

## SECTION 1

### DEFINITIONS AND ADMINISTRATION

#### 1.1 DEFINITIONS

In these **Rules**, unless otherwise stated or the context otherwise requires:

**“Accrual”**, for the purpose of **Sections 8** and **13**, means an adjustment to the settlement terms of a Trade or contract arising from a benefit, call or instalment payment, entitlement or right of conversion which arises while the Trade or contract remains unsettled;

the **“Act”** means the Sharebrokers Act 1908;

**“Acting as Principal”** means acting in a transaction where a Trading Participant or a Prescribed Person is a Beneficial Owner of part or all of the Securities at any stage in the transaction;

**“Adjust Session”** means the market phase during which time:

- (a) The quantity of each existing Order may be adjusted on the condition that the adjustment does not improve a Dealer’s, DMA Dealer’s and/or DMA Authorised Person’s position in the market in respect of that Order being amended; *(Amended 28/2/07)*
- (b) Orders may be withdrawn but new Orders may not be entered; and
- (c) Dealers, DMA Dealers and DMA Authorised Persons must indicate to the priority Buyers and priority Sellers during the Adjust Session, their intention to deal and their price; and *(Amended 28/2/07)*
- (d) If any priority Buyers or priority Sellers wish to Trade at the Dealer’s, DMA Dealer’s or DMA Authorised Person’s price, a Dealer, DMA Dealer or DMA Authorised Person must deal only with the priority Buyers or priority Sellers in accordance with the order or priority recorded in the Trading System at the close of the Normal Trading Session and may only effect a transaction with any other Dealer, DMA Dealer or DMA Authorised Person after the priority Buyers or priority Sellers have first been satisfied. *(Amended 28/2/07)*

“**Adjustment Date**”, for the purpose of **Section 13**, means the date an outstanding unsettled Trade is adjusted by the FASTER System;  
(Amended 28/2/07)

“**Advisor**” means either:

- (a) An NZX Advisor;
- (b) An NZX Associate Advisor; or
- (c) Any person approved by NZX to act as an NZDX Advisor in the NZDX for a Client Advising Participant;

“**Agent**” means an individual authorised by a Managing Principal or a Responsible Executive of a Market Participant (whichever is applicable) to act on behalf of that Market Participant from time to time; (Amended 28/2/07)

“**Allocation**” means (as the context requires) either:

- (a) The process of moving the Trade from a Trading Participant to a Delivery and Settlement Participant pursuant to a Post Trade Agreement between those parties; or
- (b) The division of a single market Trade across two or more investors/funds;

“**American Depository Receipt (or Global Depository Receipt)**” means a receipt for the Securities of an entity whose Securities are listed on a market provided by NZX which are held in the vault of a United States bank or, for the purposes of Global Depository Receipts, a Bank which is not a New Zealand Bank, entitling the shareholders to all dividends and capital gains;

“**Anonymous Call Auction Session**” means a phase of the market which is a Pre-Opening Session with the exception that only the best Bids and Offers or no Bids and Offers, as NZX may at its complete discretion deem appropriate from time to time, will be displayed and, if displayed, such Bids and Offers will only be displayed on an anonymous basis; (Amended 28/2/07)

“**Appendix**” means an appendix to these **Rules**, as amended from time to time by NZX. Each appendix shall have the same force and effect as though it were part of these **Rules**; (Amended 28/2/07)

“**Applicant**” has the meaning given to that term in **Rule 3.1.1**;

“**Approved Organisation**” means any organisation, association of persons or other entity approved from time to time by NZX to be a Market Participant or Advisor pursuant to **Rule 3.18**;

“**Arbitrage**” means the sale or purchase of a Financial Instrument in one market and the taking of an equal and opposite position in a similar instrument in another market to provide a profit, i.e. exploiting pricing differences (anomalies) across markets; *(Amended 28/2/07)*

“**Arbitrageur**” means a Trading Participant who conducts Arbitrage;

“**Authentication**” means the technical process of ensuring that all messages and files sent across a communications network are from the purported source and have not been modified in transit;

“**Bank**” means a registered bank in terms of the Reserve Bank of New Zealand Act 1989, a bank having recognition comparable to that of a registered bank under the Reserve Bank of New Zealand Act 1989 under the laws of Australia, the United States of America, Japan, Europe or the United Kingdom, or any other financial institution designated as a Bank by NZX for the purpose of these **Rules**;

“**Bank Only Participant**” means a Bank that is designated and approved as a Trading Participant in the NZDX only and that may Trade in that market either on its own account or on behalf of its clients;

“**Beneficial Owner**” means the underlying beneficial owner of a Security;

“**Best Execution**” means using best endeavours to obtain for a client the best available price for the size and kind of transaction concerned relative to the instructions received from that client;

“**Bid**” means the price or yield of Securities to be purchased;

“**Board**” means the board of directors from time to time of NZX, appointed in accordance with NZX’s constitution and includes any delegate of the Board as appointed from time to time by the Board;

**“Broking Business”** includes:

- (a) Trading in Securities when Acting as Principal, or for and on behalf of, or as Agent for, any other person;
- (b) Giving investment advice relating to Securities to any other person for remuneration; and/or
- (c) Any other business performed by a Market Participant which relates to Securities and which impacts on the financial position of the Market Participant including, but not limited to, settlement and delivery of Securities;

**“Broking Office”** means any place of business from which a Broking Business is conducted;

**“Business Day”** means a day on which NZX is open for trading;

**“Buyer”** means a buying Trading Participant for Trades or contracts between Trading Participants;

**“Capital Adequacy”** means the requirement for a Market Participant Requiring Liquid Capital conducting Broking Business to have sufficient funds as set out in **Section 15** of these **Rules**;

**“Churning”** means the practice of excessive Trading in Financial Instruments on/or for the account of a client in order to enable a Trading Participant to earn maximised commission irrespective of the best interests of that Trading Participant’s client;  
*(Amended 28/2/07)*

