) The coming into force of amendments will be subject to the New Zealand Stock Exchange Restructuring Act 2002 and any other relevant laws. That Act has a disallowance provision, so that the Governor-General may, upon recommendation of the Minister, disallow any amendments that the Minister considers are not in the public interest.</p>