NZX Limited

Derivatives Market Procedures

Notification version
Give-up / Take-up transactions

~~November~~ January 202~~5~~6

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Section A: Interpretation and Construction

A.1 Interpretation

A.1.1 **Definitions incorporated by reference**: Capitalised terms defined in the Derivatives Market Rules (the "**Rules**") have the same meaning when used in these Procedures, unless expressly stated or the context requires otherwise.

A.1.2 **Interpretation**: In these Procedures, the following terms bear the following meanings:

Block Trade Contract means a Contract designated by NZX in its Individual Contract Specification as a Contract that may be Traded via the Block Trading Facility.

Capital and Prudential Inspections has the meaning given to it in Procedure 14.6.4.

Exceptional Market Circumstances means an increased trading activity or volatility whether predictable or not, or at times of significant direction price movement or repricing.

Good Till Date/Time Order has the meaning given to it in Procedure 1.1.1(d).

Good For Day Order has the meaning given to it in Procedure 1.1.1(c).

Good Till Cancelled Order has the meaning given to it in Procedure 1.1.1(e).

Good Till Cancelled Duration means the period of time until the Good Till Cancelled Order is deleted, Traded or expired.

Immediate Order has the meaning given to it in Procedure 1.1.1(a).

Minimum Volume Threshold is the minimum volume that may be Traded as specified by Part C of Appendix One to the Procedures.

Official Cash Rate means, on any date, the prevailing official cash rate as at that date set by the Reserve Bank of New Zealand (or any successor thereof).

Session Order has the meaning given to it in Procedure 8.14.1.

Stop/Trigger Order with a price has the meaning given to it in Procedure 8.13.9.

Stop/Trigger Price has the meaning given to it in Procedure 8.13.9(a).

A.2 Construction

A.2.1 Without limiting any provision in a Rule relating to the application of that Rule to one or more Procedures, the following Rules shall also apply to these Procedures, with such necessary modifications to assist such application, including reference to a "Rule" or "these Rules" being replaced with references to a "Procedure" or "these Procedures" *mutatis mutandis*: Rules 1.2, Rule 4.11 and Section 14 and Section 15 of the Rules.

Section 1: General Provisions and Interpretation

Definitions Procedure

Procedures for Rule 1.1:

Exchange for Physicals Facility *or* ***EFP Facility*** *has the meaning given to that term in the Procedures.*

Exchange for Swap Facility *or* ***EFS Facility*** *has the meaning given to that term in the Procedures.*

F&O Exchange *means a market (other than the Market) for trading Derivatives Contracts which is recognised by NZX and as specified by NZX from time to time by Website Notice or by the Procedures. For the avoidance of doubt, NZX is not an F&O Exchange.*

Limit Order *has the meaning given to that term in the Procedures.*

Market Order *has the meaning given to that term in the Procedures.*

Order *means an instruction to purchase or sell Contracts or an instruction to amend or cancel a previous instruction to purchase or sell Contracts as specified by the Procedures.*

1.1. Exchange for Physicals Facility or EFP Facility

1.1.1. Refer to Procedure 9.2.1.

1.2. Exchange for Swaps Facility or EFS Facility

1.2.1. Refer to Procedure 9.2.1.

1.3. F&O Exchange

1.3.1. The members of the following associations are F&O Exchanges for the purposes of the Rules:

(a) Futures and Options Association (FOA);

(b) Futures Industry Association (FIA);

(c) International Options Market Association (IOMA);

(d) National Futures Association (NFA); and

(e) World federation of Exchanges (WFE);

1.4. Limit Order

1.4.1. Refer to Procedure 8.13.5.

1.5. Market Order

1.5.1. Refer to Procedure 8.13.4.

1.6. Order

1.6.1. Refer to Procedure 8.13.

Notices Procedure

Procedures for Rules 1.3.2 and 1.3.6

1.3.2 A Notice that is required or permitted by the Rules or Procedures to be "served", "given" or sent", or any other expression that is used, may be given and will be deemed to have been received in the manner set out in the relevant Procedures. Save where specified otherwise in these Rules and the Procedures, a Notice must be in writing.

1.3.6 Without limiting any other provision of this Rule 1.3, any Notice to be given by a Participant to NZX under Rule 4.5 must be given to the RegCo CEO, in the manner prescribed by the Procedures.

1.7. Notice

1.7.1. NZX may give Notice to any Person by any of the following methods:

(a) (if to a natural Person) delivering it to the Person personally;

(b) leaving it at or by sending it by courier or post to, the address of the recipient last notified to NZX;

(c) sending it by facsimile to the recipient's facsimile number last notified to NZX;

(d) where the Notice is a circular or bulletin addressed to a class of Persons, delivering or communicating the circular or bulletin by any means permitted under this Procedure;

(e) specific email by any method which identifies a natural Person or relevant Person's title as addressee;

(f) broadcast email by any method which identifies the addressee and which, having regard to all the relevant circumstances at the time, was as reliable as appropriate for the purposes for which the information was communicated; or

(g) if NZX considers it to be appropriate, by Website Notice.

1.7.2. A Participant, Compliance Manager or Responsible Executive may give Notice to NZX by any of the following methods:

(a) delivering it to the RegCo CEO;

(b) leaving it at Level 2, 11 Cable Street, Wellington, New Zealand or by sending it by courier or post to NZX Limited, PO Box 2959, Wellington, New Zealand marked to the attention of the RegCo CEO;

(c) sending it by facsimile to +64 4 473 3181 marked to the attention of the RegCo CEO; or

(d) specific email addressed to participant@nzregco.com.

1.7.3. Where Notice is given in accordance with Procedure:

(a) if sent by post it is deemed to be received on the second Business Day after the document is put in the post in a stamped envelope or other covering;

(b) if sent by courier or personal delivery is taken to be received at the time of delivery;

(c) if sent by facsimile it is deemed to be received when the sender's facsimile machine indicates a successful transmission to the facsimile number; and

(d) if sent by email it is deemed to be received 2 hours after the time the email enters the recipient's information system, unless a Notice of non-delivery or redirection has been received by the sender within that time.

1.8. Notice to RegCo CEO

1.8.1. Any Notice to be given by a Participant to NZX under Rule 4.5 must be given to the RegCo CEO in accordance with Procedure 1.7.2.

Section 3: Application, Designation and Accreditation, Responsible Executives and Compliance Managers

Trading Participant and Advising Participant Application Procedures

Procedures for Rules 3.1.1, 3.3.1, 3.4.1(u) and 3.5.1

*3.1.1 An applicant for designation as a specified class of Participant ("**Applicant**") must:*

(a) lodge with NZX for consideration a written application for designation as a particular class of Participant in the appropriate form and manner specified in the Procedures. An application constitutes an offer by the Applicant to be bound by the Rules and acceptance of an Applicant's application by NZX constitutes a binding contract between NZX and the Applicant to be bound by the Rules;

3.3.1 In addition to the requirements set out in Rule 3.2, an Applicant seeking designation as a TCF must complete the appropriate Application Form, statutory declaration and undertaking prescribed by NZX from time to time by the Procedures and;

3.4.1 In addition to the requirements set out in Rule 3.2, an Applicant seeking designation as an Advising Participant or a Trading Participant must complete the appropriate Application Forms and undertakings prescribed by NZX from time to time by the Procedures and satisfy NZX that:

(u) it has provided any additional information prescribed by the Procedures or as required by NZX in connection with the application.

3.1. Application information

3.1.1. Subject to Procedure 3.1.3, an Applicant for participation in the Market as a Participant other than an Applicant for NZX Derivatives Adviser status must complete, sign and deliver to NZX the relevant Application Form, and/or undertakings in the form specified in these Procedures, together with:

(a) the certificate of incorporation (or equivalent document confirming establishment of the entity) and names and addresses of Directors and Beneficial Owners of the Applicant and a copy of the constitutional documents of the Applicant;

(b) the Applicant's audited accounts for the preceding 5 years or such shorter period since the Applicant's date of incorporation;

(c) evidence of the Applicant's current financial position, sufficient to demonstrate that the Applicant meets Minimum Prescribed Capital Adequacy relevant to the category of Participant for which it is applying;

(d) details of any legal or arbitration proceedings active, threatened or pending against the Applicant or any member of its Group which may have a significant adverse effect on the reputation of the Applicant;

(e) details of any adverse or potentially adverse matters in respect of the Applicant which have been brought to the attention of any Alternative Regulator to which the Participant or its Related Persons are subject and/or any other relevant

Regulatory Authority during the last 6 years (where possible providing copies of any relevant correspondence in relation to such matters);

(f) the Applicant's business plan relating to its business as a Participant;

(g) the Applicant's compliance plan, business continuity plan and training plan relating to its business as a Participant;

(h) details of the Applicant's technology relevant to its business as a Participant and its conformance with the Trading System;

(i) details of the Applicant's payment and accounting systems;

(j) copies of certificates of insurance for professional indemnity and Directors' and officers' cover and other cover determined by the Participant to be appropriate to evidence the insurance cover Rule 4.16;

(k) the name of the Applicant's Responsible Executive;

(l) a description of the Applicant's management structures including names of Personnel holding management positions;

(m) description of the Applicant's corporate structure; and

(n) any other information which the Applicant thinks may be relevant to NZX in considering the application.

3.1.2. A Trading Participant wanting to provide Direct Market Access must complete, sign and deliver to NZX an Application Form and any applicable statutory declaration or undertaking in the form specified in these Procedures together with (unless that information has already been provided to NZX):

(a) details of the Applicant's management controls, compliance manuals and procedures specific to DMA;

(b) the Applicant's training plan in respect of DMA for key Personnel and DMA Dealers;

(c) details of the Applicant's technology relevant to its business, including trading system and back office system and ISV system (where relevant); and

(d) any other information which the Applicant thinks may be relevant to NZX in considering its application.

3.1.3. An Applicant may, if permitted by NZX, submit in substitution of any of the information required by Procedure 3.1.1 and 3.1.2:

(a) evidence of membership of, or participation in, any other market or F&O Exchange, together with confirmation of compliance with the rules or other requirements of that market or F&O Exchange; and

(b) evidence of holding a status, licence, permission or entitlement relevant to the assessment of suitability for participation in the Market, together with confirmation of compliance with the regulatory requirements of that status, licence, permission or entitlement.

3.1.4. NZX may require additional information in relation to an application or any of the information or supporting documentation filed in support of the application.

3.1.5. An Applicant must submit information (in typed format), in as much detail as the Applicant feels appropriate to support its application.

3.1.6. NZX will keep confidential all information provided to it by the Applicant in relation to its application in accordance with and subject to the provisions of Rule 4.11.

NZX Derivatives Adviser Application Procedures

Procedures for Rules 3.1.1 and 3.6.1

*3.1.1 An applicant for designation as a specified class of Participant ("**Applicant**") must:*

(a) lodge with NZX for consideration a written application for designation as a particular class of Participant in the appropriate form and manner specified in the Procedures. An application constitutes an offer by the Applicant to be bound by the Rules and acceptance of an Applicant's application by NZX constitutes a binding contract between NZX and the Applicant to be bound by the Rules;

3.6.1 In addition to the requirements set out in Rule 3.2, an Applicant seeking designation as an NZX Derivatives Adviser must complete the appropriate Application Form, and undertakings prescribed by NZX from time to time by the Procedures.

3.2. Application requirements for NZX Derivatives Adviser status

3.2.1. An Applicant for NZX Derivatives Adviser status must complete, sign and deliver to NZX an Application Form or undertaking in the form specified in these Procedures, together with:

(a) written confirmation from the Applicant's Responsible Executive of the organisation that employs or contracts the Applicant that the employer supports the Applicant's application in the form specified by NZX from time to time;

(b) evidence to support the employment history and experience detailed in the application;

(c) evidence of qualifications and examination results;

(d) details of any dispute the Applicant may have had with any entity for which the Applicant has been previously been employed or contracted to;

(e) details of any adverse or potentially adverse matters in respect of the relevant Applicant which have been brought to the attention of any relevant authorities in the past 6 years (and where possible copies of relevant correspondence); and

(f) any other information the Applicant considers relevant.

Technical Requirements Procedures

Procedure for Rule 3.4.1(e)

3.4.1 In addition to the requirements set out in Rule 3.2, an Applicant seeking designation as an Advising Participant or a Trading Participant must complete the appropriate Application Forms and undertakings prescribed by NZX from time to time by the Procedures and satisfy NZX that:

(e) it complies with operational, procedural and technical requirements of the Trading System, as specified by the Procedures or otherwise by NZX from time to time;

3.4. Technical requirements

3.4.1. The technical requirements for connecting to the Trading System are specified in the "Integrated Test Document" which is available upon request from NZX.

3.4.2. NZX may advise other testing requirements for the Trading System from time to time.

Compliance Plan Procedure

Procedure for Rule 3.4.1(f)

3.4.1 In addition to the requirements set out in Rule 3.2, an Applicant seeking designation as an Advising Participant or a Trading Participant must complete the appropriate Application Forms, and undertakings prescribed by NZX from time to time by the Procedures and satisfy NZX that:

(f) unless is it an Applicant for Principal Book Only Dealer status, that it has in place a compliance plan that will ensure continuous compliance with all requirements imposed by or pursuant to these Rules as further specified by the Procedures;

3.5. Compliance Plan

3.5.1. A Participant must, at all times, maintain adequate, suitably designed and effective accounting systems and internal procedures and controls to procure compliance with the applicable requirements of the Securities Legislation relevant to its business as a Participant and the Rules. This includes a periodic review of the obligations under the Securities Legislation and the Rules, the identification of the key risks facing the Participant and the establishment of systems, procedures and controls to monitor and manage those risks.

3.5.2. A Participant's compliance plan should address the following matters relating to its participation in the Market:

(a) a statement of the objectives of the compliance plan;

(b) a programme of procedures and controls, including regular periodic (daily, weekly, monthly, quarterly and annual) tasks, processes, monitoring and sampling and testing of operational activities;

(c) the management structure, including operations and processes, for implementation of that Participant's compliance plan;

(d) allocation of compliance responsibilities among the Participant's Employees relevant to tasks performed reflecting, where appropriate, the compliance and

procedures manuals referred to in Procedure 3.5.2(e) including responsibility for the design, implementation, functioning and review of the compliance plan;

(e) written compliance and procedure manuals, setting out the Participant's procedures, and controls over those procedures, in all areas of its operations as a Participant;

(f) recording and reporting to the Participant's Compliance Manager, breaches and suspected breaches of applicable material requirements of the Securities Legislation relevant to the Participant and the Rules, and providing structures and procedures for investigation, external reporting, mitigation, discipline and remedy of those breaches;

(g) processes for avoiding or managing conflicts of interest arising for Employees involved in both compliance activities and operational activities;

(h) maintenance of records of compliance activities; and

(i) processes to review the adequacy of the Participant's compliance plan and the effectiveness of its implementation and implement the outcome of the review.

Training Plan Procedure

Procedures for Rule 3.4.1(k)

3.4.1 In addition to the requirements set out in Rule 3.2, an Applicant seeking designation as an Advising Participant or a Trading Participant must complete the appropriate Application Forms, and undertakings prescribed by NZX from time to time by the Procedures and satisfy NZX that:

(k) it maintains sufficient Employees with adequate knowledge, experience, training and competence to ensure the Applicant's compliance with the Rules, and performance of its obligations as a Participant under these Rules, and for these purposes have in place a training plan that meets all requirements prescribed by the Procedures;

3.6. Training plan

3.6.1. Each Participant must prepare and implement a training plan formulated for the purposes of ensuring that all Employees engaged in the Participant's business as a Participant, obtain and maintain adequate knowledge in relevant Rules and laws, and obtain and maintain competency in using the Trading System for the tasks that they are involved in.

