

- (a) a gross open position which equals or exceeds:
- (i) such number of bought or sold futures Contracts in a particular commodity in any one delivery month; or
  - (ii) such number of bought or sold options positions in a single options series;
- as may be prescribed in each case by the Business Conduct Committee from time to time; or
- (b) a net open position which equals or exceeds:
- (i) such number of futures Contracts which are not covered by opposite positions in the same class of Contract in the same delivery month; or
  - (ii) such number of option Contracts which are not covered by opposite positions in the same option series;
- as may be prescribed in each case by the Business Conduct Committee from time to time.
- 21.2 Where a Dealer holds a reportable position it shall, no later than 12 noon on every business day, furnish or cause to be furnished to the Business Conduct Committee a daily report in the prescribed format.
- 21.3 The Business Conduct Committee may at any time call for a special report from any Dealer, requiring it to furnish to the Committee within the time and in the manner and form specified, the identity of any person in respect of whom the Dealer holds a reportable position and such other information relating to that position or that person as may be requested.
- ## 22. DISPENSATION FROM RULES
- 22.1 The Business Conduct Committee may, on the application of a Dealer or an applicant for admission as a Dealer, or of its own volition, modify the application of any Rule (other than a Rule which corresponds to a requirement of the Act or the Regulations) to adapt it to the particular circumstances of the Dealer or applicant, or to any particular class of Business carried on or to be carried on by the Dealer or applicant.
- 22.2 The Business Conduct Committee may not exercise the power conferred by Rule 22.1 in any case unless it appears to the Committee that:
- (a) compliance with the requirement in question would be unduly burdensome for the relevant Dealer or applicant having regard to the benefit which compliance would confer on clients of the Dealer or members of the public;
  - (b) the exercise of the power is unlikely to prejudice clients of the Dealer or members of the public; and
  - (c) the exercise of the power will not otherwise be inappropriate.
- 22.3 The power conferred by Rule 22.1 may be exercised unconditionally or subject to conditions. Each application will be considered by the Business Conduct Committee on its merits but the applicant will be required to demonstrate that the Rule, modification of which is sought, is unusually burdensome to the applicant in the applicant's particular circumstances.
- 22.4 If circumstances arise, beyond the control of a Dealer, which render it impossible or impracticable for the Dealer to comply with any requirement of these Rules, the Dealer shall immediately inform the Business Conduct Committee of the circumstances and of the steps, if any, which the Dealer proposes to take with regard thereto. The Business Conduct Committee may thereafter excuse the Dealer from compliance with that requirement (except where it is a requirement of the Act or the Regulations) but only for so long as the circumstances exist and on condition that the Dealer takes all practical steps and acts expeditiously to relieve the same.
- ## 23. UNDESIRABLE SITUATIONS AND PRACTICES
- 23.1 If the Company, the Business Conduct Committee, or the Clearing House suspects or anticipates the development, or possible development, of an Undesirable Situation (as defined in Rule 23.3), the Business Conduct Committee, in consultation with the Clearing House, shall appoint a special committee to investigate the matter (the "Special Committee"). The Special Committee shall comprise not fewer than three nor more than six persons and shall include a nominee of the Clearing House (if so nominated). The provisions of Rules 47.1 to 47.5 (inclusive) and 47.10 shall apply to a Special Committee appointed under this Rule 23.1.
- 23.2 The responsibilities of the Special Committee shall be to investigate the matters referred to it pursuant to Rule 23.1 and report its findings to the Company and the Clearing House without delay.
- 23.3 For the purposes of this Rule 23, an "Undesirable Situation" means any situation which threatens or may threaten fair, orderly or proper trading in, or liquidation, settlement, exercise or delivery of, any Contract and without affecting the generality of the foregoing, includes the occurrence, threat or possible threat of:
- (a) any contingency or event which affects or has affected, or is capable of affecting any Contract or Contracts or any market, where the consequences of strict enforcement of the Rules or Contract Specifications would, or would be likely to, preclude the maintenance of a fair or orderly market or fair or proper settlement of Contracts;
  - (b) manipulative or attempted manipulative activity;
  - (c) a corner or a squeeze;
  - (d) an excessive position;
  - (e) unwarranted speculation or undesirable practices;
  - (f) action or proposed action by a government, government instrumentality, futures exchange or stock exchange or any other body in New Zealand, Australia or elsewhere, or any exceptional or unforeseen circumstance, which is at variance with, or which threatens or may threaten, just and equitable principles of trading or the public interest.
- 23.4 If:
- (a) a majority of the Special Committee reports that in its opinion an Undesirable Situation is developing or has developed; or
  - (b) after such time as may be reasonable having regard to all the circumstances the Special Committee has not provided a report;
- the Company may, in consultation with the Business Conduct Committee and after prior notification to the Clearing House, take whatever steps the Board considers appropriate to correct the situation and may give directions to Dealers accordingly.