**“Claim of Delivery”** or **“COD”** means a transaction in the FASTER System whereby a Delivery and Settlement Participant initiates a delivery of Securities to settle a Trade, in exchange for a contemporaneous transfer of funds;  
*(Amended 28/2/07)*

**“Client Advising Participant”** means any Market Participant that provides investment advice and/or Securities recommendations to a client and may be responsible for that client’s assets at any time and includes:

- (a) An NZX Trading and Advising Firm;
- (b) An NZX Advising Firm;

- (c) A Bank Only Participant; and
- (d) Any Approved Organisation designated as a Client Advising Participant from time to time by NZX pursuant to **Rule 3.18**;

*(Amended 28/2/07)*

**“Client Assets”** has the meaning as set out in **Rule 14.1**;

**“Client Delivery and Settlement Disclosures”** means the written disclosure statement given by a Trading Participant to its client outlining the delivery and settlement arrangements for the Trades performed by that Trading Participant on behalf of that client;

**“Client Funds”** means the funds given by a client to a Market Participant Accepting Client Assets to be held by that Market Participant Accepting Client Assets in its Client Funds Account;

*(Amended 28/2/07)*

**“Client Funds Account”** has the meaning given to that term in **Rule 14.3**;

**“Client Inward Transfer”** or **“(CIT)”** means the transfer by a Delivery and Settlement Participant of Securities out of the name of a Security holder on an Issuer’s Securities Register(s) to the transfer account of a Delivery and Settlement Participant in the manner contemplated by paragraph (c) of the Schedule to the Securities Transfer (Approval of FASTER System) Order 2001;

**“Client Outward Transfer”** or **“COT”** means the registration of a Buyer or Delivery and Settlement Participant as a Security holder on the Securities Register of an Issuer by a Delivery and Settlement Participant in the manner contemplated by paragraphs (e) (ii) and (f) of the Schedule to the Securities Transfer (Approval of FASTER System) Order 1998;

**“Closing Market Price”** means the last traded price of a Security at the end of a Trading Day;

**“Common Shareholder Number”** or **“CSN”** means a unique alphanumeric identifier that uniquely identifies that Security holder:

- (a) On all Securities Registries (including FASTER Registries); and
- (b) To NZX;

“**Company**” means a company registered or re-registered under the Companies Act 1993;

“**Compliance Manager**” means a person appointed to identify and report to the Managing Principal or the Responsible Executive of a Market Participant (whichever is appropriate) any suspected breaches of that Market Participant’s internal policies and procedures, in addition to ensuring compliance with these **Rules** and any directions issued from time to time by NZX and any other statutory requirements;  
*(Amended 28/2/07)*

“**Compliance Officer**” means the individual(s) appointed as a Compliance Officer in accordance with **Rule 4.3(a)(iii)** of the NZX Regulations in existence prior to these **Rules** coming into force;

“**Consultant**” includes a person acting in an advising or other capacity in relation to a Market Participant’s Broking Business, but **does not include** a person providing general services such as information technology or building services;

“**Conventional Sale**” means any sale of Securities where the Seller has a presently exercisable and unconditional right to vest such Securities in the Buyer;

“**Counterparty Agreement**” means a written agreement between two Trading Participants;

“**Crossing**”, in relation to a transaction in Securities, means a transaction where a Trading Participant acts as:

- (a) Buyer and Seller for that transaction in an agency capacity; or
- (b) Buyer or Seller on one side of that transaction in an agency capacity and as a Trading Participant Acting as Principal on the other side,

for the avoidance of doubt Crossings includes International and Special Crossings;  
*(Amended 28/2/07)*

“**Current Equity**” means the sum of a Market Participant Requiring Liquid Capital’s shareholder funds and reserves (including retained earnings);

“**Current Market Price**” means the latest traded price of a Security at any given time;

**“Custody Account”** means a client account for which the client is the Beneficial Owner of the Securities in the account and the Market Participant’s Nominee Company is the legal owner of the Securities in the account and is accountable to the Client;  
*(Inserted 28/2/07)*

**“Dealer”** means a person who has been accredited and approved by NZX as a Dealer to use the trading functionality available in the Trading System, including entering, withdrawing or amending Orders, Bids and/or Trades on behalf of a Trading Participant;  
*(Inserted 28/2/07)*

**“Debt Security”** has the meaning given to that term in the NZDX Listing Rules;

**“Defaulter”** has the meaning set out in **Rule 17.7**;

**“Delivery and Settlement Participant”** means a Market Participant accredited by NZX to provide delivery and settlement services in relation to the transfer and delivery of Securities and who accepts primary responsibility for the settlement of the transfer of those Securities, and includes:

- (a) Post Trade Participants;
- (b) FASTER Participants; or
- (c) Any other organisation, firm, company or corporation designated or approved as a Delivery and Settlement Participant from time to time by NZX pursuant to **Rule 3.18**;

**“Delivery Obligation”** means the obligation of a Delivery and Settlement Participant to deliver a specified quantity of units (including adjustments resulting from corporate actions) of a Security to another Delivery and Settlement Participant and/or a Trading Participant on a Settlement Day;

**“Delivery Verses Payment”** or **“DVP”** means the contemporaneous exchange of Securities for funds on the settlement of a Trade or a transaction in Securities;

**“Derivative(s)”** means a contract whose value is based on the performance of an underlying financial asset, index or other investment or synthetic product;

**“Direct Client Order Processing”** or **“DCOP”** means the process by which an Order is submitted by a DMA Authorised Person directly into the Trading System via the order entry system of a Trading Participant who has an agreement with that DMA Authorised Person to submit Orders without being accepted or re-keyed by a DMA Dealer of that Trading Participant;

*(Amended 28/2/07)*

**“Direct Market Access”** or **“DMA”** is the automatic entering of Orders directly into the Trading System, including those Orders submitted via Direct Principal Order Processing (DPOP) and Direct Client Order Processing (DCOP);