3.6.2. Each training plan shall provide for:

(a) appointment of a training officer, with responsibility for supervision and implementation of the training plan;

(b) assessment at appropriate intervals of the training and development, supervision and competency of Employees;

(c) development of training description for each position or function;

(d) a programme of continuing development to ensure Employees are kept up-to-date with changes in laws, rules, practices and technology;

(e) review of the effectiveness of the training at appropriate intervals; and

(f) periodic review of the training plan.

3.6.3. Training must include specific technical skill training and general training in relevant laws, regulations, rules, practices and ethics.

3.6.4. The training plan may include such other features as the Participant believes are necessary.

3.6.5. Each Participant shall provide to NZX on request the following:

(a) evidence of periodic review, including information in respect of any amendment or variation to the training plan; and/or

(b) a copy of its current training plan.

Dealer Application Procedure

Procedure for Rules 3.5.2 and 3.5.3

3.5.2 A Candidate seeking designation as a Dealer must complete the appropriate Application Form, and undertaking as prescribed by NZX from time to time by the Procedures. The Candidate must be an Employee of a Trading Participant and any such application must provide all the information and supporting documentation required by the Procedures and satisfy NZX that the Candidate meets the standards set by the Procedures.

3.5.3 Each Trading Participant that has an Employee applying for designation as a Dealer is responsible for ensuring that the Employee has the appropriate skills and experience, as set out in the Procedures, to act as a Dealer.

3.7. Additional information for Dealer Candidates

3.7.1. A candidate for Dealer status must complete, sign and deliver to NZX the applicable Application Form, or undertakings in the form specified in these Procedures, together with:

(a) written confirmation from the Responsible Executive of the Participant that employs the Candidate that the Participant supports the Candidate's application for Dealer status in the form prescribed by NZX from time to time;

(b) evidence to support the employment history and experience detailed in the Candidate's application;

(c) evidence of qualifications;

(d) details of any dispute the Candidate may have had with any entity for which the Candidate has been previously employed or contracted to;

(e) details of any adverse or potentially adverse matters in respect of the Candidate which have been brought to the attention of any relevant authorities in the past 6 years (and where possible copies of relevant correspondence);

(f) any other information the Candidate considers relevant.

3.8. Educational and experience requirements for Dealers

3.8.1. NZX may at its complete discretion designate as a Dealer, a Candidate who has applied for designation as a Dealer under Procedure 3.8.1 if the Candidate:

(a) supplies evidence satisfactory to NZX of:

(i) the Candidate's integrity and high standard of business conduct, as shown in the investigations and observations of the Candidate's employer, previous employers, educational institutions and other relevant references; and

(ii) the Candidate's potential ability to perform, in a satisfactory manner, the duties of a Dealer as demonstrated by a period of specific training for these duties in a Participant's office or some equivalent office in dealing and/or trading derivatives;

(b) has fulfilled any NZX training, accreditation requirements and/or testing obligations. For the avoidance of doubt, the minimum training requirements for a Candidate without previous relevant experience shall be one month. The training period may be reduced or waived at NZX's discretion if the Candidate has had previous relevant experience in dealing or trading derivatives as a Principal or Employee of a Participant, or in a closely allied field. During the training period, each trainee must undertake actual "on the job" training in the Participant's organisation, while under the constant supervision of an accredited Dealer.

3.8.2. Each Person who is a designated Dealer on behalf of a Participant shall have his or her name entered into a Dealer's register maintained by NZX.

3.8.3. NZX may at any time and from time to time require current or prospective Dealers to undergo accreditation and/or training from an NZX trainer or otherwise, to ensure that each Dealer has up-to-date knowledge of the workings and use of the Trading System and Direct Market Access facilities provided by NZX and/or can otherwise demonstrate competence and knowledge of the Trading System, Direct Market Access facilities provided by NZX and their operation and functions.

Responsible Executives Procedure

Procedures for Rules 3.9.1, 3.9.2 and 3.9.3

3.9.1 … Applications for approval as a Responsible Executive by the Participant shall be made in writing and shall provide all the information and supporting documentation required by the Application Form contained in the Procedures.

3.9.2 To be approved by NZX as a Responsible Executive of an Advising Participant, a person must:

(b) have, and continue to have, skills, knowledge, expertise and experience and have completed qualifications or training, of a type specified by NZX from time to time;

3.9.3 A Responsible Executive must:

(h) complete any training or continuing education requirements prescribed by NZX from time to time.

3.9. Application requirements for Responsible Executives

3.9.1. A Participant who is applying for approval of a Responsible Executive must complete, sign and deliver to NZX an Application Form and undertaking in the form specified in these Procedures, together with:

(a) evidence (by way of reference or testimonial) to support the employment history and experience of the Candidate (if requested by NZX);

(b) evidence of qualifications and examination results;

(c) details of any dispute the Candidate may have had with any entity for which the Candidate has been previously employed or contracted to;

(d) details of any adverse or potentially adverse matters in respect of the Candidate which have been brought to the attention of any relevant Regulatory Authority in the past 6 years (and where possible copies of relevant correspondence);

(e) evidence of the Candidate's integrity and high standard of business conduct, which may be via testimonials, references, referees; and

(f) any other information the Participant considers relevant.

3.10. Training requirements

3.10.1. The continuing education requirements for a Responsible Executive are the successful completion of at least 10 hours (or 10 hours equivalent) continuing education every calendar year.

3.10.2. When a Participant appoints a natural Person to the role of Responsible Executive during a calendar year, that Participant must be able to demonstrate to NZX that the Responsible Executive has undertaken compliance education since the date of appointment as a Responsible Executive by that Participant which satisfies the continuing education requirement pro-rata to the number of full months that the Responsible Executive held that role during that year.

Section 4: Automated systems for Prescribed Person Order approvals

Procedure for Rule 4.19.4(d)

4.19.4 The written authority required under Rules 4.19.2 and 4.19.3 must be provided by:

(d) an automated system that meets the requirement of the Procedures.

4.1 Automated system requirements

4.1.1 An automated system must provide an Advising Participant with the capability to intervene to prevent written authority being provided for an Order, and must record the reasons for the Advising Participant's decision not to grant approval for the Order

4.1.2 An automated system must, as a minimum, ensure:

(a) checks for activity in potential price-sensitive information have been completed and are recorded;

(b) filters reject the approval request where the relevant Advising Participant's Employee, or Prescribed Person that is not its Employee:

(i) has requested to trade a Security for the account of a Prescribed Person which is on the Advising Participant's restricted list;

(ii) is aware that the Advising Participant has completed unpublished research in relation to the Issuer to which the Order relates; or

(iii) is acting on a current transaction for the Issuer to which the Order relates; and

(c) filters reject approval requests for trades for the account of an Employee who is restricted by a wall crossing, or for the account of a Prescribed Person who is related to that Employee.

Section 6: Business Conduct of Advising Participants and NZX Derivatives Advisers'

Risk Disclosure, Client Agreements and F&O Trading Agreements Procedures

Procedures for Rules 6.4.5 6.5.1 and 6.6.1(a)

6.4.5 A F&O Trading Agreement must:

(c) contain any terms and conditions specified by the Procedures;

6.5.1 Each Advising Participant, that is not also a Trading Participant, must enter into a signed written Client Agreement with each of its clients which must set out the terms of its relationship with its client on a basis that is consistent with these Rules and the Procedures and must include, without limitation, the following:

(g) in respect of a Class of Contracts and any Derivatives Contracts traded on a F&O Exchange or Off-Exchange, the terms and conditions specified by the Procedures as being applicable to such contracts.

6.6.1 A NZX Derivatives Adviser must:

(a) prior to providing any service to a prospective Client, ensure that it, or the Participant that Employs it, holds a Client Risk Disclosure Statement completed and executed by that prospective Client containing, as a minimum, the provisions set out by the Procedure;.

6.1. Form of Client Risk Disclosure Statement

6.1.1. The Client Risk Disclosure Statement must contain the provisions set out in Appendix Two to the Procedures.

6.2. Client Agreement terms and conditions

6.2.1. Subject to Rules 6.5.4 and 9.5.2, a Client Agreement must contain, at a minimum, the terms and conditions specified as being applicable to the relationship between a particular Participant and Client and/or Class of Contracts or Derivatives Contracts, as the case may be, as set out in Appendix Three to the Procedures.

6.3. F&O Trading Agreement terms

6.3.1. An F&O Trading Agreement should contain, at a minimum, the terms and conditions specified by Appendix Four to the Procedures.

Section 8: Obligations when Trading on the Market

Price Limit Procedure

Procedure for Rule 8.1.1

*8.1.1 In order to prevent the execution of Orders submitted to the Trading System which are at unrepresentative price levels or are the subject of manifest price errors, the Market is subject to price limits as prescribed in the Procedures ("**Price Limits**"). All Orders on the Market must be entered within those Price Limits.*

8.1. Calculation of Price Limits

8.1.1. The Price Limits for each Contract Month will be determined from time to time by NZX in the Individual Contract Specifications and notified to the Market. Price Limits for a Contract will be calculated for a Contract Month according to the previous Trading Day's Daily Settlement Price as further specified in the Individual Contact Specification for that Contract. Price Limits may be adjusted to reflect market conditions with the objective of preventing the execution of any Orders submitted to the Trading System with manifest pricing errors and/or at unrepresentative price levels.

8.2. Orders to be within Price Limits

8.2.1. All Orders on the Market must be executed within Price Limits throughout the Trading Session and during Pre-Open Session State.

8.2.2. Any Orders submitted outside of these Price Limits in the relevant Contract Month will automatically be rejected by the Trading System.

8.2.3. In response to volatile or illiquid market conditions, NZX may, at its discretion, remove the restriction of the entry of Orders outside the prevailing Price Limits.

8.3. Calculation of Daily Settlement Prices

8.3.1. Subject to Procedure 8.3.3, within 5 minutes of the Close or, in the case of Options, within 60 minutes of the Close, a Provisional Daily Settlement Price (for Contracts whose settlement time is at the Close) shall be released to the Market by NZX.

8.3.2. Within 30 minutes of the Close or, in the case of Options, within 90 minutes of the Close, the Final Daily Settlement Price (for Contracts whose settlement time is at the Close) shall be released to the Market by NZX.

8.3.3. Where there is a major technical failure preventing timely calculation of either the Provisional Daily Settlement Price and/ or the Final Daily Settlement Price, NZX will release the Provisional Daily Settlement Price and/ or the Final Daily Settlement Price as soon as possible.

8.3.4. Subject to Procedure 8.6.2, the Provisional Daily Settlement Price and Final Daily Settlement Price (each a "**Settlement Price**") shall be calculated in the manner specified below to ensure a fair reflection of the market for the relevant Contracts:

(a) **for the S&P/NZX 20 Index Futures (Contract No. 5):** in accordance with the cost of carry method, where inputs into the method reflect Trading System information and other information relevant to market activity; or

(b) **for Options on Equity Securities (Contract No. 7):** in accordance with the Cox-Ross-Rubenstein method, where inputs into the method reflect Trading System information and other information relevant to market activity; or

(c) another manner as specified by NZX if, in NZX's opinion, the methodologies specified at 8.3.4(a) or (b) above will result in a Settlement Price that is not a fair reflection of the market for the relevant Contracts.

8.3.5. Where the calculation of the Provisional Daily Settlement Price or Final Daily Settlement Price results in a price which is not a whole tick, the rounding convention that will apply in respect of all methods of calculating the Provisional Daily Settlement Price or Final Daily Settlement Price will be in accordance with those set out in Part B of Appendix One to the Procedures.[1]

8.4. Exposure of Provisional Daily Settlement Price

8.4.1. NZX shall display the Provisional Daily Settlement Price at the Close for a minimum period of ten minutes after posting.

8.5. Amendment to Provisional Daily Settlement

8.5.1. Where a Provisional Daily Settlement Price is disputed by at least two Participants and where those objections are received within ten minutes of the publication of that Provisional Daily Settlement Price, NZX shall have the discretion to amend the Provisional Daily Settlement Price as it sees fit.

8.6. Amendment to Final Daily Settlement Price

8.6.1. The Final Daily Settlement Price will be transmitted to the Clearing House. If the Clearing House considers that the prices do not correctly reflect the value of Contracts in the terms of Contracts within the Market, NZX may amend the Final Daily Settlement Price in NZX's sole discretion as appropriate.

8.6.2. NZX will monitor Market activity throughout the Trading Day to ensure that the Final Daily Settlement Prices is a fair reflection of the Market. Where any Final Daily Settlement Price established by this Procedure will in NZX's opinion have the effect of creating a market that is not fair, efficient, orderly or transparent, NZX may in its sole discretion amend the Final Daily Settlement Price.

[1] Par B, Appendix One

8.7. Manipulation of Provisional Daily Settlement Price or Final Daily Settlement Price

8.7.1. Where any Participant manipulates the Provisional Daily Settlement Price or Daily Settlement Price, NZX will regard this as a breach of Rule 4.3.

Position Limit Procedure

Procedures for Rule 8.1.2:

*8.1.2 No Participant or no group of Participants who, pursuant to an agreement or understanding (whether formal or informal) act in collaboration, may secure a dominant position in a Contract or Class of Contracts, which has the effect of creating unfair or misleading Trading conditions. To ensure market integrity NZX may determine the permitted maximum number of Open Positions that any Participant or Client may hold or control in the Contract by specifying the relevant position limits in the Individual Contract Specifications (the "**Position Limits**"). A Participant shall ensure that the Position Limits applicable to any Client or Participant in respect of any Contract are adhered to at all times and that any Procedures regarding Position Limits are complied with. In addition, Participants must comply with the reporting requirements relating to Open Positions as set out in the Procedures. NZX may share such reports with CHO when NZX considers that doing so is necessary or desirable to ensure the integrity, certainty or orderly functioning of the Settlement System or Clearing House.*

8.8. Firm Position Limits

8.8.1. Position Limits prescribed in Individual Contract Specifications should be considered by Participants as hard limits applicable to all Market users specified, unless a Participant has successfully applied to NZX for a waiver from the Position Limits in accordance with Procedure 14.1.

8.9. Reporting of Open Positions

8.9.1. NZX may establish reporting levels on the Open Positions held, by any Client or a Participant and may require daily (or other periodic) reports from Trading Participants on the amount of Open Positions held, by any Client or any Participant, which shall include such information as specified by NZX and be provided in accordance with the timeframes established by NZX. NZX shall be entitled to require reports even if the amount of Open Positions held is below the reporting levels prescribed by NZX from time to time, or where no Position Limits apply to a Contract.

8.9.2. A Participant shall report promptly to NZX any instance in which the Participant has reason to believe that itself, a Client, another Participant or a Clearing Participant has exceeded or is attempting to exceed (acting alone or in collaboration with others) any Positions Limits established pursuant to Procedure 8.8.1.

8.10. Inform Clients of applicability of Position Limits

8.10.1. It shall be the responsibility of each Participant that accepts instructions to place Orders to inform Clients of the application of Position Limits and not accept Orders from any Client if the Participant has reason to believe that the Client, acting alone or acting in collaboration, has exceeded or is attempting to exceed the Position Limits.

8.11. Adjustment of Position Limits

8.11.1. Position Limits will be set according to liquidity in the specified Contract and liquidity in the physical underlying market. NZX will reserve the right to review and subsequently adjust Position Limits as it deems necessary based on changing market conditions and related factors and to publish any such amendments to the Market on a timely basis.

Order Procedure

Procedures for Rules 8.2.1, 8.7.1 8.7.2, 8.7.4, 8.7.5 and 10.1.5:

8.2.1 Each Trading Participant must ensure the conduct of an orderly market. In particular each Trading Participant must:

(c) be solely responsible for the accuracy of Orders entered/submitted into the Trading System in accordance with the Procedures for use of the Trading System established from time to time by NZX to ensure the efficiency and integrity of the Market;

8.7.1 The types of Order to be accepted by the Trading System shall be specified by the Procedures.

8.7.2 The Trading System shall accept Orders only during the Session States during which Orders will be accepted specified by the Procedures.

