

"Trading System" means the trading facility from time to time used by the Company to provide a means of trading Contracts on the Exchange.

"Trading System Operator" means a person who enters, releases, accepts or cancels bids or offers on the Trading System.

"trading rights", in relation to a Dealer, means the rights conferred on the Dealer by these Rules in relation to the use of the trading facilities of the Exchange and dealing in Contracts.

"to trade" means to buy or sell Contracts, and the words "trade" and "trading" have corresponding meanings.

"Underlying Security" means a security, commodity, index, or futures contract, which is the underlying subject of a class of Contract.

"variation margin" means the difference between the value of a Contract at the time at which the Contract is made and the value of the Contract at any subsequent time.

"\$" means New Zealand dollars.

### 3. INTERPRETATION

#### 3.1 In these Rules:

- (a) Words importing the singular number only include the plural number and vice versa.
- (b) The word "person" and words importing a person or persons include an individual, partnership, company, or unincorporated body of persons.
- (c) The word "company" includes any corporation or other body corporate.
- (d) A reference to "directors" of a company is, in the case of a corporation or other body corporate, a reference to persons holding the corresponding office.
- (e) Words importing one gender include the other genders.
- (f) A reference to a year is a reference to a calendar year.
- (g) Headings are included for convenience only and shall not affect the construction of these Rules.
- (h) The expressions "in writing" and "written" include all means of reproducing words in a tangible and permanently visible form.
- (i) A reference to a statute or any statutory regulations is a reference to that statute or those regulations as amended from time to time, or to any statute or regulations which replace them, as the case may be.
- (j) Any term or expression which is defined in the Act or the Regulations or any Contract Specifications has the same meaning in these Rules unless otherwise defined in these Rules.

3.2 For the purposes of these Rules a person (the "first person") is deemed to be connected with another person (the "second person") if the first person is so connected with the second person by reason of any domestic or business relationship (other than because the second person is a customer of the first person) that the first person can reasonably be expected to have influence over the second person's judgment in investment matters or to be consulted by the second person before any such judgment is made, and if the first person is deemed to be so connected, the second person shall also be deemed to be connected with the first person.

3.3 A person is deemed to be independent for the purposes of Rules 48.1 and 51.1 unless that person:

- (a) is a director or employee of the Company or the Clearing House; or

- (b) is a director or employee of, or partner in, a Dealer; or
- (c) has a direct or indirect financial interest, whether legal or beneficial, and whether as shareholder, partner, or other equity participant, in the Company, the Clearing House or a Dealer, other than an interest not greater than 0.1% of the equity capital or funds of the relevant entity or, where that entity is a subsidiary of another entity, of that other entity; or
- (d) is a person who regularly or from time to time invests, directly or indirectly, in Contracts.

### SECTION 2—GENERAL

#### 4. CLASSES OF DEALERS

##### 4.1 There are the following classes of Dealers:

- (a) Public Brokers;
- (b) Introducing Brokers;
- (c) Principal Traders.

##### 4.2 A Public Broker:

- (a) may deal in Contracts on behalf of other persons and/or on its own behalf;
- (b) may accept and hold client money and client property;
- (c) may be a Trading Permit Holder.

##### 4.3 An Introducing Broker:

- (a) may deal in Contracts on behalf of other persons and/or on its own behalf;
- (b) must not accept or hold client money or client property;
- (c) must not be a Trading Permit Holder.

##### 4.4 A Principal Trader:

- (a) may deal in Contracts on its own behalf;
- (b) may be a Trading Permit Holder;
- (c) may, if it is a Trading Permit Holder, deal in Contracts on a give-up basis on behalf of another Principal Trader, or a Public Broker, but must not accept or hold any client money or client property on behalf of any such person.

### 5. OBSERVANCE OF RULES

5.1 All persons trading on the Exchange are bound by and must observe the provisions of these Rules, and every Contract made or purporting to be made on the Exchange, or related to any such Contract, shall be deemed to have been made subject to these Rules including the applicable Contract Specifications, and all persons concerned or affected shall be bound accordingly.

5.2 All decisions made or purporting to be made under these Rules by the Company, any of its employees, or any committee or Appeal Board established pursuant to these Rules, shall be final and binding on all persons trading on the Exchange and on all persons claiming or deriving any rights in respect of any Contract made or purporting to be made on the Exchange, or in respect of any contract related to any such Contract.

5.3 Dealers are expected at all times to observe the spirit of these Rules as evidenced by the principles set out in this Rule 5.3, and these Rules are to be interpreted in accordance with those principles. A Dealer must:

- (a) observe high standards of integrity and fair dealing;
- (b) act with due skill, care and diligence;
- (c) observe high standards of trading conduct;
- (d) ensure that it maintains adequate financial resources to meet its business commitments and to withstand the risks to which its business is subject;