

SECTION 4—ADMISSION AND CHANGES IN CONTROL

17. Admission of Dealers
18. Changes of control of Dealers

SECTION 5—BUSINESS CONDUCT—DEALERS

19. General
20. Accounting records and financial reporting
21. Reportable positions
22. Dispensation from Rules
23. Undesirable situations and practices
24. Investigations and inspections
25. Complaints
26. Conduct of connected or associated persons
27. Resignation

SECTION 6—BUSINESS CONDUCT—EXCHANGE BROKERS

28. General
29. Financial resources requirement
30. Accounting records and financial reporting
31. Client Acknowledgements
32. Market Contracts and Client Contracts
33. Client priority and allocation
34. Calling of margins by Public Brokers
35. Dealing records
36. Excessive trading
37. Insider trading
38. Advertising and publishing rules
39. Trading on other exchanges

SECTION 7—ARBITRATION

40. Jurisdiction
41. Application for a reference
42. Reference
43. Procedure
44. Award
45. Costs

SECTION 8—COMMITTEES AND COMMITTEE PROCEDURES

46. Committees
47. Committee procedures

SECTION 9—BUSINESS CONDUCT COMMITTEE

48. Constitution and functions
49. Procedures and general powers
50. Powers of termination and suspension

SECTION 10—APPEAL BOARD

51. Constitution, procedures and powers

SECTION 11—FIDELITY FUND

52. Constitution and purpose
53. Contributions and levies

SECTION 12—ALTERATION OF RULES

54. Alteration of rules

Schedules

1. Form of Client Acknowledgement—Client of a Public Broker
2. Form of Client Acknowledgement—Client of an Introducing Broker
3. Form of Introducing Broker—Public Broker Agreement

SECTION 1—PRELIMINARY**1. INTRODUCTION**

- 1.1 New Zealand Futures & Options Exchange Limited (the “Company”) operates a trading facility known as the New Zealand Futures & Options Exchange (the “Exchange”) for the trading of contracts specified by the Company in Contract Specifications by persons wishing to trade in such contracts, whether on their own behalf or on behalf of other persons (“Dealers”).
- 1.2 The Company is an authorised futures exchange under the Securities Amendment Act 1988 (the “Act”).
- 1.3 The purpose of these Rules is:
 - (a) to define the basis on which Dealers may trade on the Exchange;
 - (b) to define the basis on which Dealers may deal in Contracts on behalf of other persons, on the Exchange or on any other exchange, and to regulate the conduct of Dealers in their dealings with clients; and
 - (c) to make provision for the specification, variation, and rescission of Contract Specifications by the Company.

2. DEFINITIONS

- 2.1 In these Rules, except where inconsistent with the subject or context:
 - “Act” means the Securities Amendment Act 1988.
 - “affiliated clients”, in relation to a Dealer, means two or more clients which the Dealer knows, or with the exercise of care should know, or is advised by the Business Conduct Committee, are controlled by, or are under common control of, the same person, or by related or affiliated persons or entities, or are acting pursuant to an express or implied agreement or understanding that they will act in concert.
 - “another exchange” or “other exchange” means an exchange or market other than the Exchange, whether located in New Zealand or elsewhere, on which Contracts are traded.
 - “Appeal Board” means a board established pursuant to Rule 51.
 - “Approved Securities” means securities within any of the categories described in Rule 34.6.
 - “Australian bank” has the meaning given to that term in the Corporations Law (Australia).
 - “Authorised Signatory”, in relation to a Dealer, means a person from time to time notified by the Dealer to the Business Conduct Committee in writing as having authority to sign statements and documents on behalf of the Dealer.
 - “Board” means the board of directors of the Company.
 - “Business”, in relation to a person, means the business of trading in Contracts carried on by that person.
 - “Business Conduct Committee” means the committee established pursuant to Rule 48.
 - “business day” means any day of the week except Saturdays, Sundays, public holidays which are observed