8.7.4 Each Order entered into the Trading System must specify the Contract, quantity and (unless it is a Market Order) price of the Contract to be bought or sold. All Orders shall specify the information required by the Procedures.

8.7.5 By default, Orders entered into the Trading System shall be accepted as Limit Orders and shall be matched by the Trading System in the order of price and then time priority unless otherwise specified by the Procedures.

10.1.5 The types of Order that may be placed in the Trading System shall be specified in the Procedures, as shall the manner in which NZX manages those Orders, including the trading algorithms relevant to specified products.

8.12. Reporting Orders

8.12.1. Each Trading Participant when entering or submitting an Order into the Trading System must specify:

(a) the identification of the Dealer entering the Order;

(b) the Contract identifying code; and

(c) the Contract Month code, being as follows:

F – January	J – April	N – July	V – October
G – February	K – May	Q – August	X – November
H – March	M – June	U – September	Z – December

(d) whether the Order is Buy or Sell Order;

(e) the account reference;

(f) the price, where applicable; and

(g) the quality of Contacts.

8.12.2. Subject to Procedures 8.12.3 and 8.12.4, a Trading Participant may elect not to disclose the total quantity of Contracts the subject of an Order entered or submitted by that Trading Participant into the Trading System.

8.12.3. Notwithstanding Procedure 8.12.2, NZX may from time to time prescribe a Trading Day or a period or periods of time on a Trading Day on which Trading Participants may not elect not to disclose the quantity of the Contracts the subject of an Order as permitted by Procedure 8.12.2.

8.12.4. NZX may from time to time advise the Market that Procedure 8.12.2 only applies in respect of a minimum value of Contracts and/or volume of Contracts as prescribed by NZX.

8.13. Order types

8.13.1. On the Trading System:

(a) a Bid is represented as an Order to buy ("**Buy Order**");

(b) an Offer is represented as an Order to sell ("**Sell Order**"); and

(c) an "**Acceptance**" is defined as the matching of a Buy Order and Sell Order in NZX Central.

8.13.2. The default in the Trading System order entry window is a Limit Order with a Good Till Cancelled Duration.

8.13.3. When entering Orders into the Trading System, Participants must use one of the following Order types as stipulated in Procedures 8.13.4 to 8.13.9.

8.13.4. "**Market Order**" being an Order entered into NZX Central that is executed at the best price available on the Market (Trading Participants do not specify a price value for a Market Order) until all available volume has been traded and including a Market at Best Order. Any residual volume left after part of a Market Order has traded is automatically deleted by the Trading System.

"**Market at Best Order**" being a Market Order at the best opposing price only.

8.13.5. A "**Limit Order**" being an Order placed onto the Market at a specified quantity and price that is to be executed at that price or better, if obtainable, that is not conditional on any further instruction. Furthermore:

(a) any residual volume of the Limit Order unable to be filled immediately will remain on NZX Central until it is withdrawn or Traded (unless a designation described in Procedure 8.14.1 is added which prevents the untraded part of the Limit Order from being retained);

(b) all Limit Orders (with the exception of those with a duration designation (as described in Procedure 8.14.1)) are automatically deleted by the Trading System on Market Closing and in the circumstances outlined in Procedure 8.14 (i.e. circumstances when all Orders are cancelled).

8.13.6. A Limit Order with a fill type of "**Fill or Kill**" being an Order with the following characteristics:

(a) it is an Order to fill a transaction immediately and in its entirety; and

(b) if the entire Order cannot be filled immediately the Order is automatically deleted.

8.13.7. A Limit Order with a fill type of "**Fill and Kill**" being an Order with the following characteristics:

(a) it is an Order to fill the largest quantity of a transaction immediately; and

(b) the portion of the Order that cannot be filled immediately is automatically deleted.

8.13.8. A "**Withheld Order**" being an Order that is not visible to others on NZX Central and that does not enter the Market until the Order has been updated by the Participant to enter the Market as a Limit Order.

8.13.9. A "Stop/Trigger Order with a price":

(a) is an Order to buy or sell a Contract when the market value of that Contract reaches the price specified in the Order ("**Stop/Trigger Price**");

(b) is initially untradeable and only visible to the submitter and to the Participant on whose behalf the submitter has entered the Order;

(c) remains in place until a Trade takes place at the Stop/Trigger Price specified in the Order;

(d) on the Stop/Trigger Price being reached, allows the Trade to take place and the Market removes the Stop/Trigger Price from the Order and the Order is submitted into the Trading System and becomes visible to other Participants; and

(e) on the Stop/Trigger Price being submitted into the Trading System, allows the Order to remain in the Market as a normal Limit Order, until it is dealt, cancelled, deleted or expires.

8.14. Duration

8.14.1. The following types of duration may be entered for an Order:

(a) An "**Immediate Order**" will be withdrawn if it does not immediately match;

(b) A "**Session Order**" will be withdrawn if it is not matched in the session in which it is entered;

(c) A "**Good For Day Order**" will remain on NZX Central until filled/cancelled or up to the end of the Trading Day the Order was entered;

(d) A "**Good Till Date/ Time Order**" will remain on NZX Central until filled/ cancelled, or up to the date/time specified. The maximum timeframe permitted under such an Order is 48 days (inclusive) after the date of the Order; and

(e) A "**Good Till Cancelled Order**" will remain on the order book until it is deleted, traded or expires. The maximum timeframe permitted under such an Order is 63 days (inclusive) after the date of the Order.

8.15. Trading algorithm

8.15.1. All Orders entered into the Trading System during the Open (Normal) Session State will be ranked by NZX in its sole discretion using one of the methods described in Procedure 8.15.2.

8.15.2. The algorithms applied by NZX to determine the ranking of Orders will either be price/time, pro-rata priority or a combination of both:

(a) under a price/time priority method:

(i) Buy Orders at the highest price and Sell Orders at the lowest price will have priority over other Orders in that same Contract and month; and

(ii) Orders at the best price will Trade in order according to the time they were Accepted by the Trading System.

(b) under a pro-rata priority method:

(i) Buy Orders at the highest price and Sell Orders at the lowest price will have priority over other Orders in that same Contract and Contract Month; and

(ii) all price priority Orders will be executed in accordance with the pro- rata algorithm.

8.15.3. Part A of Appendix One to the Procedures sets out which trading algorithm will be used for each Contract or Class of Contracts.

8.15.4. Notwithstanding Procedures 8.15.2 and 8.15.3, NZX may in its sole discretion amend the trading algorithm applied to the matching of Orders if in NZX's view a situation has arisen whereby abuse of the Trading algorithm is detrimental to either the Market, NZX, or CHO's clearing and settlement of Trades.

Error Procedure

Procedure for Rules 8.8.1 and 8.8.2

8.8.1 If a Trading Participant considers that an Error has occurred in respect of a Trade or a

Cross Transaction and wishes to have or retain the right to request to have that Error Trade cancelled under this Rule 8.8, the Trading Participant must notify NZX of the Error by the time and in the manner set out in the Procedures and request that the Error Trade be cancelled in accordance with this Rule 8.8.

8.8.2 A Trading Participant may request NZX to seek the agreement of any other Trading Participant to the cancellation of a Trade in respect of which an Error has been made by the time and in the manner set out in the Procedures.

8.16. Error Trade cancellation procedure

8.16.1. A Participant must notify NZX of an Error within 15 minutes after the execution or reporting of the relevant Trade or Cross Transaction in accordance with Procedure 8.16.3 except, if an Error may cause a Market Impact, the Participant must notify NZX immediately in accordance with Procedure 8.16.3.

8.16.2. A Participant must request NZX to seek the agreement of any other Participant to the cancellation of an Error Trade within 15 minutes after the execution or reporting of the relevant Trade or Cross Transaction in accordance with Procedure 8.16.3.

8.16.3. A Participant must notify or make a request by (i) contacting NZX Surveillance by telephone; (ii) by chat through the Trading System; or (iii) contacting NZX Client & Market Services Group by telephone providing the following information:

(a) date of notice or request;

(b) Trade date;

(c) deal ID/Trade reference number;

(d) quantity of Contracts;

(e) price;

(f) counterparty (if known); and

(g) nature of the Error and reason for seeking cancellation.

8.16.4. A Participant must keep a record of all Error Trades with a value of $1,000 or foreign currency equivalent or more in an Error Trade Register. The Error Trade Register must, as a minimum, contain the following information:

(a) the nature of the Error;

(b) the Contract the Error related to;

(c) any effect the Error has had on that Participant and/or its Clients;

(d) whether, and if so how, the Error was remedied;

(e) the date the Error was made and who made the Error; and

(f) the date the Error was remedied.

Procedure for Rule 8.7.7

8.7.7 Each Trading Participant must ensure that all Orders entered or submitted into the Trading System by that Trading Participant are entered or submitted with the trading flags and data required by the Procedures. This Rule extends to all Orders entered or submitted into the Trading System by a Trading Participant's Dealers and by DMA Authorised Persons authorised by that Trading Participant to enter or submit Orders.

8.17. Required Trading Flags

8.17.1. All Orders submitted into the Trading System must include the appropriate flag in the "Account" field to indicate whether the order relates to a Retail Client, Wholesale Client, Employee /Prescribed Person, or the Trading Participant is Acting as Principal, as follows:

Account Type	Trading Flag
Retail	R
Wholesale	W
Employee/Prescribed Person	E
Principal	P
Market Maker	M

Where more than one of the available options applies, the flag which represents the majority of the volume of that Order should be selected. However, where any part of the Order is as Principal the Principal flag should be selected. In all of these cases, Trading Participants should also indicate that multiple Orders have been included by noting "m" in the "CSN" field.

8.17.2. All Off-Market Trades entered/reported into the Trading System must include the applicable flag(s) in the "Trade Source" field to indicate the nature of the transaction. Where more than one of the available options applies, the Trade Source flags must be prioritised in the following order:

(a) Late Reported/Late Trade

(b) Put Through

(c) Portfolio

(d) Special

(e) VWAP

(f) Private Negotiated Deal

Section 9: Trading Facilities

Common Trade Facility Procedure

Procedure for Rules 9.4.8 and 10.1.6

9.4.8 A Participant may delay a Block Trade Order as prescribed for by the Procedures.

10.1.6 NZX may specify common trading facilities for the Market in the Procedures including an Exchange for Physicals Facility, an Exchange for Swaps Facility and a Block Trading Facility.

Rule Definitions for this Procedure:

***Block Trade** means a transaction arising between Trading Participants in Contracts through the use of the Block Trade Facility, that has been effected outside of the Trading System.*

***Block Trade Order** means an Order that utilizes the Block Trade Facility.*

***Block Trade Facility** means the common trading facility as specified by the Procedures to allow the bulk sale or purchase of Contracts.*

***Exchange for Physicals Facility** or **EFP Facility** has the meaning given to that term in the Procedures.*

***EFP Facility Trade** means a transaction arising between Trading Participants through the use of the EFP Facility that has been effected outside of the Trading System.*

***Exchange for Swaps Facility** or **EFS Facility** has the meaning given to that term in the Procedures.*

***EFS Facility Trade** means a transaction arising between Trading Participants through the use of the EFS Facility that has been effected outside of the Trading System*

9.1. Block Trading Facility and Block Trade Orders

9.1.1. The Block Trading Facility is a mechanism available for Block Trade Contracts. This facility allows Participants to arrange and execute large transactions via a facility that is separate from NZX Central.

9.1.2. Where a Trading Participant or an Advising Participant has received written authorisation from a Client in respect of a Block Trade Contract that the Clients' Order may be dealt with as a Block Trade Order, the Trading Participant or Advising Participant may utilise the Block Trade Facility in respect of that Order. A Block Trade will not occur unless it has been approved by NZX in accordance with Procedure 9.1.14.

9.1.3. Block Trades may only be executed during the Open (Normal) Session State specified for each Block Trade Contract in its Contract Specification, and for the period up until 10 minutes after the Pre-Close (such that transactions utilising the Block Trade Facility which have been organised just prior to the Pre-Close, may be submitted using the Block Trading Facility), subject to meeting the normal Block Trade Order reporting requirements as per Procedure 9.1.10.

9.1.4. For clarification, on the Block Trade Contract's Last Trading Day the Block Trading Facility will not be available after the Close

9.1.5. A Block Trade is not executed until it is approved by NZX. An agreement between parties to execute a transaction via the Block Trade Facility does not constitute a 'filled' Trade.

9.1.6. All Block Trades are subject to Minimum Volume Thresholds specified for each Block Trade Contract in Part C of Appendix One to the Procedures.

9.1.7. The Minimum Volume Thresholds will apply to each leg of the Trade when a Block Trade comprising Contracts of two or more different delivery/ expiry months and/ or exercise prices is executed.

9.1.8. A Trading Participant executing a Block Trade must ensure it represents a fair value for that Trade. On each occasion of quoting a price for the transaction to be effected via the Block Trade Facility, the Participant, must, at the time, make it clear to the potential counterparty(ies), whether a Participant, a Client or otherwise, that the price being quoted is a price for a Block Trade.

9.1.9. Participants must not aggregate separate Block Trade Orders in order to meet the Minimum Volume Threshold on either or both sides of a Block Trade.

9.1.10. The Participant (or where there are two Participants, the reporting Participant agreed by mutual consent) must ensure that all transactions to be executed using the Block Trade Facility are reported electronically via the Trading System, within 10 minutes of verbal agreement of the terms of the transaction (or within 15 minutes in the case of Exceptional Market Circumstances or where the transaction to be executed via the Block Trade Facility is dependent on the execution of a transaction in another instrument), advising of:

(a) the Block Trade Contract identifying code (including Contract Month);

(b) the price agreed upon (including the exercise price(s) if relevant, and the price of each leg of the Trade);

(c) the quantity of Block Trade Contracts (and quantified for each leg of the Trade, where applicable);

(d) firm reference;

(e) account;

(f) Settlement Date (as defined in the Contract Terms and Administrative Procedures for the Contract);

(g) reporting party Trading Participant (company ID);

(h) reporting party Dealer name (trade ID);

(i) reporting party Clearing Participant;

(j) counterparty Trading Participant;

(k) counterparty Dealer name;

(l) counterparty Clearing Participant; and

(m) deal date and time.

9.1.11. Participants must not delay submission of a transaction to be executed via the Block Trade Facility.

9.1.12. The time limit for the submission of a transaction that is to be executed via the Block Trade Facility commences as soon as verbal agreement to the terms of the transaction is reached between the parties.

9.1.13. All written authorisations obtained by a Trading Participant from a Client, permitting the execution of an Order in respect of a Block Trade Contract as a Block Trade Order must include acknowledgement that:

(a) Block Trades will be reported to the Market distinctly

(b) the price at which the Block Trade Order is executed will not be used in establishing Daily Settlement Prices; and

(c) the price quoted for the Block Trade may or may not be the prevailing market price.

9.1.14. NZX will check the validity of the details of the transaction submitted by a Participant through the Block Trade Facility and approve the transaction for execution as a Block Trade once NZX is satisfied that the transaction meets the criteria specified in these Procedures.

9.1.15. Once the Block Trade has been executed, NZX will publish details of the Block Trade to the market (including Commodity, Security or other financial instrument, quantity, time, expiry months and the price).

9.1.16. NZX has the right to request the Participant executing the Block Trade to produce satisfactory evidence that the Block Trade has been organised in accordance with the Rules and Procedures.

9.2. Exchange for Physical Facility (EFP) and Exchange for Swap Facility (EFS)

9.2.1. NZX provides facilities, which allows Participants to organise and execute, subject to these Procedures, transactions that directly relate to a physical Commodity, Security, instrument or other transaction ("**Exchange for Physical Facility**" or "**EFP Facility**") or over the counter ("**OTC**") swap ("**Exchange for Swap Facility**" or "**EFS Facility**").