*(Amended 28/2/07)*

**“Direct Principal Order Processing”** or **“DPOP”** means the process by which Orders from a DMA Authorised Person are registered in the order entry system of a Trading Participant who has an agreement with that DMA Authorised Person to register Orders and, if accepted for submission into the Trading System by that Trading Participant, are submitted into the Trading System by a DMA Dealer of that Trading Participant;

*(Amended 28/2/07)*

**“Discretionary Account”** means an account for which a Client Advising Participant buys and/or sells Securities and/or undertakes other transactions without prior reference to the client;

*(Amended 28/2/07)*

**“Distribution and Underwriting Sponsors”** means a Market Participant that is approved and designated by NZX to assist a prospective Issuer in the distribution and/or underwriting of that Issuer’s Debt or Equity Securities on any market provided by NZX;

**“DMA Authorised Person”** means a person who has proper authority from a Trading Participant and is employed by or acts for/or by arrangement with a Trading Participant to submit Orders into that Trading Participant’s order entry system for Direct Market Access, in any of the following capacities:

*(Amended 28/2/07)*

- (a) In their own right as a client of the Trading Participant;
- (b) As an Agent for a client of the Trading Participant; or
- (c) As an Employee of a Trading Participant employed for the purpose of Trading or dealing in Securities;



**“DMA Dealer”** means a person who has been accredited and approved by NZX as a DMA Dealer to use the trading functionality available in the Trading System, including entering, withdrawing or amending Orders, Bids and/or Trades on behalf of a Trading Participant or DMA Authorised Person;

*(Inserted 28/2/07)*

**“DMA Market Entry Test”** means the accreditation test, as set from time to time by NZX, in relation to access to the DMA facilities offered by NZX;

**“Emergency”** means any natural disaster (act of God), terrorist threat, power failure or restriction, communication breakdown or unavailability of any computer system or other event which, in the opinion of NZX, prevents or significantly hinders the operations of NZX;

An **“Employee”** of a Market Participant includes all individuals employed by that Market Participant and in particular, for the avoidance of doubt, includes Advisors, Agents, Consultants, investment analysts, contractors or officers of that Market Participant;

*(Amended 28/2/07)*

**“Enquiry Session”** means a market phase during which no Bids or Offers can be entered, amended, or withdrawn in the Trading System; *(Amended 28/2/07)*

**“Equity Security”** has the meaning given to that term in the NZSX Listing Rules;

**“Execution-only Client”** means a client with or for whom a Client Advising Participant undertakes all transactions as Execution-only Transactions;

*(Inserted 28/2/07)*

**“Execution-only Transaction”** means a transaction executed by a Client Advising Participant upon the specific instructions of a client or other person authorised to place orders for that client where the Client Advising Participant does not give any advice relating to the merits of the transaction;

*(Inserted 28/2/07)*

**“Family Company”** means a company controlled by a person’s Immediate Family, or a company in which a person(s) is beneficially entitled to more than 50% of the issued capital or voting power;

**“Family Trust”** means a trust which a person:

- (a) Or the Immediate Family of the person is the sole or major beneficiary; and
- (b) Has the ability to remove the trustee of the trust and replace the trustee with his or her own nominee;

**“FASTER Identification Number (FIN)”** means an alphanumeric identifier issued by NZX, or a Securities Registry, to a Security holder that provides authority to access the shareholders account at the Securities Registry;

*(Amended 28/2/07)*

**“FASTER Participant”** means a Market Participant who has been approved and designated by NZX as a FASTER Participant authorised to access the FASTER System;

*(Amended 28/2/07)*

**“FASTER Registry”** means a company, organisation or firm that is appointed by an Issuer to maintain its Securities Register and that is accredited and approved by NZX to access the FASTER System to enable that company, organisation or firm to register the holdings of the Securities of that Issuer transferred via the FASTER System;

*(Amended 28/2/07)*

**“FASTER Settlement Officer”** means a person accredited and approved by NZX to effect the transfer of Securities between a selling client’s Delivery and Settlement Participant and the buying client’s Delivery and Settlement Participant as the result of a Trade;

**“FASTER System”** means the systems, facilities and services provided by NZX for clearing, settling and registering Securities transactions or transfers of any Settlement Type and any other replacement system provided by or on behalf of NZX to perform the same or similar functions; *(Inserted 28/2/07)*

**“FASTER Transfer Account”** has the meaning set out in the Securities Transfer (Approval of FASTER System) Order 2001;

**“Financial Instrument”** means:

- (a) An Equity Security;
- (b) A Debt Security;

- (c) A Derivative; and
- (d) Any other instrument prescribed as such from time to time by NZX;

“**Fixed Settlement (T+n)**” means that settlement must be delivered and paid for on or before (if mutually agreed between the parties) the  $n^{\text{th}}$  Business Day following the Trade Date;

“**Full Time**” means:

- (a) Employment predominantly in; or
- (b) Acting as a Consultant or as an independent contractor predominantly for,

the Broking Business of a Market Participant;

“**Fund**” means the Fidelity Guarantee Fund established under **Rule 8.11**;

“**Futures and Options Participant**” has the meaning given to that term in the Futures and Options Rules;

“**Futures and Options Rules**” means the NZX Futures and Options Rules 2004 as amended from time to time;

“**Generally Accepted Accounting Practice**” has the meaning set out in the Financial Reporting Act 1993; *(Inserted 28/2/07)*

“**Good Broking Practice**” means conduct that is, at the discretion of NZX, in the wider interests of the markets provided by NZX, the New Zealand Securities markets and investors and which complies with the spirit and intent of the practices, procedures and requirements as set by NZX in:

- (a) These **Rules**; and
- (b) Any Guidance Notes, Practice Notes, documents, policy statement or direction issued from time to time by NZX;

For the avoidance of doubt, common industry practices and/or historical practices, especially in areas where no policy statement has been issued by NZX, do not necessarily constitute Good Broking Practice. *(Amended 28/2/07)*

