

SECTION 6

DELIVERY AND SETTLEMENT PARTICIPANTS

6.1 APPLICABLE MARKET PARTICIPANTS

6.1.1 For the purpose of these **Rules** all:

- (a) Post Trade Participants; and
- (b) FASTER Participants,

shall be deemed to be Delivery and Settlement Participants and must comply with this **Section 6**.

6.1.2 Nothing in **Rule 6.1.1** prohibits NZX from appointing an Approved Organisation as a Delivery and Settlement Participant pursuant to **Rule 3.18**.

6.2 REQUIREMENT TO HAVE DESIGNATED FASTER SETTLEMENT OFFICERS

6.2.1 Each Delivery and Settlement Participant must have accredited FASTER Settlement Officers to perform any functions or activities through the FASTER System. *(Amended 28/2/07)*

6.2A APPLICATIONS FOR FASTER SETTLEMENT OFFICERS

6.2A.1 Applications for the designation of an Employee of a Delivery and Settlement Participant as a FASTER Settlement Officer (**candidate**) shall be made by the candidate in writing and shall provide all information and supporting documentation required by the form provided in **Appendix 4** and shall be submitted to NZX for consideration by NZX. The application shall be accompanied by a statutory declaration from the FASTER Settlement Officer in the form provided in **Appendix 4A** and by an undertaking to NZX from the Delivery and Settlement Participant that employs the candidate in the form provided in **Appendix 4B**.

6.2A.2 Each Delivery and Settlement Participant that has an Employee applying for designation as a FASTER Settlement Officer must ensure that the Employee is suitably trained and competent for that position as set out in **Rule 6.3.1** *(Inserted 28/2/07)*

6.3 DESIGNATION OF FASTER SETTLEMENT OFFICERS

6.3.1 NZX may at its complete discretion:

- (a) Designate a candidate as a FASTER Settlement Officer;
- (b) Decline to designate a candidate as a FASTER Settlement Officer; and/or
- (c) Revoke any FASTER Settlement Officer’s designation at any time.
(Amended 28/2/07)

6.3.1A NZX may at its complete discretion designate as a FASTER Settlement Officer a candidate who has applied for designation as a FASTER Settlement Officer under **Rule 6.2A** if the candidate:

- (a) Supplies evidence satisfactory to NZX of:
 - (i) The candidate’s integrity and record of high standard of business conduct, as shown in the investigations and observations of his or her 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 FASTER Settlement Officer as demonstrated by a period of specific training for these duties in a Delivery and Settlement Participant’s office or some equivalent office in the Securities industry;
- (b) Has fulfilled any NZX training, accreditation and/or testing requirements. 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 the Securities industry as a Principal or Employee of a Delivery and Settlement Participant, or in a closely allied field. During the training period, each trainee must undertake actual “on the job” training in the Delivery and Settlement Participant’s organisation, while under the constant supervision of an accredited FASTER Settlement Officer; and

- (c) Is able to demonstrate a thorough working knowledge of relevant sections of the **Rules**, Guidance Notes, any directions given from time to time by NZX and a working knowledge of the operations of the FASTER System. *(Inserted 28/2/07)*

6.3.2 Each person who is designated as a FASTER Settlement Officer on behalf of a Delivery and Settlement Participant shall have his or her name entered into a FASTER Settlement Officer register maintained by NZX. *(Amended 28/2/07)*

6.3.3 NZX may at any time and from time to time require current or prospective FASTER Settlement Officers to undergo accreditation and/or training, from the NZX Trainer or otherwise, to ensure that each FASTER Settlement Officer has up-to-date knowledge of the workings and use of the FASTER System and/or to otherwise demonstrate competence and knowledge of the FASTER System, its operations and functions. *(Amended 28/2/07)*

6.3.4 Upon approving the designation of a person as a FASTER Settlement Officer in accordance with this **Rule 6.3**, these **Rules** shall form a binding contract between that FASTER Settlement Officer and NZX. *(Inserted 28/2/07)*

6.3A OBLIGATIONS OF FASTER SETTLEMENT OFFICERS AND DELIVERY AND SETTLEMENT PARTICIPANTS

6.3A.1 Only FASTER Settlement Officers may enter transfer information not already held by FASTER of any Trading Participant which will initiate a transaction in the FASTER System. *(Amended 28/2/07)*

6.3A.2 Subject to **Rule 6.3A.3** FASTER Settlement Officers must ensure:

- (a) The correct entry of transfer information and compliance with all applicable Rules for delivery, settlement and transfer of Securities traded; and
- (b) In particular, the proper receipt and provision of any documentation in support of transfers of Securities.

6.3A.3 Notwithstanding **Rule 6.4A.2** each Delivery and Settlement Participant shall be responsible for all acts, omissions, and transactions done, made or effected by its FASTER Settlement Officers using the FASTER System and for the settlement of Securities not settled through the FASTER System.

(Amended 28/2/07)

6.3A.4 Each Delivery and Settlement Participant nominating an Employee as a FASTER Settlement Officer must ensure that Employee is suitably trained and competent for that position.

6.3A.5 In order to ensure that Delivery and Settlement Participants at all times meet their obligations regarding delivery and settlement of Securities, each Delivery and Settlement Participant shall deliver and settle according to the procedures and within the time limits as prescribed by these **Rules**.

6.4 *(Revoked 28/2/07)*

6.5 ON-GOING TRAINING

Each Market Participant whose Employees are designated FASTER Settlement Officers must ensure that its FASTER Settlement Officers undertake such training as required from time to time by NZX from an NZX Trainer or otherwise and must be accredited by the NZX Trainer at such intervals as determined by NZX.

6.6 TECHNOLOGICAL REQUIREMENTS

Each Delivery and Settlement Participant must at all times ensure that its settlement, payment and accounting systems and its technical capabilities comply fully with such standards as may be prescribed from time to time by NZX.

6.7 NOTIFICATION OF CHANGES TO FASTER SETTLEMENT OFFICERS

A Delivery and Settlement Participant must:

- (a) Ensure that NZX has at all times an up-to-date list of all FASTER Settlement Officers employed by, or contracted to, that Delivery and Settlement Participant;
- (b) Immediately notify and provide an amended list to NZX whenever a FASTER Settlement Officer:
 - (i) commences employment or contractual relations with; or

- (ii) ceases to be employed by or contracted to;
that Delivery and Settlement Participant; and
- (c) Notify NZX in writing of any changes internally to the person(s) holding the position of FASTER Settlement Officer(s) for that Delivery and Settlement Participant as soon as that change has been implemented, but in any case within **5 Business Days** of the change being made. *(Inserted 28/2/07)*

6.8 POST TRADE AGREEMENTS

- 6.8.1** Each Delivery and Settlement Participant must enter into a written Post Trade Agreement with each Trading Participant for whom it performs delivery and settlement services pursuant to Rule 4.8.
- 6.8.2** Notwithstanding anything in **this Rule 6.8**, a Delivery and Settlement Participant cannot enter into a Post Trade Agreement with a FASTER Participant. *(Inserted 28/2/07)*

6.9 CHANGE OF STATUS AS A DELIVERY AND SETTLEMENT PARTICIPANT

If a Delivery and Settlement Participant resolves to terminate its status as a Delivery and Settlement Participant, the Delivery and Settlement Participant must provide written notice to NZX and the other parties affected by the Delivery and Settlement Participant's decision to cease being a Delivery and Settlement Participant as soon as the decision to cease such operations is finalised by that Delivery and Settlement Participant and in any case no later than **10 Business Days** before the effective date of such termination.

(Inserted 28/2/07)