The **EFP Facility** specifically allows for the simultaneous exchange of a futures position in a Contract for a corresponding position in the assets (Securities or Commodities) underlying the Contract, or money, at a price privately negotiated between the counterparties.

The **EFS Facility** specifically allows for the simultaneous exchange of a futures position in a Contract for a corresponding OTC swap at a price privately negotiated between the counterparties

9.2.2. An Individual Contract Specification will state whether an EFP Facility or EFS Facility is available in relation to that Contract.

9.2.3. An EFP Facility Trade or an EFS Facility Trade may only be executed during the Open (Normal) Session State specified for a Contract (for which those facilities are available), and for the period up until 10 minutes after the Pre-Close (such that transactions utilizing the EFP Facility or EFS Facility which have been organized just prior to the Pre-Close, may be submitted using those Facility), subject to meeting the reporting requirements set out in Procedure 9.2.12.

9.2.4. On the Last Trading Day an EFP Facility and/or EFS Facility will continue to be available until the close of NZX Central in relation to the expiring Contract, for which such facilities are available.

9.2.5. An EFP Trade or an EFS Trade is not executed until it is approved by NZX. An agreement between parties to execute a transaction via the EFP Facility or EFS Facility does not constitute a 'filled' trade.

9.2.6. No EFP Trade or EFS Trade may be effected:

(a) where the parties to each side of the transaction are the same or acting on behalf of the same Person;

(b) where both sides of the trade are taken out by the Participant on its own account or are taken out on behalf of the same Client; and/or

(c) to execute roll business.

9.2.7. There are no limits on the type of underlying (Securities or Commodity) or OTC swap (excluding exchange traded futures or options on futures Contracts) that may be exchanged for a Contract via an EFP Facility or EFS Facility, however it must be of similar value or quantity to the Contract being traded and be reasonably correlated with that Contract. The responsibility lies with the Participant to provide all relevant information about the physical product to demonstrate that the Contract is of similar quantity or amount.

9.2.8. The time limit for submission of a transaction to be executed via the EFP Facility or EFS Facility that is set out in Procedure 9.2.12 commences as soon as verbal agreement of the terms of the transaction is reached between the parties. Participants must not delay submission of a transaction to be executed via the EFP Facility or EFS Facility.

9.2.9. All EFP Trades and EFS Trades are subject to Minimum Volume Thresholds specified for each Contract (for which such facilities are available) in Part C of Appendix One to the Procedures.

9.2.10. There are no restrictions regarding the price for Contracts Traded via an EFP Facility or an EFS Facility. However if the price of the Contract was substantially different from the current market price NZX would seek good reason as to why the parties wish to trade at this price. Procedure 9.2.5 requires NZX's approval for an EFP Trade and an EFS Trade.

9.2.11. NZX may require Participants to supply evidence of the underlying physical or swap transaction either prior to or following execution of the EFP Trade or EFS Trade and may refuse to approve an EFP Trade or EFS Trade in its sole and final discretion.

9.2.12. The Participant (or where the EFP Trade or EFS Trade has been organised between two Participants, the reporting participant is agreed by mutual consent) must ensure that

all EFP Trades and EFS Trades are submitted electronically via the Trading System within 10 minutes of verbal agreement of the terms of an EFP or EFS (or within 15 minutes in the case of Exceptional Market Circumstances or an EFP Facility or EFS Facility that is dependent on the execution of a transaction in another instrument), advising of:

(a) the Contract identifying code (including Contract Month);

(b) the price agreed upon (including the exercise price(s) if relevant, and the price of each leg of the Trade);

(c) the quantity of contracts (and quantities for each leg of the Trade where applicable);

(d) firm reference;

(e) account;

(f) Settlement Date (as defined in the Contract Terms and Administrative Procedures for the Contract);

(g) reporting party Trading Participant (company ID);

(h) reporting party Dealer name (trader ID);

(i) reporting party Clearing Participant;

(j) counterparty Trading Participant;

(k) counterparty Dealer name;

(l) counterparty Clearing Participant; and

(m) deal date and time.

9.2.13. Once the EFP Trade and EFS Trade has been approved, NZX will publish details of the futures leg of the EFP Trade or EFS Trade to the Market (including Commodity, Security, Financial Instrument or other transaction quantity, time and price of the transaction);

9.2.14. This Procedure is subject to Procedure 9.2.15. The Participant must retain the physical evidence of the EFP Trade or EFS Trade on its files for the period ending five years after the EFP Trade and/or EFS Trade was effected. In addition, the Participant must retain the following information in an easily accessible form that can be audited by NZX:

(a) in relation to an EFP Trade, documentary evidence of the physical contract itself, including evidence that:

(i) the price equates to the price at which the EFP Trade was transacted;

(ii) the futures delivery month referred to in the physical contract is the same as that for which the EFP Trade was entered into the Clearing House;

(iii) the physical contract relates to at least the equivalent amount of the underlying Commodity (which includes a Security) or related Commodity (which includes a Security).

(b) in relation to an EFS Facility, documentary evidence in the form of a copy of the OTC contract itself. The contract should contain the following information:

(i) the fixed price or fixed price formulae of the swap, and who pays;

(ii) the floating price or floating price formulae of the swap, and who pays;

(iii) the termination / maturity date;

(iv) the effective (start) date of the swap;

(v) the quantity of the swap position relating to the underlying commodity or the direct product of such commodity; and

(vi) the referenced futures delivery month.

9.2.15. A Participant is not required to comply with Procedure 9.2.14 where it has:

(a) included in its Client Agreement a requirement for its Client to provide the information and documentation set out in Procedure 9.2.14 relating to an EFP Trade or EFS Trade to the Participant, when requested to do so by the Participant; and

(b) provided an undertaking to NZX that it will provide the information set out in Procedure 9.2.14 to NZX, when NZX requests it to do so.

Section 10: Requirements for Trading on the Market

Session States Procedure

Procedure for Rules 10.1.1, 10.1.3 and 10.1.4

10.1.1 NZX may place the Market into a Session State with respect to Trading in one or more Contracts or a Class of Contracts. Without limiting the generality of this provision, NZX may place the Market into different Session States with respect to Trading in different Contracts or Classes of Contracts at the same time.

10.1.3 Trading Participants acknowledge that entry of Orders and other Trading activities and Dealing in the Market will occur subject to the parameters of the Session State in force in respect of the relevant Contract from time to time. The parameters applicable during a particular Session State are set out in the Procedures.

10.1.4 Unless NZX notifies Trading Participants otherwise (including pursuant to Rule 8.11) in such manner as NZX considers appropriate (including by way of message or code displayed in the Trading System) Session States shall apply with respect to the Market at the times set out in the Procedures.

10.1. Session States

10.1.1. The Session States and parameters in respect of them are set out in the table below. The parameters describe the manner in which the Market will function during a Session State while it is operational:

Session State	Parameters
Enquiry (Log on)	• A Trading Participant may: ○ log into the Trading System; ○ view the Market; ○ not enter or update an Order, Bid or Offer remaining in the Trading System from the previous Session State; ○ not delete an Order, Bid or Offer; and ○ not enter into and/or report a Cross Transaction; and • No Orders, Bids or Offers will be matched by the Trading System.
Pre-Open	• A Trading Participant may: ○ enter, amend, withdraw or delete Orders Bids or Offers remaining in the Trading System from the previous Session State. • No Orders, Bids or Offers will be matched by the Trading System.
Open	• Orders shall be matched by the Trading System in priority by price and time of entry; and

	• where Orders in the Pre-Open Session result in overlapping prices at the commencement of the Open period, at the commencement of the Open the Trading System will match the Orders and establish prices according to procedures determined from time to time by NZX.
Normal Trading Session	• A Trading Participant may: ○ enter, amend, withdraw or delete/cancel Orders remaining in the Trading System from the previous Session State; and ○ enter into and report a Cross Transaction; and ○ report and enter into a Cross Transaction; ○ report a Block Trade. • Orders shall be matched by the Trading System in priority by price and time of entry, other than certain Orders for which Cancel-Passive SMP is available and has been enabled in accordance with the SMP Practice Note, in which case those Orders will be removed from the Trading System.
Pre-Close	• A Trading Participant may: ○ enter, amend, withdraw or delete/cancel Orders remaining in the Trading System from the previous Session State; and ○ report and enter into a Cross Transaction; and • Orders shall be matched by the Trading System in priority by price and time of entry.
Close	• A Trading Participant may: ○ not enter Order, Bids or Offers; ○ Orders, Bids and Offers remaining in the Trading System may be cancelled or amended provided their ranking or priority in time or price is not improved; ○ reduce Order volume; and ○ not enter into and/or report Cross-Transactions.
Enquiry	• A Trading Participant may: ○ not enter or update an Order, Bid or Offer in the Trading System; ○ not delete an Order, Bid or Offer; and ○ not enter into and/or report a Cross Transaction.

10.1.2. The times for each Session State for each Contract or Class of Contracts shall be notified by NZX to Trading Participants (by message or code displayed in the Trading System or by such other means as NZX considers appropriate).

Cross Transaction Procedures

Procedures for Rule 10.5.2

10.5.2 Subject to Rules 10.2 and 10.5.1, Cross Transactions and pre-negotiated deals may otherwise be executed in the manner specified by the Procedures.

10.2. Cross Transactions

10.2.1. A Participant may enter into pre-negotiated business as a **Cross Transaction**.

10.2.2. Matching business may be procured for an Order by way of pre-negotiation within the same Participant, with other Participants or with Clients.

10.2.3. Participants must ensure that when pre-negotiating a Client Order and/or when executing Client business by way of a Cross Transaction they comply fully with the Rules and in particular:

(a) they act with due skill, care and diligence; and

(b) the interest of the Client or Clients, as the case may be, as not prejudiced.

10.2.4. Subject to the Procedures, an Order for which matching business has been found by pre-negotiation may be entered into the Trading System provided that the relevant Participant enters one side of the Trade (which shall be the Client's side in the event that the Participant is taking the other side) into the Trading System for a period prescribed in the Individual Contract Specifications for a particular Contract (under the heading Cross Transactions Minimum Time Period), before entering the Order for the opposite side.

10.2.5. Where a Participant holds opposing Orders at a particular price, and a market is made following an order message that touches or overlaps that specific price, then a Participant must Trade with the Market even if it means missing out on a Cross Transaction. To hold back execution of a Client Order would be inconsistent with Rule 9.4.

10.2.6. Matching business may only be entered to the Trading System by submission to NZX Central.

10.2.7. A Participant may deliberately seek to effect a Trade involving two wholly or partially matching Orders providing the requirements in these Procedures are met.

Section 13: Accounts, Records, Audits and Reporting

Reporting Procedure

Procedure for Rules 13.2.1, 13.2.2, 13.2.4 and 13.2.5

13.2.1 ***Annual reporting**: Each Participant (other than an NZX Derivatives Adviser who is Employed by an Advising Participant) shall provide to NZX when they are complete and in any event no later than 90 days after the end of each financial year (other than the requirement in 13.2.1 (d)).*

(e) any other information as specified by the Procedures or as requested by NZX from time to time.

13.2.2 ***Reporting requirements**: Within 10 Business Days after the end of each reporting period:*

(a) each Participant Requiring Capital must deliver to NZX in the manner and in the form prescribed by the Procedures, the information specified by the Procedures:

13.2.4 ***Open Positions:** Each Trading Participant must report to NZX about its Open Positions in the manner and at the times specified by the Procedures*

13.2.5 ***Market surveillance reporting:** NZX may institute from time to time requirements for reporting of certain Trades and Cross Transactions by certain Trading Participants in the manner and at the times specified by the Procedures.*

13.1. Annual reporting

13.1.1. For the purposes of Rule 13.2.1(e), each Participant (other than an NZX Derivatives Adviser who is Employed by an Advising Participant) shall provide the following additional information:

(a) to the extent it has not already been provided, a copy of any return or notice (including any annual return, financial statements or a notice of a change in its share capital, its Directors or its constitutional documents) filed with the Registrar of Companies of New Zealand (or in respect of and Overseas Participant, such Alternative Regulator or Person holding an analogous office to the Registrar of Companies) during that financial year;

(b) a certificate of currency for insurances to be maintained in accordance with Rule 4.17;

(c) a graphical presentation of the Participant's group structure at balance date. At a minimum this should disclose the Participant's ultimate parent and all Subsidiaries of the ultimate parent;

(d) a current organisation chart of the Participant;

(e) a reconciliation that indicates the differences between the audited financial statements at year-end with the monthly return provided to NZX for the last month of the financial year pursuant to Procedure 13.2.1; and

(f) a copy of all bank audit confirmations requested and received by the Participant's auditor relating to financial statements.

13.2. Periodic reporting

13.2.1. The information which must be provided to NZX by a Participant Requiring Capital for the purposes of Rule 13.2.2 for the reporting period that ends on the last day of the month is:

(a) a copy of a trial balance as at the last day of the month. Such trial balance must provide details as to the name or nature of each balance, must be provided in each separate currency and consolidated to NZ$ equivalents determined using the prevailing spot rate of exchange for the relevant currency to $NZ, in or about the close of business on the date of such trial balance (and such spot rate of exchange must be specified to NZX) or such other rate of exchange as agreed with NZX from time to time;

(b) financial statements of the Participant Requiring Capital for the month (which may be those prepared for internal management purposes);

(c) a copy of the Participant Requiring Capital's Capital Adequacy Calculations for the last Business Day of that calendar month in the form and including the information and supporting documents specified by NZX from time to time for that purpose;

(d) a summary of the Participant Requiring Capital's Capital Adequacy Calculations for each Business Day of that calendar month stating the amounts calculated and required by Rule 4.28.1; and

(e) an internal control checklist and certificate for the month in the form required by Appendix Five - Part B to the Procedures signed by the Participant Requiring Capital's Responsible Executive and the Participant Requiring Capital's chief financial officer.

Where a Participant Requiring Capital has an exemption under Rule 16.1.2 and has complied with Rule 16.1.3(b), that Market Participant Requiring Capital is not required to provide the information in (a) to (d), but must still provide the information set out in (e).

13.2.2. The information which must be provided to NZX by a Participant Requiring Capital for the purposes of Rule 13.2.2 for the reporting period that ends on the last day of the calendar quarter is an internal control checklist and certificate for the quarter in the form required by Appendix Five - Part A to the Procedures signed by the Participant Requiring Capital's Responsible Executive.

13.3. Open Positions reporting

13.3.1. Each Trading Participant must report to NZX:

(a) the number of Open Positions in Contracts registered against its Settlement Account or if it is not itself a Clearing Participant of its Clearing Participant held in the Clearing House in respect of each Client of the Trading Participant, and details as to the name and address of the Client that is the holder of the Open Position and the number of bought and sold Contracts; and

(b) the number of Open Positions in Contracts registered in its Settlement Account or the Settlement Account of its Clearing Participant held in the Clearing House in respect of itself as principal.

13.3.2. The information required by this Procedure 13.3 must be provided to NZX by 8.00am on each Trading Day and at any other time notified by NZX to the Participant.

13.3.3. Open Positions must be notified by e-mail to NZX Market Surveillance by the Participant by the time specified in Procedure 13.3.2.

13.4. Market surveillance reporting

13.4.1. No Procedures presently specified.

Records Procedure

Procedures from Rule 13.3.1:

13.3.1 A Participant must maintain accounting records in respect of its business activities and in respect of assets, liabilities and transactions in its control or for which it is accountable in accordance with the requirements of this Section 13 and of the Procedures.

13.5. Accounting and other records

13.5.1. The records to be maintained in accordance with this Procedure 13.5 must be sufficient to capture and record (in a memorandum account where appropriate), on a timely basis and in an orderly fashion, every transaction and commitment which that Participant enters into places with a Participant, and in each case, with sufficient information to explain its nature and the asset(s) and/or liability, actual and contingent, which arise or may arise from it.