“**Group**” means a Holding Company or entity and its subsidiaries, and **member of a Group** means any one of them;

“**Guidance Note**” means the guidance notes for these **Rules** as issued from time to time by NZX;

“**Holding Company**” has the meaning set out in the Companies Act 1993, subject to **Rule 1.2.1(h)**;

“**Hold Mail Account**” means an account maintained by a Client Advising Participant for which documents generated by the Client Advising Participant that would normally be required to be sent to the client in accordance with these **Rules** (for example contract notes and periodic statements) are held by the Client Advising Participant;  
*(Inserted 28/2/07)*

“**Immediate Family**” means the spouse or de facto partner and dependent children of an individual;  
*(Amended 28/2/07)*

“**Institutional Client**” means a person whose principal business is the investment of money or who, in the course of and for the purpose of their business, habitually invests money, and in relation to purchases of its own Securities includes an Issuer;  
*(Amended 28/2/07)*

“**Insured Persons**” has the meaning given to that term in **Rule 8.11**;

“**Intermediary**” means a person that intermediates between a client and a Client Advising Participant but does not include those individuals or entities granted authority to act on behalf of the client by virtue of any of the forms of authority referred to in **Rule 9.2.2(1)**;  
*(Amended 28/2/07)*

“**International Crossing**” means a Crossing where:

- (a) The transaction is carried out on a regulated market of a Recognised Securities Exchange;
- (b) The Security in question, and/or any vehicle used to Trade that Security (including American Depositary Receipts) is listed on a regulated market of a Recognised Securities Exchange and on facilities provided by NZX; and
- (c) At least one party to the transaction is resident outside New Zealand;

“**Investment Objectives**” means those criteria established for a client against which investment decisions for such a client are to be considered, and which include as a minimum that client’s:

- (a) Investment goals and investment needs; and
- (b) Investment risk profile;

“**Issuer**” means any person who is or has been listed on a market provided by NZX or on a Recognised Securities Exchange and, where applicable, may include all members (other than another listed entity or a subsidiary thereof) of any Group and/or other entities of which the Issuer is the Holding Company or in which the Issuer otherwise has a controlling interest;

“**Large Exposure**” means an open position in any one or more Securities held by a Trading Participant the sum of which is more than two times that Trading Participant’s actual Liquid Capital;

“**Late Settlement**” means where settlement of a Trade remains undelivered at Settlement Cut Off Time on the Maximum Settlement Date;

“**Liquid Capital**” means the sum of Current Assets, reduced in accordance with the risk based provision of **Section 15**, less Gross External Liabilities;

“**Listing Rules**” means those listing rules promulgated by NZX for the markets provided by NZX (including, but not limited to, NZSX, NZAX and NZDX), and as amended from time to time by NZX;

“**Management**” means the directors, partners, Principals, and appropriately qualified and competent senior executive staff of a Market Participant;  
*(Amended 28/2/07)*

“**Managing Principal**” means, in relation to NZX Firms, a responsible individual who is designated, in accordance with **Rule 3.3**, as a Principal of the NZX Firm and who is responsible for carrying out the duties of the chief executive, managing director or managing partner of the relevant NZX Firm, whichever is appropriate, and includes any delegate of the Managing Principal;

“**Margin Account**” means an account for margin trading;

“**Margin Agreement**” means a document that describes the terms and conditions governing a Margin Account, including how much equity the

customer must keep in the account, and the interest rate and default provisions on the margin loans;

“**Margin Call**” means a demand for a customer to deposit enough money or Securities to bring a Margin Account up to the initial margin or minimum maintenance requirements;

“**Margin Cover**” has the meaning given to that term in **Rule 11.7.1**;

“**Mark to Market**” means the adjusted valuation of a Security or portfolio to reflect current market values;

“**Market Capitalisation**” means the total dollar value of all outstanding Securities in an Issuer to be calculated by multiplying the number of Securities of that Issuer times the Current Market Price for that Issuer’s Securities;

“**Market Depth**” means a summary of the market in any one class of Security, including both buy and sell Orders and the quantity and price/yield for each Order;

“**Market Maker**” means a person who maintains firm Bids and Offers by standing ready to buy and sell at quoted prices/yields on a continuous basis during the periods that the relevant markets provided by NZX are open;

“**Market Participant**” means a participant in the markets provided by NZX who has been accredited and approved by NZX as any of the following:

- (a) An NZX Trading and Advising Firm;
- (b) A Principal Book Only Dealer;
- (c) An NZX Advising Firm;
- (d) A Bank Only Participant;
- (e) A Post Trade Participant;
- (f) A FASTER Participant;
- (g) An NZX Sponsor;
- (h) A Distribution and Underwriting Sponsor; or

- (i) Any company, firm, organisation or corporation or any other business entity designated or approved as a Market Participant from time to time by NZX pursuant to **Rule 3.18**;

**“Market Participant Accepting Client Assets”** means any of:

- (a) A Trading Participant receiving or that has received Client Assets;
- (b) A Delivery and Settlement Participant; or
- (c) An NZX Advising Firm receiving or that has received Client Funds;  
*(Amended 28/2/07)*

**“Market Participant Requiring Liquid Capital”** means a Market Participant who must comply with the Liquid Capital requirements of **Section 15** of these **Rules** as set out in **Section 2** of these **Rules**;  
*(Amended 28/2/07)*

**“Match Session”** means the market phase at the close of the Normal Trading Session, for a period of time as determined from time to time by NZX during which:

- (a) Orders shall be matched by the Trading System in priority by price and time of entry; and  
*(Amended 28/2/07)*
- (b) Where Orders result in overlapping prices at the commencement of the Match Session the Trading System will match the Trades and establish prices according to procedures determined from time to time by NZX;  
*(Amended 28/2/07)*

