

- (b) A forward market;
- (c) An options market;
- (d) A futures market approved by either Determination G7B: New Zealand Futures and Options Markets or Determination G18: International Futures and Options Markets:

“Multicontributor Page” means a multicontributor page of information that is displayed on a screen provided by Reuters New Zealand Limited or Telerate New Zealand Limited:

“Shorter Maturing Financial Arrangement”, in relation to a financial arrangement, means another financial arrangement similar in all respects material to investors to the first-mentioned financial arrangement, except that the maturity of the other financial arrangement will occur before the maturity of the first-mentioned financial arrangement:

“Reuters New Zealand Limited” means Reuters New Zealand Limited or any company that is an associated person in relation to Reuters New Zealand Limited and is in the business of providing financial information in the form of multicontributor screens or contributor screens:

“Telerate New Zealand Limited” means Telerate New Zealand Limited or any company that is an associated person in relation to Telerate New Zealand Limited and is in the business of providing financial information in the form of multicontributor screens or contributor screens.

(2) For convenience, words and phrases defined in this determination are indicated by initial capital letters, but the absence of a capital letter shall not alone imply that the word or phrase is used with a meaning different from that given by this determination.

(3) In this determination, unless the context otherwise requires, expressions used except those expressions defined in paragraph (1) of this clause have the same meanings as in sections 2 and 64B to 64M of the Act.

(4) Any reference in this determination to another determination made by the Commissioner shall be construed as referring to any fresh determination made by the Commissioner to vary, rescind, restrict, or extend that determination.

6. *Method*—(1) *Approved Domestic Markets*—The Markets in the following securities are approved—

- (a) New Zealand Government Treasury Bills;
- (b) New Zealand Government Stock;
- (c) Bank bills.

(2) *Approved Foreign Markets*—The Markets in the securities issued by the central governments of the following countries are approved—

- Canada
- Commonwealth of Australia
- Federal Republic of Germany
- French Republic
- Japan
- Kingdom of the Netherlands
- Republic of Italy
- Swiss Confederation
- United Kingdom of Great Britain and Northern Ireland
- United States of America.

(3) *Approved sources of information*—In relation to an approved Market referred to in the preceding sub-clauses of this clause, the following sources of information are approved—

- (a) A Multicontributor Page that quotes prices or yields for securities traded in the Market;
- (b) A Contributor Page or other noticeboard that quotes

prices or yields at which the persons posting prices or yields are prepared to buy from and sell to any other person;

- (c) A person active in the Market.

(4) *Selecting prices or yields*—Where, for the purpose of determining the income or expenditure of a person in respect of a financial arrangement and an Income Year, it is necessary to refer to the price or yield for an Identical Financial Arrangement and a Market referred to in this determination, the price or yield shall be determined—

- (a) Where the first mentioned financial arrangement is—
  - (i) A debt or debt instrument, and the person is a holder of the financial arrangement, by reference to the price or yield at which the person could sell or otherwise dispose of the financial arrangement (i.e., the market “bid” or buy price);
  - (ii) A debt or debt instrument, and the person is not a holder of the financial arrangement, by reference to a price or yield at which the person could purchase or otherwise acquire the financial arrangement (i.e., the market “sell” price);
  - (iii) A forward or futures contract, by reference to the price at which the person could close out the contract;
  - (iv) An exchange-traded option, by reference to the price at which the person could make an offsetting contract;
- (b) Notwithstanding paragraph (a) of this sub-clause, but subject to the other provisions of this determination, the price or yield selected may be determined where the first mentioned financial arrangement is—

- (i) A debt or debt instrument, by reference to a price or yield which falls at a point between the price or yield at which the person could sell or otherwise dispose of the financial arrangement and a price or yield at which the person could buy or otherwise acquire the financial arrangement;
- (ii) A forward or futures contract, by reference to a price which falls at a point between the price at which the person could close out the contract and the price at which the person could enter into an Identical Financial Arrangement;
- (iii) An exchange-traded option, by reference to a price which falls at a point between the price at which the person could make an offsetting contract and the price at which the person could enter into an Identical Financial arrangement;

Provided that the point at which the price or yield falls is adopted by the person and is or will be consistently applied in respect of all such financial arrangements for financial reporting purposes and gives a price or yield which results in the allocation to each Income Year of amounts which are no more favourable to the person for tax purposes than the amounts that would be allocated using a price or yield determined in accordance with paragraph (a) of this subclause.

(5) *Application of Cut-off Time*—Where the price or yield of any financial arrangement is used by a person for the purpose of calculating the income derived or expenditure incurred by the person in respect of any financial arrangement in an Income Year pursuant to this determination, the price or yield shall be determined at the Cut-off Time in relation to the person and Income Year:

Provided that where there is no active market in financial arrangements of the same class at the Cut-off Time in relation to the person and the Income Year, the price or yield applied shall be the price or yield determined at—

- (a) The end of trading in the Market in the class of financial arrangements by the person in the Income Year; or
- (b) The commencement of trading in the Market in the class of financial arrangements by the person in the immediately succeeding Income Year.