13.5.2. The records to be maintained in accordance with this Procedure 13.5 must be maintained in a manner such that they disclose, or are capable of disclosing, promptly the financial and business information which will enable that Participant's Directors or its management to:

(a) make timely and informed decisions;

(b) monitor the performance of all aspects of that Participant's business;

(c) monitor the quality of that Participant's assets; and

(d) safeguard that Participant's assets, including assets belonging to Clients for which that Participant is responsible.

13.5.3. The accounting and other records of each Participant to be maintained in accordance with Section 13 of the Rules and this Procedure 13.5 must contain details of exposure limits authorised by management that are appropriate to the type, nature and volume of business undertaken by that Participant and the Participant's management must ensure that the information contained in those records is capable of being summarised in a way that enables actual exposures to be readily and regularly measured against these limits.

13.5.4. The accounting records must show the assets, liabilities, events and transactions in the Participant's control or for which it is accountable. Accounting records must be kept so as to ensure that the Participant:

(a) correctly records and explains the events and transactions occurring in the course of its business activities;

(b) can at any time determine its financial position with reasonable accuracy; and

(c) can prepare financial statements that comply with the requirements of the Companies Act 1993 and the Financial Reporting Legislation or to the extent permitted by Rule 13.4.2 with the equivalent standards under the laws of that Participant's home jurisdiction, that can be readily and properly audited.

13.5.5. Without limiting anything in this Procedure 13.5, the accounting records of a Participant must as a minimum, contain where relevant:

(a) entries from day to day of all sums of money received and expended and the matters in respect of which they are received and expended;

(b) a record of all assets and liabilities, including any commitments or contingent liabilities;

(c) a record of all income and expenses, explaining their nature;

(d) entries from day to day of all Trades on that Participant's own account and separately entries from day to day of all Trades by that Participant acting for another party;

(e) if the Participant holds Client Funds, entries from day to day of all receipts of Client Funds and payments of Client Funds, held by that Participant or, in the case of Advisors or Introducing Brokers passed on to third parties;

(f) an up-to-date record of the transactions and balances of each individual account stating the name of each Client and the amounts held or received for that Client;

(g) a record of the margin required to be deposited from time to time by a Participant directly with the Clearing House (where the Participant is also a Clearing Participant) or with the Participant with whom it is party to a C&S Agreement, as the case may be, and the margin required to be deposited from time to time with the Participant by each of its Clients; and

(h) an up-to-date record of all investments or documents of title in the possession or control of that Participant, showing the physical location, the Beneficial Owner, the purpose for which they are held and whether they are subject to change.

Audit Procedure

Procedures for Rules 13.6 and 14.8.1(i):

13.6.1 ***Auditor****: A Participant (other than an NZX Derivatives Adviser who is Employed by an Advising Participant) must maintain the appointment of an auditor in accordance with the requirements prescribed by the Procedures.*

13.6.2 ***Audit report****: Any audit report must comply with the requirements specified by the Procedures.*

14.8.1 NZX may (either on its own initiative or in accordance with a request made to it by the NZ Markets Disciplinary Tribunal or any Person with whom NZX has a Reciprocal Arrangement) for the purposes of ascertaining whether a Participant is complying or has complied with any conditions of designation, these Rules, the Procedures, any Guidance Notes and/or directions issued from time to time by NZX or with Good Broking Practice or the rules of any NZX Market or Person with whom NZX has a Reciprocal Arrangement, or ascertaining whether to exercise any rights or powers under these Rules:

(i) require the Participant to supply, within the time specified by NZX, an audit certificate from the Participant's auditor or an assurance certificate and report from such other practising chartered accountant specified by NZX. The audit certificate, or assurance certificate, as the context requires, must have the content prescribed by the Procedures; and/or

13.6. Audit

13.6.1. Subject to Procedure 13.6.2, each Participant must:

(a) appoint a Person permitted to act as an auditor in respect of an FMC Audit for the purposes of the Auditor Regulation Act 2011 to hold office as auditor, subject to NZX having no objection, until the auditor is removed from office or retires; and

(b) appoint an auditor to fill a vacancy on the earlier of 10 Business Days of the vacancy occurring and such other time as prescribed by the Securities Legislation (or such other laws applicable to that Participant).

13.6.2. In respect of an Overseas Participant or where a Participant conducts all or part of its business outside New Zealand, NZX may at its discretion accept the appointment as auditor of a Person who is qualified to act as an auditor of the financial statements in accordance with the laws and financial reporting standards of the Participant's home jurisdiction, where NZX is satisfied that that Person is suitably qualified.

13.6.3. Each Participant must:

(a) ensure that its auditor conducts, on an annual basis (or on a more frequent basis if required by NZX):

(i) an audit of the Participant's financial statements;

(ii) an audit of any other matter specified by NZX (after consultation with the auditor); and

(iii) a review of the amounts for the last day stated in the monthly return of the Daily Capital Adequacy Calculations provided to NZX for the last month of the financial year;

(b) ensure that its auditor prepares a report on that audit in a form containing the matters specified by this Procedure and otherwise acceptable to NZX; and

(c) deliver that report to NZX when:

(i) it delivers its financial statements required Rule 13.2.1; or

(ii) when otherwise required by NZX.

13.6.4. A Participant must give its auditor access to its premises and Directors, Personnel, agents and any other Person acting on behalf of the Participant and all records, documents, explanations and other information required by the auditor in respect of any audit conducted under the Rules.

13.6.5. A Participant must:

(a) not impose any limitation on the extent of any audit required under the Rules;

(b) permit and direct the auditor to notify NZX immediately if any limitation is imposed on the auditor, or if the auditor is hindered or delayed in the performance of the auditor's duties; and

(c) include in the terms of appointment of the auditor provisions substantially similar to this Procedure 13.6.5 and deliver to NZX a copy of the terms of appointment of the auditor.

13.6.6. If NZX considers that a Participant is potentially a Defaulter in accordance with Rule 14.15, and NZX proposes to discuss the financial position of the Participant (and/or any Related Company of that Participant) with that Participant's auditors, NZX may notify the Participant of its proposal stating the questions or issues it wishes to raise with the auditors. In this event, the Participant must ensure that its auditors are authorised (at the expense of the Participant):

(a) to discuss the financial position of the Participant (and any Related Company of that Participant) upon request by NZX; and

(b) to disclose to NZX any information relating to the financial position of the Participant (and/or and any Related Company of that Participant) which NZX may reasonably request.

13.6.7. NZX may direct a Participant to have a review conducted of the Participant's internal control procedures or other matters by a Person who is, in NZX's reasonable opinion a suitably qualified professional Person to conduct such a review, and to deliver a report (in a form acceptable to NZX and upon which NZX can rely) in respect of that review if it reasonably considers that there has been a material change in circumstances or where it reasonably considers a review is necessary or desirable.

13.7. Content of Audit Report

13.7.1. A report provided for the purposes of Procedure 13.6 must contain:

(a) a copy of the audit report addressed to the shareholders of the Participant incorporating the content prescribed by applicable audit and assurance standards within the meaning of the Auditor Regulation Act 2011 (or to the extent permitted by Rule 13.4.2, as prescribed by analogous laws of the Participant's home jurisdiction); and

(b) a statement as to whether in the opinion of the auditor the amounts for the last day stated in the monthly return of the Capital Adequacy Calculations provided to NZX for the last month of the financial year pursuant to Procedure 13.2.1(d), or the amounts in the restatement of that return provided under Procedure 13.1.1(e):

(i) where they have been taken from the audited financial statements, have been correctly taken; and

(ii) have been calculated in accordance with the requirements of the Appendix 1 to the Rules, and if they have not, the respects in which they have not been correctly taken or calculated.

13.7.2. An audit report provided for the purposes of Rule 13.2.1(c) must, if required by NZX (in consultation with the auditor prior to commencement of the audit), also contain statements in relation to:

(a) such other matters as NZX shall determine at its complete discretion; and

(b) the content and preparation of any certificate of the Responsible Executive relating to the conduct of the Participant's business during the relevant accounting period to be delivered to NZX in accordance with the Rules.

Section 14: NZX Powers, Default and Resignation

Waivers and Rulings Procedure

Procedure for Rule 14.2.1

14.2.1 NZX has sole discretion to waive all or any part of these Rules or the Procedures and NZX may make rulings as to the interpretation of these Rules or the Procedures. NZX may make rulings and grant waivers from these Rules or the Procedures, on such terms and conditions as NZX, in its complete discretion, thinks fit. NZX may by Procedure specify the procedures and practices it will adopt in relation to consideration of applications for rulings or waivers.

14.1. Application

14.1.1. Applications for waivers and/or rulings from a Rule or Procedure should be in writing and addressed to NZX, for the attention of the RegCo CEO. Applications may be made by e-mail to participant@nzregco.com.

14.1.2. Applications for a ruling and/or ruling should contain all information required to clearly establish and document the necessity for the ruling and/or ruling sought. As a minimum this should address:

(a) **Applicant**: the full name of the Participant seeking the waiver and/or ruling;

(b) **Background**: the full background to the matter and the transactions or circumstances in respect of which the waiver and/or ruling is sought. This should include the generic background to the situation or events in question followed by the material details, e.g., details of transactions, etc;

(c) **Details**: the specific Rule or Procedure in respect of which the waiver and/or ruling is sought and any conditions of the waiver and/or ruling considered appropriate;

(d) **Reasons**: for each provision of the Rules or Procedure in respect of which the waiver and/or ruling is sought, why the waiver and/or ruling is sought and give full reasons which may justify the waiver or ruling;

(e) **Policy**: the policy considerations applicable to the application. This should include identification of the application of the Rules or Procedures without the waiver or ruling, the hardship or mischief that will result if the application is not approved, the policy objective behind the Rule or Procedure concerned, the basis upon which that policy objective continues to be addressed by, or is not affected by, the waiver and/or ruling sought and the manner in which the interests of NZX, Clients of the Participant seeking the waiver and/or ruling and other Participants seeking the waiver and/or ruling are protected or preserved by the proposed waiver and/or ruling;

(f) **Precedents**: any existing waiver and/or ruling decisions which are similar to the ruling and/or ruling sought and which may provide a precedent for the application. The application should state how the notices are similar to, and different from, the ruling and/or ruling it is seeking;

(g) **Impact**: how the proposed waiver and/or ruling may affect NZX, Clients of the Participant seeking the ruling or ruling and other Participants, including any costs and benefits to them and that Participant;

(h) **Timeframe**: whether the application is urgent and the date by when a determination is needed, and the reason/s why the application should be considered on an urgent basis;

(i) **Publication**: whether the applicant requires a decision or any information in relation to the application to be kept confidential and the period for which that confidentiality is required. This must set out the policy reason why the decision should not be published, or alternatively why publication should be delayed for a period of time; and

(j) **Other:** any other information known to the applicant which is material or relevant to the application.

14.1.3. Applications for a ruling and/or ruling should be accompanied by any relevant documents to support the application.

14.2. Timing

14.2.1. All applications for waivers and/or rulings should be submitted to NZX at least 10 Business Days prior to the Participant requiring a determination. If a determination is required in less than 10 Business Days a Participant may apply to have the application dealt with on an urgent basis.

14.2.2. If an application is urgent a timeframe should be provided within which determination is needed accompanied by the reasons for the request for urgent consideration.

14.2.3. NZX does not guarantee that a decision will be provided within any particular time. While NZX will always endeavour to meet an applicant's timeframe, the ability to meet urgent timetables will be subject to NZX's resource availability. The timing of a decision in relation to an application may also be influenced by the quality of the application and the thoroughness with which it has been prepared.

14.3. Procedure

14.3.1. On receipt of the application it will be considered by NZX. A lead staff member will be identified to the applicant for the purposes of communications.

14.3.2. After an initial appraisal, the applicant may be asked to provide further information.

14.3.3. When all information requested by NZX has been provided by the applicant and considered by NZX, the lead compliance officer will prepare a decision in relation to the application. A draft decision may be provided to the applicant for discussion if NZX believes necessary.

14.3.4. In its decision NZX will, subject to Procedure 14.5, publish the identity of the Participant, the facts of that application, the determination made by NZX in response to that application and the grounds for determining the application.

14.4. Fees

14.4.1. The Participant making application must pay the fees specified in that respect by Procedure 14.12. Fees will be payable regardless of whether the application is accepted or declined.

14.4.2. Ruling and/or waiver fees will be invoiced to the Participant concerned at the conclusion of NZX's work, or on a monthly basis where necessary.

14.5. Publication

14.5.1. NZX will publish all decisions in relation to requests for waivers and/or rulings (and any revocation of any such waiver or ruling) from the Rules, unless:

(a) the Participant seeking the waiver or ruling establishes, to the satisfaction of NZX, grounds for maintaining confidentiality of NZX's decision with respect to a ruling and/or waiver application; or

(b) NZX determines in its sole discretion not to publish its decision with respect to a ruling and/or waiver application.

14.5.2. A determination under Procedure 14.5.1 may comprise:

(a) a determination in relation to some or all of the information contained in a decision; and/or

(b) a determination to withhold publication permanently or for a period of time.

14.5.3. NZX will generally consider that rulings and/or waivers sought in anticipation of a transaction will be grounds for confidentiality until such transaction is announced publicly. If the transaction does not proceed, the ruling and/or waiver sought will not lose its confidentiality.

14.5.4. Applicants will be provided with decisions at least one half Business Day prior to their public release. The decision to be provided is a final decision and will not be for comment by the Participant. The decision is provided to facilitate the Participant dealing with the publication of the ruling and/or waiver by NZX.

14.5.5. All decisions will be published by NZX by Notice to all Participants and to the Market. Rulings and/or waivers will also be published by NZX from time to time at www.nzx.com by Website Notice.

Inspections Procedure

Procedure for Rule 4.4.1(d)

4.4.1 A Participant shall, and shall procure that its Directors and Employees at all times:

(d) co-operate with NZX in the exercise of the powers set out in Rule 14.8 including on such periodic or other systematic basis as may be prescribed by the Procedures;

14.6. Participant risk analysis

14.6.1. NZX will determine from time to time how it will inspect Advising Participants and Trading Participants to the extent it determines such inspections are required, during a 24 month period using a risk based analysis of each such Participant.

14.6.2. In determining the risk profile of each such Participant, NZX may have regard to:

(a) the period of time since that Participant's last inspection;

(b) the nature, size and scale of that Participant's business relevant to Derivatives Contracts;

(c) any complaints or matters other that have arisen since the last inspection of that Participant;

(d) that Participant's management controls and infrastructure;

(e) any disciplinary action taken or proposed in respect of that Participant since the last inspection; and

(f) any other factors NZX determines as relevant.

14.6.3. Once risk profiles have been established, such Participants may be ranked in order of risk and a schedule developed having regard to the resources available to NZX.

14.6.4. For inspections that will take place at the Advising Participant's or Trading Participant's offices, NZX will give that Participant at least 10 Business Days' Notice of the scheduled inspection, unless it determines that a spot inspection with less than 10 Business Days' Notice is required. For inspections that will be carried out at NZX offices ("**Capital and Prudential Inspections**"), NZX will give such Participants 5 Business Days' Notice of the Capital and Prudential Inspection.

14.7. Procedure for on-site inspection

14.7.1. Unless NZX exercises its discretion to initiate a "spot inspection", at least 10 Business Days' prior to a scheduled inspection, NZX will provide to the Advising Participant or Trading Participant a list specifying:

(a) the initial documents or files that NZX will inspect during the inspection. NZX may specify further documents for inspection during the inspection;

(b) a list of that Participant's Employees NZX wishes to interview and an indicative timetable for those interviews;

(c) any other information, matter or thing NZX requires to be available for inspection during the inspection relating to that Participant's compliance with the Rules.

14.7.2. A scheduled inspection will take place in that Participant's offices. Such Participant will make available to NZX such accommodation and facilities as are reasonably necessary to complete the inspection.