**“Material Information”** has the meaning set out in the NZSX Listing Rules;  
*(Inserted 28/2/07)*

**“Maximum Settlement Date”** means the final date by which settlement of Trades must occur, as assigned by NZX;  
*(Amended 28/2/07)*

**“Minimum Holding”** means the minimum number of Securities as a marketable parcel a person can hold in an Issuer, as determined by the Listing Rules applicable to each of the markets provided by NZX;

**“MPT”** or **“Mutual Participant Transfer”** means a transfer of Securities and funds contemporaneously between Delivery and Settlement Participants;

“**Negotiated Settlement**” means a settlement negotiated between Market Participants that changes the settlement or method of payment for specific Trades;

“**Nominee Account**” means a Custody Account in which a Market Participant acts as a bare trustee and holds Securities on behalf of a client for the purpose of, for example, facilitating transactions of those Securities on behalf of that client;  
*(Amended 28/2/07)*

“**Nominee Company**” means a body corporate registered with the New Zealand Companies Office (or equivalent overseas authority) whose business consists solely of acting as a nominee holder of investments or other property on behalf of other persons;

“**Normal Trading Session**” means a phase of the market as determined from time to time by NZX during which Bids and Offers may be entered, and if opposing prices/yields match or overlap, a Trade will automatically be executed;  
*(Amended 28/2/07)*

“**Non Standard NZAX Issuer**” means a type of NZAX Issuer that has been so classified as such by NZX. An applicant for NZAX Listing will be considered for classification as Non Standard where that NZAX Issuer has a non-traditional ownership or management structure or unique constitution such as co-operative companies. Criteria which NZX may consider in assessing whether to classify an NZAX Issuer as Non Standard includes the following:

- (a) The NZAX Issuer has a defined group of shareholders; or
- (b) The ability of certain holders of Securities to vote is limited;

“**Notice**” has the meaning given to that term in **Rule 1.3**;

“**NZAX**” or “**New Zealand Alternative Exchange**” means the market operated by NZX under that name and any subsequent name;  
*(Amended 28/2/07)*

“**NZDX**” or “**New Zealand Debt Market**” means the market operated by NZX under that name and any subsequent name;  
*(Amended 28/2/07)*

“**NZDX Advisor**” means an individual who has been approved by NZX as an advisor in the NZDX pursuant to **Rules 5.2** or **5.3**;



“**NZSX**” means the market operated by NZX under that name and any subsequent name; *(Amended 28/2/07)*

“**NZX**” means New Zealand Exchange Limited and includes its successors;

“**NZX Advising Firm**” means a Market Participant that has been accredited and approved by NZX as an NZX Advising Firm for the purpose of providing investment advice and/or Securities recommendations to clients; *(Amended 28/2/07)*

“**NZX Advisor**” means an individual who has been accredited and approved by NZX as an NZX Advisor; *(Amended 28/2/07)*

“**NZX Associate Advisor**” means an individual who has been accredited and approved by NZX as an NZX Associate Advisor; *(Amended 28/2/07)*

“**NZX Discipline**” means the body constituted by NZX under the **NZX Discipline Rules** as amended from time to time and where the context permits includes any division or duly authorised delegate of **NZX Discipline**;

“**NZX Firm**” means an:

- (a) NZX Trading and Advising Firm;
- (b) NZX Advising Firm; and
- (c) Any company, firm, organisation or corporation or any other business entity designated or approved as an NZX Firm from time to time by NZX pursuant to **Rule 3.18**;

“**NZX Participant Rules**” means the NZX Participant Rules 2004, as amended from time to time;

“**NZX Settlement Account**” means the clearing account within the Payments System into which a Delivery and Settlement Participant deposits or withdraws funds held on behalf of its clients for FASTER System settlements; *(Amended 28/2/07)*

“**NZX Sponsor(s)**” means a Market Participant that has been accredited by NZX as an NZX Sponsor for the purpose of bringing, but not distributing,

Securities to the markets provided by NZX and includes, but is not limited to those companies, firms and organisations accredited as NZX Sponsors on the NZAX prior to these **Rules** coming into force;

**“NZX Trading and Advising Firm”** means a Market Participant that has been accredited and approved by NZX as an NZX Trading and Advising Firm for the purpose of providing investment advice and/or Securities recommendations to clients, facilitating Trades in the markets provided by NZX as principal or on behalf of clients and may include being a Market Maker in any of the markets provided by NZX; *(Amended 28/2/07)*

**“NZX Trainer”** means a trainer (which may include NZX) or training facility appointed or provided electronically by NZX to undertake any of the initial and ongoing training required under these **Rules** that has been approved by NZX as an NZX Trainer; *(Amended 28/2/07)*

**“Offer”** means the price or yield of Securities to be sold;

**“Off-Market Trades”** means any business transacted outside the Trading System, and includes a Crossing, or any transaction between Trading Participants conducted outside Normal Trading Sessions; *(Amended 28/2/07)*

**“Off-Market Transfer”** means the transfer of Securities outside the Trading System from one Security holder to another Security holder on a Securities Register; *(Amended 28/2/07)*

**“One Off Sale”** means a one off request received by a Client Advising Participant from a person to sell all of that persons holdings in a given Security or that persons entire holdings in Securities listed on a market provided by NZX or other Recognised Securities Exchange that does not result in an ongoing relationship being created between that Client Advising Participant and that person; *(Amended 28/2/07)*

**“Opening Market Price”** means the price/yield of the first Trade for each Security to be determined at the Opening Order Match period at the beginning of each Trading Day;

**“Opening Order Match”** means a phase of the market as determined from time to time by NZX immediately following a Pre-Opening Session, where Trades are created from matching Orders, using a pre-set algorithm when prices/yields overlap;

**“Operational Requirements”** means the requirements specified in these Rules, FASTER operational procedures as defined from time to time by NZX and Service Level Agreements, if any; *(Amended 28/2/07)*