14.7.3. NZX will provide that Participant with a draft report of the results of the inspection and provide the Participant with an opportunity to comment before finalising its inspection report and providing the same to the Participant.

14.8. Procedure for Capital and Prudential Inspections

14.8.1. At least 5 Business Days' prior to the scheduled inspection, NZX will provide to a Trading Participant or Advising Participant a list specifying the information to be provided to NZX for the Capital and Prudential Inspection.

14.8.2. NZX will provide the Advising Participant or Trading Participant with a draft report of the results of the Capital and Prudential Inspection and provide that Participant with an opportunity to comment before finalising its inspection report and providing the same to that Participant.

14.9. Expenses

14.9.1. Participants will reimburse NZX following production of an invoice by NZX for the cost of undertaking inspections, including reasonable internal and staff costs and expenses (including if applicable, for accommodation, travel and sundry expenses reasonably incurred and documented with receipts to the extent practicable).

14.10. Additional inspections and investigations

14.10.1. Nothing in this Procedure limits NZX's ability to exercise its powers under Rule 18.8 at any time without Notice where NZX believes such exercise to be necessary whether by way of inspection or investigation.

Fee Schedule Procedure

Procedures for Rule 14.11.1 and Rule 14.11.3

14.11.1 NZX may impose on any or all Participants such fees, levies and other charges in relation to participation in the Market and the provision of services by NZX as it sees fit, including any fees, levies, other charges imposed as a condition of designation as a Participant. NZX may differentiate between categories of Participants as regards the amount of such fees, levies and other charges at its complete discretion. All fees, levies and other charges will be payable in the manner and at the times specified by the Procedures.

14.11.3 NZX will publish, from time to time, in the Procedures or by Website Notice the fees, levies and other charges payable under Rule 4.4.1(l) and Rule 14.11.

14.11. Set admission, cancellation and activity fees

14.11.1. Admission, cancellation and activity fees shall be found in NZX's fee schedule which can be located at www.nzx.com.

14.11.2. Activity and cancellation fees will be calculated on a monthly basis by reference to the activity or cancellation in each calendar month and will invoiced to the Participant by the 5th day of the following month. Invoices will be payable within 10 Business Days of issue.

14.12. Waiver and ruling fee

14.12.1. Each applicant for a ruling and/or waiver in accordance with Procedure 14.4 must pay a fee calculated on the time devoted by personnel to the application calculated at the rates set out in the NZX fee schedule.

14.12.2. The applicant will also reimburse to NZX the costs charged by any professional advisors who may be engaged by NZX in its sole discretion during the process of determining the application.

14.12.3. Invoices will be payable within 10 Business Days of issue.

14.13. Late filing fee

14.13.1. Each Participant that fails to supply any returns or records by the specified date must pay a fee of NZ$250 and an ongoing fee of NZ$250 for each additional day on which the Participant fails to supply the report or return.

14.13.2. Each Participant whose Responsible Person fails to supply any returns or records by the specified date must pay a fee of NZ$250 and an ongoing fee of NZ$250 for each additional day on which the Responsible Person fails to supply the report or return.

14.13.3. Invoices will be payable within 10 business Days of issue.

Currency Conversion Procedure

Procedure for Rule 14.12.1:

14.12.1 ***Currency calculations****: For the purposes of any currency conversion calculations under these Rules, NZX will convert amounts denominated in one currency to any other currency in the manner prescribed by the Procedures.*

14.14. Currency conversations

14.14.1. For the purposes of any currency conversion calculations under the Rules, NZX shall convert amounts denominated in one currency to any other currency at the spot rate of exchange displayed on Bloomberg FXTF NZD (or its successor or equivalent page) at or about 9.00am on the date NZX is required to make that calculation bid rate for the bid cross rate between the two currencies. Where no cross rate is available NZX shall make the conversion into USD and then to the required currency.

14.14.2. If no rates available on Bloomberg page FXTF NZD or that page is not available, then the conversion rate shall be determined by NZX to be the average (rounded upwards to two decimal places) of the rates quoted to NZX by three Banks selected by NZX at or about such time on such date. If fewer than three Banks provide such a quote, then the rate shall be the rate determined by NZX at its discretion to be the nearest practicable equivalent.

Overdue Interest Rate Procedure

Procedure for Rule 14.12.2:

14.12.2 ***Overdue interest:*** *Any amount to be paid by a Participant and not paid by its due date for payment will be treated as an unpaid amount and will bear interest at the rate prescribed by NZX by the Procedures. Interest will accrue and compound on a daily basis and must be paid as a separate debt to NZX.*

14.15. Overdue interest rate

14.15.1. The rate of interest payable on any amount not paid by a Participant the rate equal to the aggregate of 5% per annum and the Official Cash Rate.

Section 16: Capital Adequacy

Recognised Markets and Structured Finance Products Procedure

Procedures for Rule 1.1 and Rule 16.9.3

1.1 ***Recognised Market*** *means a market specified in the Procedures.*

1.1 ***Recognised Market Index*** *means an index specified in the Procedures;*

1.1 ***Structured Finance Product*** *means a Security that has been issued in respect of an asset pool or as part of any asset-backed or mortgage-backed Securities transaction and includes residential mortgage-backed Securities, collateralised or credit enhanced debt obligations (including synthetic and hybrid collateralised or credit enhanced debt obligations), collateralised loan or fund obligations, credit derivatives, perpetual debt obligations and any other Security or class of Security specified in the Procedures for this Appendix 1;*

16.9.3 NZX may determine the Position Risk Requirement for a particular Financial Instrument or transaction or class of Financial Instrument or transaction or a particular Issuer or class of Issuer by the Procedures or in a Guidance Note.

Recognised Market Indices

A Recognised Market Index means any of the following indices:

Country	Index
Australia	S&P/ASX200
Austria	ATX
Belgium	BEL 20
Canada	TSE 35
France	CAC 40
Germany	DAX
Hong Kong	Hang Seng
Italy	MIB 30
Japan	Nikkei 225
Netherlands	EOE 25
Spain	IBEX 35
Sweden	OMX
Switzerland	SMI
UK	FTSE 100; FTSE mid-250
US	S&P 500

Recognised Market

A Recognised Market means any of the following markets (and successors thereof):

Country	Market
Australia	Australian Securities Exchange
Canada	Toronto Stock Exchange
Germany	Deutsche Borse
Hong Kong	Hong Kong Exchange
Japan	Tokyo Stock Exchange
Singapore	Singapore Exchange (SGX)
Switzerland	SIX Swiss Exchange
United States of America	NASDAQ OMX and NYSE Euronext
United Kingdom	London Stock Exchange
European Union	NYSE Euronext

Structured Finance Products

The following Securities or classes of Securities are specified as Structured Finance Products for the purposes of calculating Net Tangible Current Assets and Total Risk Requirement in accordance with Appendix 1 to the Rules:

[No additional Securities presently specified]

Position Risk Requirement

The following Financial Instruments, transactions, Issuer or class of Issuer have the following Position Risk Requirements:

Financial Instrument/ Issuer	Percentage
Any Financial Instrument with a component of leverage	50% or 100% as NZX may determine

Appendix One: Key Contract Information

Part A: Trading algorithms[2]

For the purposes of Procedure 8.15, the following trading algorithms will apply to each Contract or Class of Contracts as set out below:

Type of Trading Algorithm	Contract No. 5 NZX 20 Index Futures	Contract No. 7 Options on Equity Securities
Price/Time Priority Method	✓	✓
Pro-Rata Priority Method	X	X

[2] Procedure 8.15

Part B: Rounding convention[3]

For the purposes of Procedure 8.3.5, the rounding convention that will apply to each Contract or Class of Contracts is set out below:

Contract No. 5 NZX 20 Index Futures	Contract No. 7 Options on Equity Securities
Where a Daily Settlement Price results in decimals and/or a price that is not a valid tick size this price will be rounded to the nearest whole tick. Where the Daily Settlement Price results in a decimal that is exactly half way between two tick sizes, this will be rounded up to the nearest whole tick.	Where a Daily Settlement Price results in decimals and/or a price that is not a valid tick size this price will be rounded to the nearest whole tick. Where the Daily Settlement Price results in a decimal that is exactly 0.250 cents or 0.750 cents this will be rounded up to the nearest whole tick.

[3] Procedure 8.3.5

Part C: Block Trading Facility, EFP Facility and EFS Facility – Minimum Volume Thresholds[4]

For the purposes of Procedures 9.1 and 9.2, the following Minimum Volume Thresholds are specified for each Class of Contracts or Contracts:

Name of Facility	Contract No. 5 NZX 20 Index Futures	Contract No. 7 Options on Equity Securities
Block Trading Facility	100 Lots	100 Lots
EFP Facility	1 Lot	N/A
EFS Facility	N/A	N/A

[4] Procedures 9.1.6 and 9.2.11

Appendix Two: Form of Client Risk Disclosure Statement[5]

All Participants must, prior to accepting a prospective Client, provide that prospective Client with a Client Risk Disclosure Statement which contains, as a minimum, the provisions outlined in this Appendix Two:

To: _____

[Participant]

From: _____

[Client]

Date: _____

The Client acknowledges that:

1. The Client has appointed the Participant for the purpose of Dealing in [*Contracts/Derivatives Contracts*] in accordance with the terms of this Client Risk Disclosure Statement and the terms of the Client Agreement.

2. The Participant is regulated in the conduct of its dealings in Contracts Traded on the Market by NZX in accordance with the Rules and the Procedures. In relation to Derivatives Contracts traded on a F&O Exchange or Off-Exchange, the Participant is only regulated by NZX to the extent the Participant provides advice to and/or accepts funds from the Client in respect of Derivatives Contracts.

RISK DISCLOSURE STATEMENT

The risk of loss in trading in [*Contracts/Derivatives Contracts*] can be substantial. You should therefore carefully consider whether that kind of trading is appropriate for you in the light of your financial circumstances. In deciding whether or not you will become involved in that kind of trading, you should be aware of the following matters:

(a) you could sustain a total loss of the Initial Margin that you deposit with a Participant to establish or maintain a position *[on the Market, on a F&O Exchange or on a Derivatives Contract traded Off-Exchange]*;

(b) if the market price moves against your position, you may be required, at short notice, to deposit with your Participant additional margin funds in order to maintain your position. Those additional funds may be substantial. If you fail to provide those additional funds

[5] Procedure 8.3.4

within the required time, your position may be liquidated at a loss and in that event you will be liable for any shortfall in your account resulting from that failure;

(c) under certain conditions, it could become difficult or impossible for you to liquidate a position (this can, for example, happen when there is a significant change in prices over a short period);

(d) the placing *of contingent orders (such as a "stop-loss" or "stop-price" order) may not always limit your losses to the amounts that you may want. Conditions may make it impossible to execute such orders;*

(e) a "spread" position is not necessarily less risky than simply "long" or "short" position;

(f) the high degree of leverage that is obtainable in trading *[Contracts/Derivatives Contracts]*, because of small margin requirements, can work against you as well as for you. The use of leverage can lead to large losses as well as large gains; and

(g) if you propose to trade in options, the maximum loss in buying an option is the amount of the premium, but the risks in selling an option are the same as in other *[Contracts/Derivatives Contracts];* and

(h) *[NB: If a Risk Warning applies to a Contract, the relevant wording from the Contract Specification should be included].*

This statement does not disclose all of the risks and other significant aspects involved in *[Trading Contracts on the Market or trading on a F&O Exchange or Off-Exchange].* You should therefore study trading in [*Contracts/Derivatives Contracts*] carefully before becoming involved in it.

Specify here:

(a) Full name(s) of the prospective Client(s) (please print):

(b) Date on which the statement is given to the prospective client:

(c) Signature of the Participant by whom this statement is given:

(d) Full name and the address of the Advisor by whom this statement is given:

*I/*We confirm that *I/*we have read and understood this Client Risk Disclosure Statement and that trading terms used in it have been explained to *me/*us by the giver of this statement.

_____

(Signature)

_____

Dated:

Appendix Three: Client Agreement Terms and Conditions

Prior to accepting an Order for a Client, all Participants must enter into a signed written Client Agreement with a Client containing the relevant provisions of this Appendix Three in addition to any other provisions required by the Rules, including the requirements contained at Rules 9.5.1 ~~and/~~or 6.5.1 (as applicable).

PROVISIONS RELEVANT FOR ALL PARTICIPANTS

1. Application of Rules

The Client and the Participant agree that the terms of their relationship in respect of *[Contracts/Derivatives Contracts]* and any dealings between them concerning *[Contracts/Derivatives Contracts]* are subject to, and are bound by:

(a) applicable Securities Legislation;

(b) the Rules and the Procedures;

(c) *[in the case of Derivatives Contract traded on a F&O Exchange, the rules and regulations of the F&O Exchange that trades the relevant Derivatives Contracts;]*

(d) *[in the case of Derivatives Contracts traded Off-Exchange, the terms and conditions governing the relevant Derivatives Contract]*

(e) this Client Agreement;

(f) *[the F&O Post Trade Agreement (if any);] and*

(g) the Client Funds Regulations (if applicable),

in so far as they apply to *[Contracts/Derivatives Contracts]*.

2. Client to Provide Information

The Client must take all reasonable steps to deliver information or documentation to the Participant, or cause information or documentation to be delivered to the Participant concerning [*Contracts/Derivatives Contracts]* which are requested by a Person having a right to request such information or documentation. The Participant is authorised to produce the information or documentation to the Person making the request.

3. Risk and Financial Objectives

3.1. The Client acknowledges that they have read and understood:

(a) the attached Client Risk Disclosure Statement;

(b) the document given to them which explains the nature of the [*Contracts/Derivatives Contracts*]; and

obligation to give or take delivery, or make a cash adjustment, in accordance with the terms of a [*Contract/Derivatives Contract*].

3.3. The Client acknowledges that it has given careful consideration to its objectives, financial situation and needs and has formed the opinion that Dealing in [*Contracts/Derivatives Contracts*] is suitable for the Client's purposes.

3.4. The Client acknowledges that the Participant has explained and the Client has understood the Participant's [*Allocation Policy and/or F&O Exchange and Off- Exchange Allocation Policy].*

4. Nature of Participant's obligations and rights of Client

4.1. The Participant may deal in [*Contracts/Derivatives Contracts*] as principal on its own account and the Participant's Directors or Employees may Deal in [*Contracts/Derivatives Contracts*] on their own account.

4.2. Upon placing [*an Order/a F&O Order*] with a [*Trading Participant/F&O Executing Participant*] (which may or may not be the Participant), the Client acknowledges that the [*Trading Participant/F&O Executing Participant*] incurs obligations as principal, even though the [*Contract/Derivatives Contract*] may have been entered into on the Client's instructions.

4.3. The Participant is not required to act in accordance with the Client's instructions, where to do so would constitute a breach of:

(a) Securities Legislation applicable to [*Contracts/Derivatives Contracts*;]

(b) the Rules and Procedures;

(c) [*in the case of Derivatives Contracts traded on a F&O Exchange, the rules and regulations of the F&O Exchange that trades the relevant Derivatives Contracts*;]

(d) [*in the case of Derivatives Contracts traded Off-Exchange, the terms and conditions governing the relevant Derivatives Contract*;]

(e) this Client Agreement;

(f) [*an F&O Post Trade Agreement (if any);*] and

(g) the Client Funds Regulations,

in so far as they apply to [*Contracts/Derivatives Contracts*].

5. Participant taking opposite position

The Client acknowledges that the Participant may, in certain circumstances, take the opposite position in a [*Contract/Derivatives Contract*], either acting for another client or on its own account.

6. Liability for margin calls

6.1. Liability to pay an Initial Margin accrues at the time the [*Contract/Derivatives Contract]* is executed regardless of when a call is made.

6.2. Liability to pay a Variation Margin accrues at the time the margin comes into existence, regardless of when a call is made.