**“Option”** means an option to acquire or sell a Security or an interest in a Security;

**“Order(s)”** means an instruction to purchase or sell Securities, or an instruction to amend or cancel a previous instruction to purchase or sell Securities; *(Amended 28/2/07)*

**“Organising Participant”** has the meaning given to that term in the NZSX Listing Rules; *(Inserted 28/2/07)*

**“Owned Inward Transfer”** or **“OIT”** means the transfer of Securities from a Delivery and Settlement Participant’s Owned Shareholder Account to its FASTER Transfer Account;

**“Owned Outward Transfer”** or **“OOT”** means the transfer of Securities from a selling client’s Delivery and Settlement Participant’s FASTER Transfer Account into the Owned Shareholder Account of the buying client’s Delivery and Settlement Participant;

**“Owned Shareholder Account”** means a shareholder account on a Securities Register that is owned and controlled by a Delivery and Settlement Participant, but excludes a FASTER Transfer Account;

**“Participant to Participant Transfer”** or **“PPT”** means the transfer of Securities from one Delivery and Settlement Participant’s FASTER Transfer Account to another Delivery and Settlement Participant’s FASTER Transfer Account, for no consideration; *(Amended 28/2/07)*

**“Payments System”** means the system used by NZX for the transfer of cleared funds;

**“Post Trade Agreement(s)”** means the agreement(s) entered into between a Trading Participant and a Post Trade Participant for the delivery and settlement of Trades by the Post Trade Participant on behalf of the Trading Participant, which must comply with **Rule 4.8**; *(Amended 28/2/07)*

**“Post Trade Participants”** means a Market Participant accredited as a Post Trade Participant by NZX who facilitates the delivery, settlement and transfer of ownership of Securities for Trading Participants; *(Amended 28/2/07)*

**“Practice Note”** means the practice notes as issued from time to time by NZX; *(Inserted 28/2/07)*

**“Pre-Opening Session”** means a phase of the market as determined from time to time by NZX during which Bids and Offers may be entered, amended or removed, but during which Trades will not be created when prices/yields meet or overlap; *(Amended 28/2/07)*

**“Prescribed Level of Liquid Capital”** has the meaning set out in **Rule 15.8**;

**“Prescribed Person”** means:

- (a) A Market Participant;
- (b) A director, a partner, a Managing Principal or Responsible Executive, shareholder or Employee of a Market Participant (“the restricted group”), and includes (i) any one of the restricted group acting under a discretion conferred by any of the persons referred to in paragraphs (d) to (f); (ii) any person over whom any one of the restricted group has influence for that person’s investment decisions except in the ordinary course of a client advising relationship; and (iii) any person where any one of the restricted group has a direct or indirect beneficial interest in that person’s property; *(Amended 28/2/07)*
- (c) *(Revoked 28/2/07)*
- (d) The Immediate Family of a person referred to in paragraphs (a) to (b);
- (e) A Family Company and a Family Trust of a person referred to in paragraphs (a) to (b); and *(Amended 28/2/07)*
- (f) Where a Market Participant or a person referred to in paragraphs (a) to (b) is a body corporate, any body corporate or other entity controlled by that body corporate. *(Amended 28/2/07)*

For the purpose of this definition shareholders of a Market Participant will not be Prescribed Persons, if that Market Participant is an Issuer;

**“Primary Market Participant”** means a Market Participant accredited and designated by NZX to bring new offers of Securities to a market provided by NZX and includes:

- (a) NZX Sponsors;
- (b) Distribution and Underwriting Sponsor;
- (c) NZX Firms;
- (d) Bank Only Participants; and
- (e) Any other company, firm, organisation or corporation designated or approved as a Primary Market Participant from time to time by NZX pursuant to **Rule 3.18**;

**“Principal”** means an NZX Advisor:

- (a) Who is a partner, director or shareholder of an NZX Firm;
- (b) Who is a director of, or controlling shareholder in, a company which holds directly or indirectly more than 20% of the issued capital of the NZX Firm; or
- (c) Who has or has had at any time a relationship with an NZX Firm giving him or her the right or opportunity to influence or control the direction of that NZX Firm which, in the opinion of NZX, would reasonably require that person to be regarded at the material time as a Principal of that NZX Firm;  
*(Amended 28/2/07)*

**“Principal Account”** means the account(s) of a Trading Participant established for the purpose of Acting as Principal Trading;

**“Principal, Acting as”** means a Trading Participant acting in a transaction where that Trading Participant or a Prescribed Person of the Trading Participant is a Beneficial Owner of part or all of the Securities at any stage in the transaction;  
*(Amended 28/2/07)*

**“Principal Book Only Dealer”** means a Market Participant accredited or approved as a Principal Book Only Dealer by NZX who solely Acts as Principal in any of the markets provided by NZX;

“**Principal Broking Office**” means the Broking Office of the Market Participant designated as such in accordance with **Rule 3.8.2**;

“**Principal Position Report**” is the daily report to be/required to be completed by a Market Participant outlining the open positions of that Market Participant as recorded on the Principal Account; *(Amended 28/2/07)*

“**Quotation Basis**” means the basis on which the price/yield of a Security is determined taking into account the corporate event (e.g. Dividend);

“**Reciprocal Arrangement**” means any agreement or arrangement between NZX and any government agency or regulatory authority (including without limitation, a Securities exchange) in New Zealand or elsewhere whose functions include the regulation of trading in Securities or commodities (in New Zealand or elsewhere) which provides for the disclosure of information between NZX and the other party in relation to dealings in Securities or commodities (in New Zealand or elsewhere);

“**Recognised Securities Exchange**” means any international Securities exchange recognised and approved by the World Federation of Exchanges;

“**Reconciliation Download Enquiry**” means the daily download of all balances of FASTER Transfer Accounts and Owned Shareholder Accounts;

“**Record Date**” in relation to **Debt Securities** means the date that is **10 Business Days** or such other period approved by NZX prior to the relevant interest date (as defined in the trust deed for that Debt Security) by which transfers must be received for the determination of the Security holders to whom an entitlement, right or obligation relating to the Securities of that issuer shall apply; *(Amended 28/2/07)*