7. Default

If:

(a) the Client fails to pay, or provide security for, amounts payable to the Participant or fails to perform any obligation arising pursuant to the settlement of a Futures Contract;

(b) a guarantee or other security provided by the Client to the Participant is withdrawn or becomes ineffective; or

(c) any other event occurs which the Participant and the Client have agreed in their Client Agreement entitles the Participant to take action under this clause 7,

the Participant may, in addition to any other rights which it may have against the Client, without giving prior notice to the Client, take any action, or refrain from taking action, which it considers reasonable in the circumstance in connection with *[Contracts/Derivatives Contracts]* entered into for the Client (including, without limitation, open positions arising from *[Contracts/Derivatives Contracts]*) and, without limitation, the Participant may:

(d) close out all or any Contracts held by the Participant on account of the Client, without further notice to that Client. The time within which that right is exercised, and the extent to which it is exercised, shall be at the discretion of the Participant. The Participant shall not be liable to that Client for any failure or delay in exercising that right;

(e) enter into one or more transactions to effect the close out of one or more open positions in accordance with the rules and regulations of the F&O Exchange on which those Derivatives Contracts are traded;

(f) exercise one or more Derivatives Contracts that are Options in accordance with the rules and regulations of the F&O Exchange on which those Derivatives Contracts that are options are traded; or

(g) exercise any other rights conferred by the Rules, [rules and regulations of the F&O Exchange on which those Derivatives Contracts are traded, the terms and conditions governing a Futures Contract traded Off-Exchange or the Client Agreement or perform any other obligations arising under the Rules and the Procedures, rules and regulations of the F&O Exchange on which those Derivatives Contracts are traded, the terms and conditions governing a Futures Contract traded Off-Exchange or the Client Agreement in respect of those Derivatives Contracts],

and the Client must account to the Participant as if those actions were taken on the instruction of the Client and, without limitation, is liable for any deficiency and is entitled to any surplus which may result.

8. Commissions and fees

The Client must pay to the Participant commissions, fees, taxes and charges in connection with dealing in [Derivatives Contracts/Contracts] for the Client at the rates determined by the Participant from time to time and notified to the Client in writing from time to time.

9. Tape recording of conversations

The Client acknowledges that the Participant may record telephone conversations between the Client and the Participant. If there is a dispute or anticipated dispute between the Client and the Participant, the Client has the right to listen to any recording of those conversations.

10. Right to refuse to deal

The Client acknowledges that the Participant may at any time refuse to enter into a [*Contract/Derivatives Contract*] for the Client, or may limit the [*Derivatives Contracts/Contracts*] it enters into for the Client. The Participant will notify the Client of any refusal or limitation as soon as practicable.

11. Termination of Client Agreement

Either the Client or the Participant may terminate this Client Agreement by giving notice in writing to the other. Termination will be effective upon receipt of the notice by the other party.

12. Effect of termination

Termination does not affect the existing rights and obligations of the Client or the Participant at termination. Upon termination of this Client Agreement, the Participant will [*subject to the terms of any applicable C&S Agreement/F&O Post Trade Agreement*] close out all [*Derivatives Contracts/Contracts*] and close out, abandon or exercise any Options not yet exercised, entered into by the Participant for the Client, unless, in accordance with a direction from the Client, those [*Contacts/Derivatives Contracts*] are transferred to another Participant in accordance with the Rules and the Procedures.

13. Protection of client funds and property

13.1. The Participant [*does / does not*] have obligations under the Client Funds Regulations in relation to money and property deposited with the Participant on behalf of the Client in relation to the clearing and settlement of the Client's Trades.

13.2. The Client acknowledges that any monies provided to the Participant for the purposes of clearing and settlement of that Client's Trades may be combined with the monies of the other clients of the Participant at the Clearing House.

13.3. The Client acknowledges that where the Client provides monies or property to a Person other than the Participant in relation to the clearing and settlement of the Client's Trades, the protections under the Client Funds Regulations may not apply.

OPTIONAL PROVISION THAT MAY BE USED BY PARTICIPANTS TO MEET REQUIREMENT AT RULE 6.5.1(J) OR 9.5.1(J) (AS RELEVANT)

(NB: This section is an optional clause that Participants may use in Client Agreements to meet the requirements of Rules 6.5.1(j) or 9.5.1(j))

14. Give-up / take-up transactions under the C&S Rules

14.1 The Client acknowledges that a Settlement Transaction resulting from a Trade executed on the Client's behalf may be subject to a give-up / take-up transaction under C&S Rule 3.6 and be cleared and settled by a Clearing Participant other than the Clearing Participant specified in this Client Agreement.

PROVISIONS RELEVANT FOR PARTICIPANTS THAT ARE ACTING AS F&O EXECUTING PARTICIPANTS

(NB: The section should be struck out in the Participant is not an F&O Executing Participant.)

~~14.~~15. Nature of Participant's obligations and rights of Client

14.1. Notwithstanding that the Participant may act in accordance with the instructions of, or for the benefit of, the Client, the Client acknowledges that any Futures Contract arising from any order submitted by the Participant, is entered into by the Participant as principal. As such, the Participant will incur a personal obligation when dealing in [*Derivatives Contracts/Contracts*] as a result of instructions received from a Client.

14.2. The Client acknowledges that any benefit or right obtained by the Participant upon registration of a Futures Contract with the clearing house for a F&O Exchange as a result of the assumption of liability or a guarantee by that clearing house, or any other legal result, is personal to the Participant and the benefit of that benefit, right or legal result does not pass to the Client. The Client has no rights, whether by way of subrogation or otherwise, against any Person other than the Participant in respect of Derivatives Contracts traded on a F&O Exchange, except to the extent (if any) provided by any applicable law.

~~15.~~16. Participant may call for funds or security

15.1. The Participant may call for payment of money or the provision of other security which that Participant considers, in its absolute discretion, appropriate in connection with the obligations incurred by that Participant in respect of [*Derivatives Contracts/Contracts*] entered into for the account of the Client. The time by which the Client must pay any amount called or provide security is of the essence and, if no other time is stipulated in the Client Agreement, the Client must pay the amounts, or provide the relevant security, within **24** hours of the call for payment or, where the Client is not a resident or domiciled in New Zealand, within **48** hours.

~~16.~~17. Interest on Client Funds

16.1. Unless otherwise agreed in writing, the Client acknowledges that the Participant is entitled to any interest on money and property of the Client deposited with the Participant and segregated and invested by the Participant.

PROVISIONS RELEVANT FOR PARTICIPANTS THAT ARE NOT ACCEPTING AND HOLDING CLIENT FUNDS

(NB: This section should be struck out if a Participant is accepting and holding Client Funds.)

~~17.~~18. Client Funds

17.1. Subject only to the exception provided in clause 17.2:

(a) the Client will not deposit any money or property with the Participant, including without limiting the generality of the foregoing, any amount due for margins or commission; and

(b) all money or property shall be deposited with *[insert details of F&O Executing Participant or a clearing participant of a F&O Exchange upon which the Client's Derivatives Contracts are traded that the F&O Executing Participant has an agreement with for the deposit of such Client Funds].*

17.2. The Client may either:

(a) lodge cheques with the Participant with respect to the Client's obligations, such cheques to be crossed with two parallel transverse lines with the words "not transferrable account payee only" between, or substantially between, the lines and to be made payable *to [insert details of F&O Executing Participant or a clearing participant of a F&O Exchange upon which the Client's Derivatives Contracts are traded that the F&O Executing Participant has an agreement with for deposit of such Client Funds]'s* client funds account; and

(b) deliver cheques to *[insert details of F&O Executing Participant or a clearing participant of a F&O Exchange upon which the Client's Derivatives Contracts are traded that the F&O Executing Participant has an agreement with for the deposit of such Client Funds]* at its address or credit them directly to the F&O Executing Participant's bank account in a manner agreed between the F&O Executing Participant and the Client.

PROVISIONS *RELEVANT FOR PARTICIPANTS THAT ARE PLACING [ORDERS/F&O ORDERS] DIRECTLY WITH [TRADING PARTICIPANTS/F&O EXECUTING PARTICIPANTS*]

(NB: This section *should be struck out if the Client has not been introduced to the [Trading Participant/F&O Executing Participant by a Participant or if the Participant is not placing F&O Orders directly with a F&O Executing Participant.)*

~~18.~~19. Appointment

The Client acknowledges that it has appointed the Participant as the Client's agent for the purposes of Dealing in Derivatives Contracts and has been introduced to *[name of F&O Executing Participant]* ("**F&O Executing Participant"**) by the Participant.

~~19.~~20. Responsibility for instructions and trading

19.1. The Participant will be responsible for the giving of instructions on behalf of the Client to the [*Trading Participant/F&O Executing Participant*] and the [*Trading Participant/F&O Executing Participant*] is authorised to accept and act on such instructions and the Client is responsible for those instructions.

19.2. The [*Trading Participant/F&O Executing Participant*] is responsible for [*Trading/trading*] in [*Contracts/Derivatives Contracts*] on behalf of the Client in accordance with the Client's instructions given by the Participant.

~~20.~~21. Nature of Participant's obligations and rights of Client

20.1. [*Any benefit or right obtained by an F&O Executing Participant upon registration of a Derivatives Contract with the clearing house of a F&O Exchange as a result of the assumption of liability or a guarantee by that clearing house, or any other legal result, is personal to the F&O Executing Participant and does not pass to the Participant or the Client.*]

~~21.~~22. Executing Participant may call for funds or security

21.1. The Participant may call for payment of money or the provision of other security which the Participant considers, in its absolute discretion, appropriate in connection with the obligations incurred by the Participant in respect of [*Contracts/Derivatives Contracts*] entered into for the account of the Client, notwithstanding that the [*Trading Participant/F&O Executing Participant*] for the same [*Contract or Class of Contracts/Derivatives Contract*] has already made a call for payment or the provision of other security in respect of that [*Contract or Class of Contracts/Derivatives Contract*]. The time by which the Client must pay any amount called or provide security is of the essence and, if no other time is stipulated in the Client Agreement, the Client must pay the amounts, or provide the relevant security, within **24** hours of the call for payment or, where the Client is not incorporated, resident or domiciled in New Zealand, within **48** hours.

~~22.~~23. Agency relationship

22.1. In giving instructions to the Executing Participant on behalf of the Client, the Participant acts as agent for the Client and not as agent for the Executing Participant. The Participant has no actual, implied or ostensible authority to speak or act in any manner on behalf of, or as agent for, the Trading Participant/F&O Executing Participant.

~~23.~~24. Commission and fees

23.1. The Client will pay to the Executing Participant, in addition to any amount payable to the Participant under clause 8, commission and/or management fees at the rates notified by the Executing Participant to the Client in writing from time to time.

23.2. The [*Trading Participant/F&O Executing Participant*] may pay to the Participant a proportion of the commission or other fees paid by the Client to the [*Trading Participant/F&O Executing Participant*] in respect of [*Contracts/Derivatives Contracts*] [*Traded/traded*] on behalf of the Client.

~~24.~~25. Interest on Client Funds

(NB: Strike out if Client Funds paid to Participant.)

24.1. Unless otherwise agreed in writing, the Client acknowledges that the [*Trading Participant/F&O Executing Participant*] is entitled to any interest on money and property of the Client deposited with the [*Trading Participant/F&O Executing Participant*] and segregated and invested by the [*Trading Participant/F&O Executing Participant*].

(NB: Strike out if Client Funds paid to Trading Participant/F&O Executing Participant.)

~~24.1~~25.1 Unless otherwise agreed in writing, the Client acknowledges that the Participant is entitled to any interest on money and property of the Client deposited with the Participant and segregated and invested by the Participant.

~~25.~~26. Moneys payable by the [*Trading Participant/F&O Executing Participant*]

25.1. The [*Trading Participant/F&O Executing Participant*] may either:

(a) pay any moneys owing to the Client directly to the Client at the Client's address; or

(b) pay any such moneys into a bank account of which the Client is the sole signatory, details of which account shall be given by the Client or by the Participant to the [*Trading Participant/F&O Executing Participant*] in writing.

PROVISIONS RELEVANT FOR ADVISING PARTICIPANTS AND TRADING PARTICIPANTS THAT ARE NOT PLACING FUTURES ORDERS DIRECTLY WITH F&O EXECUTING PARTICIPANTS

(NB: *This section should be struck out if the Participant is placing F&O Orders directly with a F&O Executing Participant.)*

~~26.~~27. Appointment

The Client acknowledges that it has appointed the Participant as the Client's agent for the purposes of Dealing in [*Contracts/Derivatives Contracts*] and has been introduced to *[name of other Participant]* ("**Other Participant"**) by the Participant.

~~27.~~28. Responsibility for instructions and trading

27.1. The Participant will be responsible for the giving of instructions on behalf of the Client to the Other Participant and the Other Participant is authorised to accept and act on such instructions and the Client is responsible for those instructions.

27.2. The Other Participant is responsible for placing a F&O Order in response to the instructions received from the Participant, with a F&O Executing Participant.

27.3. The F&O Executing Participant is responsible for trading in Derivatives Contracts on behalf of the Client in accordance with the Client's instructions given by the Other Participant to the F&O Executing Participant.

~~28.~~29. Nature of Participant's obligations and rights of Client

28.1. Any benefit or right obtained by the F&O Executing Participant upon registration of a Derivatives Contract with the clearing house of a F&O Exchange as a result of the assumption of liability or a guarantee by that clearing house, or any other legal result, is Personal to the F&O Executing Participant and does not pass to the Client.

~~29.~~30. F&O Executing Participant may call for funds or security

29.1. The F&O Executing Participant may call for payment of money or the provision of other security which the F&O Executing Participant considers, in its absolute discretion, appropriate in connection with the obligations incurred by the F&O Executing Participant in respect Derivatives Contracts entered into for the Client, notwithstanding that in

respect of the same Derivatives Contracts a call for payment or the provision of other security has already been made in accordance with the rules and regulations of the F&O Exchange on which that Derivatives Contract is traded. The time by which the Client must pay any amount called or provide security is of the essence and, if no other time is stipulated in the Client Agreement, the Client must pay the amounts, or provide the relevant security, within **24** hours of the call for payment or, where the Client is not incorporated, resident or domiciled in New Zealand, within **48** hours.

~~30.~~31. Commission and fees

30.1. The Client will pay to the F&O Executing Participant, in addition to any amount payable to the Participant under clause 8 or to the Other Participant under clause 30.2, commission and/or management fees (if any) at the rates notified by the F&O Executing Participant to the Client in writing from time to time.

30.2. The Client will pay to the Other Participant, in addition to any amount payable to the Participant under clause 8 or the F&O Executing Participant under clause 30.1, commission and/or management fees (if any) at the rates notified by the Other Participant to the Client.

30.3. The F&O Executing Participant may pay to the Participant and/or the Other Participant a proportion of the commission or other fees paid by the Client to the F&O Executing Participant in respect of Derivatives Contracts traded on behalf of the Client.

~~31.~~32. Interest on Client Funds

31.1. Unless otherwise agreed in writing, the Client acknowledges that the F&O Executing Participant is entitled to any interest on money and property of the Client deposited with the F&O Executing Participant and segregated and invested by the F&O Executing Participant.

~~32.~~33. Moneys payable by the F&O Executing Participant

32.1. The F&O Executing Participant may either:

(a) pay any moneys owing to the Client directly to the Client at the Client's address; or

(b) pay any such moneys into a bank account of which the Client is the sole signatory, details of which account shall be given by the Client or by the Participant to the F&O Executing Participant in writing.

PROVISIONS RELEVANT TO DISCRETIONARY ACCOUNTS

(NB: This section should be struck out if the Client has not authorised the Participant to operate a Discretionary Account.)