“**Record Date**” in relation to **Equity Securities** means the time fixed by an Issuer or the Listing Rules as the date by which transfers must be received for the determination of the Security holders to whom an entitlement, right or obligation relating to the Securities of that Issuer shall apply;

“**Related Company**” has, subject to **Rule 1.2.1(h)**, the meaning set out in the Section 2(3) of the Companies Act 1993; *(Inserted 28/2/07)*

“**Relevant Interest**” has the meaning given to that term in the Securities Markets Act 1988;

**“Responsible Executive”** means an individual appointed by a Market Participant, other than an NZX Firm, to be responsible for carrying out the duties of the chief executive or managing director of that Market Participant and includes any delegate of the Responsible Executive;

**“Resignation Date”** has the meaning given to that term in **Rule 3.16.3**;  
*(Amended 28/2/07)*

**“Retail Client”** means a person who is not an Institutional Client;  
*(Amended 28/2/07)*

**“Revocation”** has the meaning given to that term in **Rule 17.16.1**;

**“Right”** means any right to acquire any Security or benefit of any kind, whether conditional or not and whether renounceable or not;

**“Risk Warnings”** means the requirement as set out elsewhere in these **Rules** for a Client Advising Participant to appropriately inform its clients of any relevant risks involved with investing in any Security and/or Financial Instrument and includes informing clients of any relevant risk in relation to Short Sales, margin trading, warrants, futures and Options;

**“Rules”** mean these **NZX Participant Rules**;

**“Security”** or **“Securities”** means any interest or right to participate in any capital assets, earning, royalties, or other property of any Person and includes:

- (a) Any renewal or variation of the terms or conditions of any existing Security;
- (b) Any Equity Security;
- (c) Any Debt Security; and
- (d) Any Option or Right;

*(Amended 28/2/07)*

**“Securities Register”** means the register of the legal owner of record of Securities issued by an Issuer and maintained by or on behalf of that Issuer as required by Section 87 of the Companies Act 1993;

**“Securities Registry”** means a company, organisation or firm that is appointed

by an Issuer to maintain its share register and that is able to access the FASTER System to enable that company, organisation or firm to register the holdings of the Securities of that Issuer transferred via the FASTER System and includes a FASTER Registry; *(Inserted 28/2/07)*

“**Seller(s)**” means a selling Trading Participant for Trades or contracts between Trading Participants;

“**Services**” has the meaning given to that term in **Rule 8.7**;

“**Service Level Agreement(s)**” means an agreement between NZX and a Market Participant and/or an Advisor setting out the terms and conditions of use of NZX technology and services;

“**Settlement Cut-Off Time**” means 4.00 p.m. on a Business Day, or such other time designated from time to time by NZX;

“**Settlement Date**” means the day on which a transaction is due to be settled in accordance with these **Rules**;

“**Settlement Day**” means a Business Day on which NZX is open for processing settlement transactions;

“**Settlement Obligation**” means the obligation to complete the sale and purchase of Securities together with all obligations ancillary to such completion, including the obligations owed to:

- (a) A counterparty; and/or
- (b) A client (including a Trading Participant which Trades on its own account);

“**Settlement Type**” means the types of settlement that may occur in part or in full within the FASTER System, including without limitation:

- (a) FASTER settlement - The transfer of Securities against payment of monies is performed by the FASTER System under DVP;
- (b) Security Only - The transfer of Securities is performed by the FASTER System but monies are transferred outside of the FASTER System;



- (c) Cash Only - The transfer of ownership of Securities is performed outside of the FASTER System and the exchange of monies is performed by the FASTER System; and
- (d) Non FASTER settlement - The transfer of Securities and monies are performed outside of the FASTER System but the contract is recorded by the FASTER System;

*(Amended 28/2/07)*

**“Shareholder Balance Enquiry”** means an online check in the FASTER System at the FASTER Registry of any client’s current holdings in any Issuer;

*(Amended 28/2/07)*

**“Short Sale”** or **“Short Selling”** means a sale of any Security where at the time of the sale:

- (a) The Seller does not have a presently exercisable and unconditional right to vest the Security in the Buyer except where the Buyer has a conditional agreement to acquire that right prior to the date required to settle the sale; or
- (b) The Security being sold has been borrowed and the Seller has a presently exercisable and unconditional right to vest the Security in the Buyer; and related expressions shall have a corresponding meaning;

*(Amended 28/2/07)*

**“Special Crossing”** has the meaning given in **Rule D10.3.1** in relation to the NZSX and NZAX and **Rule E10.12** in relation to the NZDX;

**“Special Portfolio Crossing”** has the meaning given in **Rule D10.3.2**;

**“Spread”** means the difference between a Bid and Offer price for a Security;

*(Amended 28/2/07)*

**“Stand Manager”** means the stand manager appointed from time to time by NZX to manage stands in the market by Trading Participants;

**“Stock Reservation”** means the placement of an electronic hold on Securities by the FASTER Registry of those Securities;

*(Inserted 28/2/07)*

“**Subsidiary**” has, subject to **clause 1.2.1(h)**, the meaning set out in the Companies Act 1993, ; *(Amended 28/2/07)*

“**Surveillance Officer**” means an individual appointed for the purpose of **Rule 3.11.6** to perform the responsibilities of a Market Participant’s Compliance Manager when that Market Participant’s Compliance Manager is based outside New Zealand; *(Amended 28/2/07)*

“**Suspension**” in relation to a Market Participant, has the meaning set out in **Rule 17.13**;

“**Takeovers Code**” means the takeovers code in the Takeovers Code Approval Order 2000;

“**Trade Date**” means the date on which a Trade between two Trading Participants is executed;

“**Trade**” or “**Trades**” means any resulting transaction where an Order to buy Securities is matched in the Trading System with an Order to sell Securities, or any Off-Market Trade. “To Trade” and “Trading” have the corresponding meanings; *(Amended 28/2/07)*

“**Trading Agreement**” means a written agreement between a Trading Participant and an NZX Advising Firm for the performance of Trades on behalf of that NZX Advising Firm by the Trading Participant;

“**Trading Day**” means a day other than:

- (a) Saturday, Sunday, New Years Day, New Years Day Holiday, Waitangi Day, Good Friday, Easter Monday, Queen’s Birthday, ANZAC Day, Christmas Day, Boxing Day, Labour Day; and
- (b) Any other day NZX declares and advises as not a Trading Day;

and other than days allocated as statutory holidays by the Holidays Act 1981;

“**Trading Hours**” means the hours the markets provided by NZX are open during a Trading Day for Trading as determined from time to time by NZX. The Trading Hours for each of the markets provided by NZX may be different as determined by NZX;

**“Trading Participant”** means:

- (a) An NZX Trading and Advising Firm;
- (b) A Principal Book Only Dealer;
- (c) A Bank Only Participant; and
- (d) Any company, firm, organisation or corporation or any other business entity designated and approved as a Trading Participant from time to time by NZX pursuant to **Rule 3.18**;

**“Trading Permission”** means permission granted by NZX to an accredited Trading Participant to Trade via the Trading System; *(Amended 28/2/07)*

**“Trading System”** means the systems, facilities and services provided by NZX for lodging quotations and Orders for Trading and reporting Trades and any other replacement system provided by or on behalf of NZX to perform the same or similar functions; *(Inserted 28/2/07)*

**“Trustee Certificate”** means the certificate issued by the trustees for a trust which confers on the trust the power to invest in Securities and records the persons/trustees authorised to act on behalf of that trust;

**“Trustee Company”** means Public Trust and any trustee company within the meaning set out in Trustee Companies Act 1967; *(Inserted 28/2/07)*

**“Underlying Security”** means the Security underlying other Securities Trading for a company;

**“Unlisted Security”** means a Security not listed or quoted on any of the markets provided by NZX or other Recognised Securities Exchanges;

**“Value Date”** means the final time for acceptance and processing of settlement instructions on a Settlement Date by which a contract must settle in accordance with **Section 13**;

**“Volume Weighted Average Price”** or **“VWAP”** means the volume weighted price of qualifying Trades; *(Amended 28/2/07)*

**“Writing”** includes representing or reproducing words, figures, or symbols:

- (a) In a visible and tangible form by any means and in any medium; and
- (b) In a visible form in any medium by electronic means that enables them to be stored in permanent form and to be retrieved and read;

and **written** has a corresponding meaning.

## 1.2 INTERPRETATION

### 1.2.1 Unless the content requires otherwise:

- (a) The headings are inserted for convenience only and do not affect the interpretation of these **Rules**;
- (b) A reference to a “person” includes an individual, firm, entity, company or corporation or unincorporated body of persons, or any state or government or agency thereof (in each case whether or not having separate legal personality), and a reference to a “company” includes a person.
- (c) Words importing one gender include the other gender;
- (d) Words importing the singular include the plural and vice versa;
- (e) References to any legislation or legislative provision (including regulations and orders) includes that legislation or provision as from time to time amended, re-enacted, or substituted and, unless otherwise expressly stated, refers to New Zealand legislation and provisions and includes any statutory instrument regulations or orders issued under that legislation or legislative provision;
- (f) Reference to dollars or \$ are references to New Zealand dollars unless stated otherwise;
- (g) Where the day on, or by which anything is to be done is not a Trading Day, that thing must be done on or by the succeeding Trading Day;
- (h) All references to a subsidiary or holding company where that company is not a company incorporated under the Companies Act 1993 shall be construed as if that company was incorporated; and

- (i) All reference to times are references to New Zealand time unless stated otherwise. *(Inserted 28/2/07)*

In the event of conflict between the provisions of the main body of these **Rules** and any of the Appendices, then the Appendices shall prevail.

### 1.2.2 NZX;

- (a) Shall, if requested by a Market Participant or Approved Organisation;
- (b) May at any time,

provide interpretations of these **Rules**, and NZX will notify all Market Participants affected by the interpretation accordingly. If NZX so designates an interpretation of these **Rules** will be binding on all Market Participants and will take effect as if set out in these **Rules**.

## 1.3 NOTICES

1.3.1 A notice, approval, consent or other communication (**notice**) under these **Rules** must be in writing and must be left at, or sent by prepaid ordinary post to, the address of the addressee, or sent by facsimile to the facsimile number of the addressee.

### 1.3.2 Notices to:

- (a) A Market Participant shall be sent to its Principal Broking Office;
- (b) An Approved Organisation shall be sent to its registered office; or
- (c) An Advisor, Responsible Executive or Managing Principal shall be sent care of the Market Participant who employs that individual;

in each case, at the address and facsimile numbers notified to NZX from time to time.

1.3.3 A notice is deemed to be received if delivered by hand, on receipt; if sent by post, on the **2<sup>nd</sup> Business Day** after (but exclusive of) the date of posting; and if sent by facsimile, on production of a transmission report by the machine from which the facsimile was sent which evidences that the facsimile was sent in its entirety free from errors to the facsimile number of the recipient.

## 1.4 AMENDMENTS

Amendments to these **Rules** shall be notified to each Market Participant and Approved Organisation by email and shall become effective on the date specified by NZX **provided that** the date specified is no less than **20 Business Days** after all Market Participants and Approved Organisations have been sent notice of the amendment. *(Amended 28/2/07)*

## 1.5 PARTIAL INVALIDITY

If any term or provision of these **Rules** or their application to any person or circumstances is, to any extent, held to be invalid or unenforceable, the remainder of these **Rules**, or the application of such terms or provisions to any other person or circumstances will not be affected, and each term and provision of these **Rules** will be valid and enforceable to the extent permitted by law.