~~33.~~34. Authority to act

The Client acknowledges that, subject to any limitations contained in writing (whereby the Client limits the Participant's discretion by reference to the [*Market/markets to be traded*], size of Open Position, number of [*Contracts/Derivatives Contracts*] to be [*Traded/traded*] per day, the proportion of money or property lodged with the Participant to be used for Initial Margins and other limitations as agreed in writing) between the Client and the

Participant, the Client authorises the Participant to [*Trade in Contracts on the Market/trade in Derivatives Contracts on the F&O Exchange or on any other exchange or market*], at the absolute discretion of the Participant and without further reference to, or approval by, the Client.

~~34.~~35. Instructions of Client

34.1. The Client may at any time by written notice instruct the Participant to:

(a) change any of the limitations referred to in clause 33; or

(b) transfer any Open Position to a non-discretionary account of the Client, provided that the Client has lodged with the Participant a Client Agreement in which this section relating to discretionary accounts has been struck out.

~~34.1~~35.1 Giving instructions pursuant to clause 34.1 may result in losses to the Client.

Appendix Four: F&O Trading Agreements

All Participants must, prior to placing any F&O Order with an F&O Executing Participant enter into a F&O Trading Agreement with that F&O Executing Participant which contains, as a minimum, the provisions outlined in this Appendix Four:

1. The F&O Executing Participant will accept instructions from the Participant to deal in Derivatives Contracts on behalf of Clients of the Participant and the F&O Executing Participant will execute, or instruct third Persons to execute, those instructions. The F&O Executing Participant may also accept instructions at any time directly from Clients.

2. The Participant will not give any instructions to the F&O Executing Participant on behalf of a Client until that Client has given or executed a Client Risk Disclosure Statement and a Client Agreements in an appropriate form with the Participant and the F&O Executing Participant, copies of which will be held by the Participant and the F&O Executing Participant.

3. The F&O Executing Participant, the Participant and each Client will be bound by the provisions of the Rules and the rules and regulations of any F&O Exchange on which any dealing for that Client takes place, or the terms and conditions governing a Derivatives Contract traded Off-Exchange.

4. The Participant will be acting under this agreement as agent of each Client and not of the F&O Executing Participant and the Participant will not hold itself out as agent, partner or representative of the F&O Executing Participant or as authorised to speak or act in any manner on behalf of, or as agent of, the F&O Executing Participant.

5. Where there is any inconsistency between the instructions given by the Participant and those given by a Client, the F&O Executing Participant is entitled to accept and act on the instructions of that Client.

6. Where the F&O Executing Participant instructs third Persons to deal in Derivatives Contracts on behalf of a Client, the F&O Executing Participant may share all commission and other remuneration with those Persons in such manner as the F&O Executing Participant thinks fit.

7. The F&O Executing Participant will pay the Participant commission on all business transacted by the F&O Executing Participant for each Client in accordance with this agreement, at such rate or rates as may from time to time be agreed upon by the parties. Such commission shall be payable only out of any commission actually received by the F&O Executing Participant from the relevant Client.

8. The Participant shall promptly inform a Client of any call for payment or lodgement of cover by way of Initial Margin or Variation Margin (by whatever terms those obligations are described) which the F&O Executing Participant may make. If the Participant cannot readily be contacted, the F&O Executing Participant shall make all reasonable efforts to inform a Client directly of any such call.

9. The Participant shall inform a Client of any other amounts payable by that Client to the F&O Executing Participant promptly after being advised of such amounts by the F&O Executing Participant.

10. The F&O Executing Participant shall send a Client monthly statements, open position statements and contract notes for all dealings in Derivatives Contracts by that Client with the F&O Executing Participant.

11. The F&O Executing Participant reserves the right to refuse to deal on behalf of any Client in relation to any dealing in Derivatives Contracts (other than closing out existing open positions), or to limit the number of open positions held on behalf of any Client, or both. The F&O Executing Participant will inform the Participant of any refusal at or before the time at which the F&O Order is placed with the F&O Executing Participant, or as soon thereafter as reasonably possible.

12. Either party may terminate this agreement at any time by giving the other seven days' Notice to that effect.

13. Unless otherwise agreed between the parties, upon termination of this agreement the F&O Executing Participant will close out all Derivatives Contract entered into on behalf of Clients and will close out, abandon or exercise any Option not yet exercised, at the F&O Executing Participant's discretion.

14. Termination shall not release either party from liability for any antecedent breach of any of the terms of this agreement.

Appendix Five: Part A Internal Control Checklist

Completing this checklist

If you need assistance with your checklist, please contact NZX Regulation Limited (**NZ RegCo**) Participant Compliance on participant@nzregco.com or +64 4 498 2279.

All information provided to NZX in relation to this checklist will be kept confidential, except to the extent that disclosure of any or all of the information provided is necessary for the exercise of NZX's regulatory functions, or as required by law.

Completed checklists (together with any supporting information) should be emailed to participant@nzregco.com or uploaded to the NZX Participant reporting platform within 10 Business days after the last day of each calendar quarter.

Part A of this checklist is required to be completed by all Participants Requiring Capital in accordance with NZX Derivatives Market Rule 13.2 and NZX Derivatives Procedure 13.2.2.

Please respond Yes, No or Not Applicable and include details where relevant. For questions relating to notifications to NZX, please respond "N/A" if notifications were unnecessary.

Name of Participant: _____

Month ended: _____

The Participant confirms that:

Rule	Internal Control Questions	Y,N, N/A	Comment
Section 3	**Application, Designation and Accreditation, Responsible Executives and Compliance Managers (all Participant)**		
3.7	During this quarter, the Participant notified NZX in writing of: • the appointment of any Director within 5 Business Days of that appointment and provided NZX with an executed undertaking for the Director or Partner. • the resignation of any Director within 5 Business Days of that resignation.		
3.8.1	During this quarter, the Participant notified NZX in writing of any changes to its Management arrangements/structure within 5 Business Days of that change being made.		
3.11	During the quarter, the Participant notified NZX in writing of the resignation, appointment or change of the Participant's Compliance Manager within 1 Business Day of that change being made.		
3.22.2	During this quarter, the Participant notified NZX in writing, details of all entities to which Rule 3.22.1(a) or 3.22.1(b) applies and of any changes to any of those entities within five 5 Business Days of the Rule beginning or ceasing to apply to that entity.		
Section 4	**Business Conduct of Participants (all Participants)**		
4.5.1	During this quarter, the Participant notified NZX of the following promptly after becoming aware of the same:		

	(a) the Insolvency of the Participant or of any of its Directors, or other Person holding an analogous position in that Participant; (b) any change in Control of the Participant, such Notice to give full details of the change of Control; (c) any breach of the Rules by the Participant and the occurrence of any event referred to in Rule 14.15 of the Rules; (d) where the Participant or any of its Directors is charged or convicted of an indictable offence; (e) where any emergency arises (including the failure of that Participant's accounting system or ability to connect to the Trading System), which results in that Participant being unable to comply with the requirements as set out in these Rules applicable to that Participant. As part of that notification, that Participant must advise NZX of the specific steps that Participant is undertaking to deal with, and if possible remedy, that emergency; (f) where that Participant, due to circumstances outside its control, is unable to comply or it is impractical for that Participant to comply with any requirement of these Rules. As part of that notification, that Participant must advise NZX of the specific steps that Participant is undertaking to deal with, and if possible remedy, that situation; (g) the details of any litigation, arbitration or administrative proceedings, claims or action (including disciplinary or enforcement actions) taken, threatened or pending against the Participant or any Director, or partner, as the case may be, Employees, agent or Person acting on the Participant's behalf by any Regulatory Authority, Alternative Regulator, exchange, market operator, clearing and settlement facility or any other Person which, if adversely determined, would reasonable be likely to have a Material Adverse Effect; (h) where that Participant is an Overseas Participant, that its Alternative Regulator: (i) has commenced or notified that Overseas Participant that is intends to commence any disciplinary proceeding; (ii) has requested further information from the Overseas Participant; (iii) has commenced a disciplinary proceeding against that Overseas Participant or notified that Overseas Participant that it intends to do so; (i) where that Participant is and Overseas Participant, of any event of which its Alternative Regulator requires immediate notification; (j) any material chance in information concerning the Participant or the Participant's business from that previously provided to NZX.		

4.5.2	During this quarter, the Participant notified NZX in writing of any changes to the Trading Participant's Dealer(s) within 5 Business Days: (a) the proposed appointment or resignation of its auditor; (b) any proposed Major Transaction, (or analogous transaction under the law of another jurisdiction) or material change in the nature or scope of its business or any proposed cessation of its business as a Participant; (c) the change of its name or the name in which it carries on business, or any change in the address at which the Participant carries on business or stores or maintains records or other information required to be stored or maintained by these Rules; (d) the change to the contact details for the Participant, the Responsible Executive or any Director, Employees, agent or other Person acting on behalf of the Participant, which the Participant has previously provided to NZX (e) any proposed issue, re-purchase or redemption of securities issued by the Participant (including the purchase of all or any of the shares of a share holder following receipt by the Participant of a notice by that shareholder pursuant to section 111(1) of the Companies Act 1993), any proposed amalgamation or reconstruction of the Participant, any proposed provision of financial assistance for the acquisition of securities issued by the Participant or its Holding Company, or any release of its security holders from liability to the Participant, including the obligation to pay uncalled consideration on securities; or (f) any proposed change in its legal or corporate structure, change to its constitution or place, jurisdiction or nature of incorporation, domicile or residence.		
4.6	At any time in this quarter that the Participant has filed an annual return, financial statements, or a notice of a change in its share capital, its Directors or its Constitution with the Registrar of Companies, or in the respect of an Overseas Participant, such Alternative Regulator or person holding an analogous office to the Registrar of Companies in its home jurisdiction, the Participant also sent a copy of such return or notice to NZX.		
4.17.2	The Participant continues to have the following insurances: (a) Professional indemnity insurance; and (b) Directors' and officers' liability insurance (when applicable to the legal structure of the of the Market Participant).		

4.17.3	During the quarter, the Participant has notified NZX of any material change made to the amount of insurance that the Participant has cover for.		
4.17.5	During the quarter, the Participant has notified NZX of: (a) any material claim on any insurance policy that Participant has in relation to Directors' and officers or professional indemnity cover of any other policy that is relevant to its business as a Participant; and (b) any event or circumstance that has or would be likely to result in any cover (in whole or in part) under an insurance policy disclosed to NZX ceasing to be available.		
4.20.1	During this quarter, the Participant took reasonable steps to ensure that: (a) It did not operate an account for a Prescribed Person of another Participant; and (b) Its Prescribed Persons did not have accounts with any other Participant. Except as provided under Rule 4.20.1.		
Section 6	**Business Conduct of Advising Participants (all Advising Participants)**		
6.3.1(d)	During the quarter, the Advising Participant has immediately notified NZX whenever an NZX Derivatives Advisor has: (a) Commenced Employment with; or (b) Ceased to be Employed by, the Advising Participant.		
6.7	During the quarter, the Participant, has at all times ensured that all persons who provide advice to clients on transactions in relation to Derivatives Contracts are approved by NZX as an NZX Derivatives Advisor.		
Section 7	**Clearing Arrangements (all Trading Participants)**		
7.3.1	During this quarter, the Trading Participant (not being a Clearing Participant) was party to and maintained a separate written agreement with each of its Clearing Participant(s) and had given NZX a copy of each of its C&S Agreements.		
7.3.3	During this quarter, the the Trading Participant notified NZX of any amendments to any of its C&S Agreements at least 10 Business Days before the amendments became effective.		

Section 8	**Trading Participant – General Obligations (all Market Participants)**		
8.3.2 & 8.3.3	During this quarters, the Participant has at all times ensured that all persons who use the trading functionality available in the Trading System are approved by NZX as a Dealer and/or DMA Authorised Person.		
8.3.5	During this quarter, the Trading Participant notified NZX in writing of any changes to the Trading Participant's Dealer(s) within 5 Business Days of the change being made.		
Section 9	**Trading with a Client (all Client Advising Participants)**		
9.8.1	During this quarter, all contract notes were made available to Clients as per Rule 9.8.1 and within the required timeframe.		
Section 11	**Accepting and Holding Client Funds (all Trading and Advising Firms)**		
11.3.1	The Participant has, at all times during this quarter, complied with its obligations (to the extent such obligations apply to that Participant) under (a) the Client Funds Regulations (as though all references in the Client Funds Regulations to "futures contracts" were to include Derivatives Contracts), and (b) any other law or regulation regulating acceptance, holding and disbursement of Client Funds (including for the avoidance of doubt those that apply to an Overseas Participant in its home jurisdiction).		
Section 12	**Placing F&O Orders and Facilitating Trades off exchange**		
12.2.1	We confirm that The Participant has maintained records of the time and date of: (a) receipt of each instruction to place a F&O Order on a F&O Exchange or facilitate a trade Off-Exchange received from a Client; (b) each F&O Order placed with a F&O Executing Participant of a F&O Exchange as a result of the Client's instructions; (c) facilitation of trading Derivatives Contracts Off-Exchange as a result of those instructions as part of the account records required by these Rules.		
Section 14	**NZX Powers (all Market Participants)**		

14.6	During this quarter, the Participant promptly notified NZX in writing, where it became aware that it or another Participant breached or was likely to breach any of its obligations under the Rules and that breach or likely breach was significant.		

CONFIRMATION

The Market Participant's Responsible Executive confirms that the responses provided in Part A of the Internal Control Checklist are true and correct.

Responsible Executive Signature _____ **Date** _____

Appendix Five: Part B Internal Control Checklist

Completing this checklist

If you need assistance with your checklist, please contact NZX Regulation Limited (**NZ RegCo**) Participant Compliance on participant@nzregco.com or +64 4 498 2279.

All information provided to NZX in relation to this checklist will be kept confidential, except to the extent that disclosure of any or all of the information provided is necessary for the exercise of NZX's regulatory functions, or as required by law.

Completed checklists (together with any supporting information) should be emailed to participant@nzregco.com or uploaded to the NZX Participant reporting platform within 10 Business days after the last day of each month.

Part B is required to be completed by all Participants Requiring Capital under NZX Derivatives Market Rule 13.2.2 and Procedure 13.2.1. Please respond Yes, No or Not Applicable and include details where relevant. For questions relating to notifications to NZX, please respond "N/A" if notifications were unnecessary.

The Participant confirms that:

Rule	Internal Control Questions	Y,N,N/A	Comment
Section 16	**Capital Adequacy and Monthly Reporting (all Participants Requiring Capital)**		
16.1.3	Where an exemption is held from the NZX capital adequacy requirements, the Participant: (a) provided NZX with copies of any reports from the Alternative Regulator relating to the compliance or non-compliance with the requirements of the Alternative Regulator's prudential supervision regime; and (b) notified NZX as soon as reasonable practicable after becoming aware that the Market Participant ceased to be subject to the regulation of an Alternative Regulator.		
16	During this month, the Participant Requiring Capital has met the requirements of Rule 16 at all times (including at all times during each day).		

16.3.4	The Participant notified NZX immediately (and as soon as reasonably practicable after becoming aware) that its Net Tangible Current Assets were less than 120% of its Prescribed Minimum Capital Adequacy.		
16	The figures in the trials balance were in agreement with the general ledger.		
16	The Capital Adequacy Calculations for each Business Day of the previous month were calculated according to the requirements of the Rules.		

CONFIRMATION

The Participant's Responsible Executive and Chief Financial Officer (or equivalent) confirm that the responses provided in Part B of the Internal Control Checklist are true and correct.

Responsible Executive Signature _____ **Date** _____

Chief Financial Officer Signature _____ **Date** _____

Application Forms and Undertakings

Form 1: Derivatives Market Participation

Form 2: Responsible Executive Application

Form 3: Director or Partner Undertaking

Form 4: Compliance Manager Undertaking

Form 5: Dealer Application

Form 6: Dealer Resignation

Form 7: NZX Derivatives Adviser Application

Form 8: DMA Application